

**SÜDZUCKER AG MANNHEIM/OCHSENFURT**  
**MANAGEMENT REPORT AND FINANCIAL STATEMENTS**  
**DATED FEBRUARY 29, 2012**

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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.

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



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# SÜDZUCKER AG MANNHEIM/OCHSENFURT MANAGEMENT REPORT FOR FISCAL 2011/12

## ECONOMIC ENVIRONMENT, GENERAL CONDITIONS

As a result of the comprehensive 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 the 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 profit incentive to import sugar from the preferred nations (ACP/LDC) into the EU since the beginning of the 2010/11 sugar marketing year just ended (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 available from imports, 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 import quotas from non-preferred nations 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 quotas 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 inventory was significantly higher than the year prior as of September 30, 2011.

Due to the continuing high world market prices, the EU Commission does not expect imports from preferred nations to increase significantly during the current 2011/12 sugar marketing year. The EU expects total beet sugar production to increase from last year's 15.4 million tonnes to 18.3 million tonnes and quota beet 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 a further 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 for import at reduced duties as of 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.

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The governing WTO limits restrict the EU from exporting more than 1.35 million tonnes of sugar.

Two tranches totaling 1.35 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.

Licenses to export 0.65 million tonnes of sugar as of January 2012 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 quota 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 option has been little exercised 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 quota for the 2011/12 sugar marketing year either.

Key sections of the domestic EU sugar market regulations will expire as of 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 in the international sugar market have demonstrated how important adequate self-sufficiency is, especially in order to dampen 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.

## BEET HARVEST AND CAMPAIGN CHRONOLOGY

After the planting in March 2011, an extended dry period ensured that the sugar beets initially developed a strong root system. In June and July of last summer, regular rainfall and moderate temperatures created ideal conditions for nutrient absorption by the beets' dense roots, which led to unusually strong growth. The optimum weather conditions continued until the end of the vegetation cycle, which resulted in an above-average yield of 79.3 (70.0) tonnes of beets per hectare.

As a result of the large volume of beets, the campaign began already on September 9, 2011 and did not end until January 23, 2012. The campaign duration of 120 days at the nine factories was thus far longer than last year's ninety-seven days. The polarization of 18.15 (17.55) % was also greater than last year.



## REVENUE AND OPERATING PROFIT

(in € millions)	2011/12	2010/11
<b>Revenues</b>	<b>1.575,9</b>	<b>1.302,1</b>
Change in work in progress and finished goods inventories and internal costs capitalized	124,2	-54,6
Other operating income	85,5	78,8
Cost of materials	-1.175,8	-835,5
Personnel expenses	-188,7	-166,2
Depreciation of intangible assets and fixed assets	-40,2	-42,2
Other operating expenses	-220,9	-210,6
Investment income	175,8	127,1
Interest income	-72,9	-66,9
<b>Income from ordinary activities</b>	<b>262,9</b>	<b>132,0</b>

Sales revenues in fiscal 2011/12 rose € 273.8 million or 21.0 %, from € 1,302.1 million to € 1,575.9 million. The main reason for the higher revenues was the rise in European sugar prices, which tracked world market levels. Because the EU is a net importer, higher world market prices are impacting the European market price level. The year-over-year increase in sales also resulted from higher retail goods volume associated with distribution of sugar from Mauritius, as well as higher income from subcontractors.

Other operating income of € 85.5 (78.8) million includes deferred income from the reversal of € 20.4 (20.4) million for EU restructuring assistance, for which accruals were formed to 2014/15, and income of € 14.2 (2.2) million from the disposal of assets, most of which were properties of closed factories. Income from the reversal of a special item that included reserve fund of € 1.4 (6.0) million and income from the reversal of accruals of € 6.0 (3.6) million are also included.

The increase of € 340.3 million in material costs, which totaled € 1,175.8 (835.5) million, was primarily due to the higher cost of beets and higher expenses for sugar products imported from Mauritius.

Personnel expenses rose € 22.5 million to € 188.7 (166.2) million, driven by higher expenses for retirement pension plans due mainly to adjustment of measurement parameters, standard pay increases and an additional thirty-eight employees, bringing the total headcount to 2,346 (2,308).

Depreciation was € 40.2 (42.2) million, down from the year prior.

Other operating expenses came in higher than the year prior at € 220.9 (210.6) million. The increase was primarily due to higher sales costs from increased freight charges, as well as higher operating and administration expenses. Losses from the disposal of fixed assets declined to € 0.4 (4.0) million.

Net interest expense came in at € -72.9 (-66.9) million, up € 6.0 million from last year, primarily due to higher interest expenses due to increased borrowing by Südzucker International Finance B.V., Oud-Beijerland, Netherlands.

(in € millions)	2011/12	2010/11
<b>Income from ordinary activities</b>	<b>262,9</b>	<b>132,0</b>
Extraordinary result	-88,4	-7,2
Taxes on income	-25,6	-11,1
Other taxes	-0,8	5,5
<b>Net earnings for the year</b>	<b>148,1</b>	<b>119,2</b>
Allocations to other retained earnings	-15,6	-15,1
<b>Unappropriated earnings</b>	<b>132,5</b>	<b>104,1</b>

The extraordinary result of € - 88.4 (- 7.2) million relates to the revised rules regarding measurement of long-term pension provisions as per BilMoG. The additions to pension provisions of € 88.4 million remaining from the year prior were recognized directly in the income statement in their entirety.

Taxes on income were € 25.6 million, up from € 11.1 million last year. Net earnings for the year were thus € 148.1 million, which compares to € 119.2 million the year prior.

After allocating € 15.6 (15.1) million to revenue reserves, net retained earnings were € 132.5 (104.1) million.

## BALANCE SHEET

### ASSETS

(in € millions)	29 February 2012	28 February 2011
Intangible assets	29,5	36,2
Property, plant and equipment	226,2	210,8
Financial assets	2.701,7	2.701,3
<b>Fixed assets</b>	<b>2.957,4</b>	<b>2.948,3</b>
Inventories	534,6	407,6
Receivables and other assets	862,9	492,4
Securities	41,0	41,0
Cash and cash equivalents	4,2	1,8
<b>Current assets</b>	<b>1.442,7</b>	<b>942,8</b>
<b>Accrued and deferred items</b>	<b>35,8</b>	<b>40,8</b>
<b>TOTAL ASSETS</b>	<b>4.435,9</b>	<b>3.931,9</b>

Südzucker AG's total balance sheet assets as of February 29, 2012 were € 4,435.9 (3,931.9) million, slightly below last year's level.

The carrying amount of fixed assets of € 2,957.4 (2,948.3) million was about the same as the previous year. The increase in fixed assets, which was driven by higher investments, was offset by a decrease in the book values of intangible assets.

Higher sugar stocks as of February 29, 2012 and increased production costs drove inventories up, to € 534.6 (407.6) million.

The increase of € 370.5 million in receivables and other assets to € 862.9 (492.4) million was largely caused by higher intra-group loans to associated companies within the group.

### LIABILITIES AND SHAREHOLDERS' EQUITY

(in € millions)	29 February 2012	28 February 2011
Shareholders' equity	1.700,1	1.664,5
Special items with an equity portion	40,8	42,2
Provisions	753,2	561,7
Liabilities	1.868,6	1.569,9
Accrued and deferred items	73,2	93,6
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>4.435,9</b>	<b>3.931,9</b>

Equity increased to € 1,700.1 (1,664.4) million due to the higher net earnings. Because of the higher total assets, the equity ratio declined to 38.3 (42.4) %. As was the case at the prior year's balance sheet date, Südzucker AG's fixed assets were completely financed by medium to long-term capital. The equity to fixed assets ratio was 110.5 %.

The changed rules regarding measurement of pension accruals made it necessary to allocate an additional € 94.7 million to this item. In fiscal 2011/12, Südzucker added the entire remaining € 88.4 million to pension accruals. The initial amount allocated last year was € 6.3 million.

The provisions for processes and risks are mainly for risks associated with the regulation of the EU sugar market and risks relating to the sugar segment's value-added tax back payments for sugar deliveries to Italy from 1994 to 1995.

Financial liabilities rose € 298.7 million, going from € 1,569.9 million to € 1,868.6 million. The higher liabilities related mainly to the higher prices for beets charged by beet growers. Current liabilities towards associated companies were also higher as a result of the increased borrowing by Südzucker International Finance B.V., Oud-Beijerland, Netherlands.

The deferred item of € 73.2 (93.7) million on the liability side is primarily comprised of the deferred income from the EU restructuring assistance, which has been proportionally released and recognized as income since fiscal 2008/09. This process will continue until fiscal 2014/15.

## INVESTMENTS AND FINANCING

In fiscal 2011/12, investments in fixed and intangible assets totaled € 50.9 (44.4) million. Investments were focused on environmental, replacement 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. Work on the palletizing area has started in Offenau. 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.

Net financial debt went from € 976.9 million last year to € 752.3 million as of February 29, 2012. This drop reflects Südzucker AG's strong cash flow from operations.

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As of February 29, 2012, Südzucker has the following bonds outstanding:

<b>Südzucker AG bonds</b>				
	<b>Coupon</b>	<b>Volumen (€)</b>	<b>ISIN</b>	<b>Listed on</b>
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	XS0222524372	Luxemburg (official market)
Bond 2011/2018	4.125 %	400 million	XS0606202454	Luxemburg (official market)

A supplementary commercial paper (CP) program is available to finance seasonal campaigns.

On February 29, 2012, Südzucker AG drew € 50.0 (0.0) million on its commercial paper program and Südzucker International Finance B.V., Oud-Beijerland drew € 150.0 (0.0) million.

The seasonal funding requirements are also secured by the syndicated line of credit secured in June 2011, which runs until 2016.

The financial instruments are generally issued via the group financing company Südzucker International Finance B.V., Oud-Beijerland, Netherlands, and used throughout the group.

Please refer to the section with the same heading in the group management report for fiscal 2011/12 for notes regarding Südzucker AG's value-based and financial management.

## **EMPLOYEES**

Südzucker AG had 2,346 (2,308) employees on average during the financial year.

## **RESEARCH AND DEVELOPMENT**

Research and development is conducted and coordinated at the Offstein site for Südzucker AG's operations. R&D requirements for the group's companies are also fulfilled here on a contract basis.

Südzucker AG's research, development and engineering services are focused on developing new food products and preparing concepts that will enable our food ingredients 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. In addition to product-related aspects, energy consumption and thus ecological factors are increasingly being taken into consideration.

The tasks range from issues related to agricultural production and animal feed, right through to development in the various product areas, such as sugar and specialty sugar products.

The tasks are also 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.

Collaborative agreements with research institutes, universities and other companies supplement the group's own work in many areas.

Südzucker AG has 125 (121) employees involved in research, development and engineering services.

Please refer to the section on research and development, product safety and quality management in the group management report for fiscal 2011/12 for further details about the key projects and activities.

## 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 achieve such value based corporate management. The financial control variables used are operating profit and return on capital employed.

**Operating profit |** To calculate operating profit, income from operations is adjusted to exclude any special items as per 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:

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- 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

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).

**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 per share is based on these principles.

## DECLARATION REGARDING CORPORATE MANAGEMENT

The following is the report on corporate management in accordance with article 289a, 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\\_Erklarung\\_zur\\_Unternehmensfuehrung/](http://www.suedzucker.de/en/Investor-Relations/Corporate-Governance/Corporate-Governance-Bericht_Erklarung_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 an integral part of its policies for many years. The company's practice is consistent with the recommendations of the German Corporate Governance Code and compliance is a key executive board and supervisory board responsibility.

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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 ([www.suedzucker.de/en/Investor-Relations/Corporate-Governance/Entsprechenserclaerung/](http://www.suedzucker.de/en/Investor-Relations/Corporate-Governance/Entsprechenserclaerung/)). 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

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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 report the supervisory board's compensation broken down by fixed and performance-based components. Südzucker AG Mannheim/Ochsenfurt has no stock option program. The code recommendation regarding disclosure of individual supervisory board members' remuneration has not been followed. In our view, the benefits of such practice bear no reasonable relation to the associated invasion into the individuals' privacy. As a result, the corporate governance report contains no information about individual supervisory board members' compensation."

**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 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 1.25 times the regular remuneration assuming the respective committee has convened during the financial year. Total remuneration paid to Südzucker AG's supervisory board for all activities was € 1.9 (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 15a 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 19<sup>th</sup> 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

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material suppliers meet high quality standards and 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 tied 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 – corporate 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.

### SUPERVISORY BOARD AND EXECUTIVE BOARD OPERATING PROCEDURES

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

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

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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 twenty members as per the articles of incorporation, of which ten are elected by the shareholders and ten by the employees. The terms of office are identical. At the last supervisory board elections, held during the annual general meeting of July 24, 2007, the shareholder representatives were elected one at a time as recommended by the German Corporate Governance Code. 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 seventy.

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/](http://www.suedzucker.de/en/Investor-Relations/Hauptversammlung/)).

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

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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 am 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 and of compliance with the reporting requirements on corporate governance as per article 289a of the German Commercial Code.

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 viable soon after for all investors to download from Südzucker's Web site, [www.suedzucker.de/en/Investor-Relations/](http://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](http://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 Südzucker's annual report.



## **INFORMATION REGARDING SHARE CAPITAL AND IMPEDIMENTS TO TAKEOVER AS REQUIRED BY ARTICLE 289, 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.

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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/](http://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, subject to approval by the supervisory board, to carry out the conditional capital increase to the extent necessary to meet the conversion or option rights from participation certificates or convertible or optional bonds, which can be issued until July 28, 2013. 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. No bondholders have exercised their rights to date.

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. Authorized Capital 2009 has not been utilized to date.

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 costs of buying back own shares may also be charged against net retained earnings or other revenue reserves. 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 the 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 management, clearly assigned responsibilities, independence in risk controlling and by the implementation of internal controls.

**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 - agricultural raw materials can under certain circumstances only be available in small quantities. 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 geared toward 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 enable 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 that ensures production can proceed as planned.

Südzucker counters energy price risks by designing its production plants to be capable of utilizing various energy sources in line with the particular circumstances, with the ultimate goal of minimizing costs. In addition, investments to improve the energy efficiency of the production plants throughout the group are an ongoing priority. 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<sub>2</sub> 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. Effects on Südzucker's market position are 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 implement appropriate technical programs to ensure that the IT systems are properly maintained and optimized. With this in

mind, Südzucker has widely standardized the information systems and processes within Südzucker Group.

**Personnel risks |** Südzucker Group competes intensely with other companies for trained personnel. In order to protect Südzucker's position when competing for qualified employees, we emphasize the attractiveness of Südzucker Group as an employer through our human resources management policies, which are aimed at encouraging specialists and managers to stay with the company for a long time. In addition to attractive social benefits and compensation policies, we offer a wide range of opportunities in the 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 through constant monitoring and continuous improvement of 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 assets and financial position of the group.

Südzucker is exposed to potential changes in the legal environment, particularly in the food and environmental segments. Such risks are already determined at an early stage, 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 anticompetitive 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 risks**

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. In addition, 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 will continue to operate in what will remain a strongly growing international market 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 expanding 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. BENEON is a leading international supplier of functional ingredients for food, beverages and animal feed, and the global market leader for sugar-based sugar substitutes 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 biostarch 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 289, PARAGRAPH 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.

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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.

## **OUTLOOK**

Südzucker expects sales to climb further in fiscal 2012/13, driven by the greater volume opportunities for non-quota sugar after the bountiful harvest in 2011. We expect operating profit to also arise again. Maintaining a balance between the supply of and demand for sugar is of crucial importance. Although world market price levels will remain high, we expect prices in the EU the quota sugar to be stable. In addition to a strong quota sugar business, we expect non-quota sugar volumes to increase after the

bountiful harvest in 2011. Taking into consideration an improvement in operating profit, better net interest income and declining net income from investments, we expect taxes to be considerably higher on a net annual income that will be at least in the range achieved during fiscal 2011/12.

We are expecting stable sales growth in 2013/14 and unchanged net annual income at about the same level as in fiscal 2012/13. Because production will be normalized we are forecasting lower non-quota sugar income but expect profits from quota sugar volume to remain stable.

Beyond that, profit growth will be tied closely to the continuation of the sugar market regulation after 2015/16.



## **RECOMMENDATION ON APPROPRIATION OF PROFITS**

The executive and supervisory boards will recommend to shareholders at the annual general meeting on July 19, 2012 that a dividend of € 0.70 (0.55) per share be distributed. Based on the 189.4 (189.4) million shares entitled to dividends, the total dividend distribution will be € 132.5 (104.1) million. The dividend is expected to be paid on July 20, 2012.

## **BUSINESS RELATIONSHIPS WITH ASSOCIATED COMPANIES**

According to notice received from Süddeutsche Zuckerrübenverwertungs-Genossenschaft eG (SZVG), Ochsenfurt, the entity holds a majority interest in our company through its own holdings of Südzucker shares and the shares it holds in trust for its associated shareholders. The report in this regard, based on article 312 of the German Stock Corporation Act, closes with the following declaration:

"For the legal transactions listed in the report regarding the relationship to SZVG, the association of Association of Süddeutsche Zuckerrübenanbauer e.V., Würzburg, its regional associations and beet farmers, our company received appropriate compensation for every legal transaction in accordance with the conditions known at the time such transactions were undertaken. Measures subject to reporting by our company as per article 312 of the German Stock Corporation Act were neither undertaken nor neglected during the financial year under review."

**FINANCIAL STATEMENTS OF SÜDZUCKER AG**  
**MANNHEIM/OCHSENFURT (GERMAN COMMERCIAL CODE**  
**- HGB)**

**BALANCE SHEET AS OF FEBRUARY 29, 2012**

<b>ASSETS</b>	<b>Notes</b>	<b>29 February 2012</b>	<b>28 February 2011</b>
(€ '000)			
Intangible assets		29.472	36.182
Property, plant and equipment		226.184	210.805
Financial assets		2.701.763	2.701.319
<b>Fixed assets</b>	<b>(1)</b>	<b>2.957.419</b>	<b>2.948.306</b>
Inventories	(2)	534.611	407.623
Receivables and other assets	(3)	862.885	492.394
Securities		41.030	41.029
Cash and cash equivalents		4.173	1.735
<b>Current assets</b>		<b>1.442.699</b>	<b>942.781</b>
<b>Accrued and deferred items</b>	<b>(4)</b>	<b>35.747</b>	<b>40.875</b>
		<b>4.435.865</b>	<b>3.931.962</b>

<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>Notes</b>	<b>29 February 2012</b>	<b>28 February 2011</b>
(€ '000)			
Subscribed capital		189.354	189.354
./. Less fair value of own shares		-400	0
Issued subscribed capital		188.954	189.354
Capital reserve		1.192.936	1.192.936
Revenue reserves		185.638	178.018
Retained earnings		132.553	104.149
<b>Shareholders' equity</b>	<b>(5)</b>	<b>1.700.081</b>	<b>1.664.457</b>
<b>Special items with an equity portion</b>	<b>(6)</b>	<b>40.795</b>	<b>42.215</b>
Provisions for pensions and similar obligations	(7)	427.729	315.278
Other provisions	(8)	325.468	246.403
<b>Provisions</b>		<b>753.197</b>	<b>561.681</b>
<b>Liabilities</b>	<b>(9)</b>	<b>1.868.604</b>	<b>1.569.870</b>
<b>Accrued and deferred items</b>	<b>(10)</b>	<b>73.188</b>	<b>93.739</b>
		<b>4.435.865</b>	<b>3.931.962</b>

## INCOME STATEMENT

**MARCH 1, 2011 TO FEBRUARY 29, 2012**

(€ '000)	Notes	1 March 2011- 29 February 2012	1 March 2010- 28 February 2011
<b>Revenues</b>	<b>(12)</b>	<b>1.575.850</b>	<b>1.302.074</b>
Change in work in progress and finished goods inventories and internal costs capitalized	(13)	124.161	-54.562
Other operating income	(14)	85.475	78.804
Cost of materials	(15)	-1.175.806	-835.508
Personnel expenses	(16)	-188.675	-166.235
Depreciation of fixed assets and intangible assets		-40.225	-42.159
Other operating expenses	(17)	-220.829	-210.597
Investment income/expense	(18)	175.820	127.084
Interest income/expense	(19)	-72.877	-66.946
<b>Operating result</b>		<b>262.894</b>	<b>131.955</b>
Extraordinary profit/loss	(20)	-88.365	-7.178
Taxes on income	(21)	-25.677	-11.107
Other taxes		-793	5.559
<b>Net earnings</b>		<b>148.059</b>	<b>119.229</b>
Profit brought forward from the previous year		54	7
Allocation to other reserves		-15.560	-15.087
<b>Retained earnings</b>		<b>132.553</b>	<b>104.149</b>

## DEVELOPMENT OF FIXED ASSETS

(€ '000)	Acquisition or production cost				
	1 March 2011	Addition	Transfer	Disposal	29 February 2012
<b>Intangible assets</b>	<b>96.226</b>	<b>2.663</b>	<b>44</b>	<b>167</b>	<b>98.766</b>
<b>Property, plant and equipment</b>					
Land, land rights and buildings including buildings on land owned by third parties	321.443	10.649	4.234	3.108	333.218
Technical equipment and machinery	1.086.570	19.000	2.759	10.701	1.097.628
Other plant, factory and office equipment	101.792	7.873	108	6.657	103.116
Advances paid and construction in progress	8.390	10.708	-7.145	100	11.853
<b>Total property, plant and equipment</b>	<b>1.518.195</b>	<b>48.230</b>	<b>-44</b>	<b>20.566</b>	<b>1.545.815</b>
<b>Financial assets</b>					
Shares in affiliated companies	3.479.979	10.939	7.050	10.440	3.487.528
Participations	7.232	21	-7.050	0	203
Long-term financial investments	0	0	0	0	0
Other loans	77	0	0	77	0
<b>Total financial assets</b>	<b>3.487.288</b>	<b>10.960</b>	<b>0</b>	<b>10.517</b>	<b>3.487.731</b>
<b>Total fixed assets</b>	<b>5.101.709</b>	<b>61.853</b>	<b>0</b>	<b>31.250</b>	<b>5.132.312</b>

	Depreciation			Carrying amount		
	1 March 2011	Annual depreciation	Disposal	29 February 2012	29 February 2012	28 February 2011
<b>Intangible assets</b>	<b>60.045</b>	<b>9.409</b>	<b>160</b>	<b>69.294</b>	<b>29.472</b>	<b>36.182</b>
<b>Property, plant and equipment</b>						
Land, land rights and buildings including buildings on land owned by third parties	216.172	5.212	1.931	219.453	113.765	105.272
Technical equipment and machinery	1.003.705	19.354	10.441	1.012.618	85.010	82.864
Other plant, factory and office equipment	87.512	6.250	6.202	87.560	15.556	14.280
Advances paid and construction in progress	0	0	0	0	11.853	8.390
<b>Total property, plant and equipment</b>	<b>1.307.389</b>	<b>30.816</b>	<b>18.574</b>	<b>1.319.631</b>	<b>226.184</b>	<b>210.805</b>
<b>Financial assets</b>						
Shares in affiliated companies	785.968	0	0	785.968	2.701.560	2.694.010
Participations	0	0	0	0	203	7.232
Other loans	0	0	0	0	0	77
<b>Total financial assets</b>	<b>785.968</b>	<b>0</b>	<b>0</b>	<b>785.968</b>	<b>2.701.763</b>	<b>2.701.319</b>
<b>Total fixed assets</b>	<b>2.153.402</b>	<b>40.225</b>	<b>18.734</b>	<b>2.174.893</b>	<b>2.957.419</b>	<b>2.948.306</b>

## NOTES

### APPLICATION OF GERMAN GAAP (HGB)

The financial statements of Südzucker AG were prepared in accordance with the provisions of the German Commercial Code (HGB) and the German Stock Corporation Act (AktG).

The income statement has been prepared using the nature of expense method. Certain items in the balance sheet and income statement 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 financial statements have been prepared in euros. Unless otherwise indicated, all amounts are disclosed in thousands of euros (€ '000) or millions of euros (€ million). The previous year's numbers are generally put in parentheses in the notes.

### ACCOUNTING POLICIES

Current assets and liabilities denominated in foreign currencies are translated using the average spot exchange rate on the financial reporting date. Exchange gains or losses from different average spot exchange rates between the transaction date and the balance sheet date are reported under other operating income or expense.

#### Fixed assets

Intangible assets and fixed assets are measured at acquisition or production cost less depreciation and write-downs. In addition to the wear and tear of the fixed assets, production costs for internally-constructed equipment also include the production material, labor costs, and appropriate components of the overheads required.

Items subject to depreciation according to requirements of German commercial law are depreciated using the declining-balance or straight-line method.

Intangible assets are depreciated using the straight-line method.

Fixed assets acquired on or after January 1, 2001 were offset at a rate of maximum 20 percent when depreciated using the declining-balance method. Fixed assets acquired on or after January 1, 2006 to December 31, 2007 were offset pursuant to tax provisions at a rate of maximum 30 percent when depreciated using the declining-balance method.

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Assets acquired after December 31, 2008 were offset at a rate of maximum 25 percent when depreciated using the declining-balance method.

The transition from the declining-balance to the straight-line method takes place at the date at which the remaining carrying amount distributed in equal annual amounts over the remaining useful life leads to higher depreciation rates.

The straight-line method was used exclusively for assets acquired or produced on or after March 1, 2010. Südzucker AG exercises the option of using the reduced carrying amount (Beibehaltungswahlrecht) pursuant to note 67 (4) sentence 1 of the Introductory Act to the German Commercial Code (EGHGB).

Independently usable movable items of fixed assets subject to depreciation are fully depreciated in the year of initial recognition if their acquisition or production costs do not exceed € 150. Depreciable movable assets under fixed assets acquired or produced after December 31, 2007 whose acquisition or production costs are greater than € 150 but do not exceed € 1,000 were combined into compound items. Compound items are depreciated at the same rate over a period of five years.

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

Intangible assets	2 to 9 years
Buildings	10 to 50 years
Technical equipment and machinery	5 to 15 years
Factory and office equipment	3 to 10 years

Special items with an equity portion for differences from increased depreciation permissible according to tax law and special depreciation as well as regular depreciation on a straight-line or declining balance basis were recognized until the 2009/10 financial year.

Shares in affiliated companies and the participations are measured at acquisition cost or the lower fair value. Borrowings are recognized at their nominal amount.

Long-term financial investments are measured at acquisition cost, if applicable, less depreciation of the respective lower fair value at the end of the financial year.

Lower fair values of fixed assets are accounted for with write-downs if continued impairment is expected. Write-downs are reversed if the reasons for the write-downs no longer exist.

#### **Current assets**

Materials and other supplies are measured according to the principles of valuation on a separate or standard value basis at acquisition costs with due respect for the lower-of-cost-or-market principle.

Merchandise is measured at acquisition cost with due respect for the lower-of-cost-or-market principle.

Appropriate valuation reductions are made each time realizability is limited.

Finished goods and work in progress are measured in accordance with notes 253 to 256 HGB at production costs or at the recoverable net proceeds derived from the sale price with due respect for the principle of loss-free evaluation. The FIFO method is used in the measurement of finished goods.

Valuation reductions are made if inventory risk arises from extended storage duration or reduced realizability.

The depreciation of the fixed assets in use (wear and tear), the directly attributable material and production costs and the appropriate components of the necessary material and production overheads are considered when determining production costs for sugar. Interest expense is not included.

Short-term financial investments are reported at acquisition cost, less depreciation of the respective lower quoted or market price at the end of the financial year.

Receivables and other assets are measured either at nominal value with due respect for the lower-of-cost-or-market principle or at discounted value. Individual allowances are made in the estimated amount of default risk for doubtful receivables. General credit risk is accounted for with general allowances.

CO<sub>2</sub> emission certificates allocated free of charge are capitalized with an acquisition value of zero; certificates acquired for a fee are recognized at their acquisition cost. Provisions are recognized in the amount of the acquisition cost for the certificates if CO<sub>2</sub> emissions exceed the allocated certificates.

Cash and cash equivalents are recognized at their nominal value.

Write-downs are reversed if the reasons for the write-downs no longer exist.

#### **Prepaid expenses**

Expenses paid prior to the balance sheet date are classified as an asset and recorded as prepaid expenses insofar as they represent expenses for a particular period after the reporting date.

#### **Treasury shares**

The book value of the treasury stock acquired is deducted on the face of the balance sheet from the item "subscribed capital" in the preceding column. The difference between the book value and the acquisition costs for the treasury shares is offset against the available retained earnings. Acquisition-related costs are recognized as an expense for the fiscal year.

### **Special untaxed reserves**

Special untaxed reserves for differences from increased depreciation permissible according to tax law and special depreciation as well as regular depreciation on a straight-line or declining balance basis were recognized until February 28, 2010.

Südzucker AG exercises the option of using the reduced carrying amount (continuation option) pursuant to note 67 (3) s. 1 of the Introductory Act to the German Commercial Code (EGHGB).

### **Provisions**

Provisions for pensions and similar obligations are determined on the basis of biometric probabilities (Heubeck 2005 G actuarial tables) using the projected unit credit method. The wage and pension inflation parameters were adjusted as follows on the basis of current wage and pension inflation and medium-term projections: The future salary and income threshold increase rates were set at 3.25 percent, the future pension increase rate at 2.25 percent and the average employee turnover rate at 1.0 percent. An actuarial interest rate of 5.13 percent was used as a basis for the discount rate for pension obligations as at February 29, 2012. This corresponds to the average market interest rate from the past seven financial years determined by Deutsche Bundesbank and published on January 31, 2012 for an assumed time to maturity of 15 years. Changes to the discount rate affecting net income and fair value changes to fund assets are reported under financial results.

With respect to obligations resulting from deferred compensation commitments funded by insurance, these are recognized at the surrender value of the insurance policy.

Provisions for pensions and similar obligations are offset with existing fund assets (pension liability) which were recognized at fair value. The fair value of fund assets is the actuarial asset value of the liability insurance, which corresponds to the historic acquisition costs.

Other provisions are recognized for contingent liabilities and imminent losses from pending business transactions. Provisions are also recognized for maintenance expenses that have been put off and are made up for within three months of the following financial year. Other provisions are measured in the amount of the settlement value required according to reasonable commercial assessment that also includes price and cost increases. Provisions with a remaining term of more than one year are discounted corresponding to their remaining term with the average market interest rate of the past seven financial years.

### **Liabilities**

All liabilities are reported using their settlement value.

### **Deferred revenue**

Income received prior to the balance sheet date is classified as a liability and recorded as deferred revenue insofar as it represents earnings for a particular period after the reporting date.

#### **Deferred tax**

Deferred tax is measured for temporary differences between legal commercial and tax valuations of assets, liabilities and accrued and deferred items. Interest and tax loss carryforwards are also considered in addition to temporary accounting differences. The interest expense carried forward from the previous year was able to be applied and was depleted during the reporting year.

Deferred tax is calculated on the basis of the combined income tax rate of 29.1 percent currently applicable for the Südzucker AG tax group. The combined income tax rate comprises the German corporate income tax (Körperschaftsteuer), the trade tax on income (Gewerbesteuer) and the solidarity tax (Solidaritätszuschlag).

If applicable, a resulting tax burden is recognized in the balance sheet as a deferred tax liability. If deferred tax assets are greater than deferred tax liabilities the option of not recognizing any deferred tax assets is exercised. In the financial year under review deferred tax assets were greater and thus not recognized.

#### **Research and development expenses**

The option of capitalizing development expenses is not exercised.

Research expenses are recognized directly in the income statement as expenses that cannot be capitalized.

#### **Creation of valuation units for hedging instruments**

Hedging instruments are considered a valuation unit with the hedged item if the requirement for the creation of valuation units is met. Accordingly, no provision is recognized in the case of a negative market value. When disclosing the market values the amount is applied which would flow to or from Südzucker AG assuming the hedge were reversed at the balance sheet date. As hedge transactions only comprise normal market tradable financial instruments, the market value is derived from quoted prices on exchanges without offsetting any possible value changes relating to the underlying transaction being hedged.

Where a loss results from offsetting changes in value of a hedged item and hedging instrument and this is attributable to the hedged risk, a provision for ineffective hedging is to be recognized in the income statement as an expense. The effective portions of the valuation units are not accounted for in the balance sheet or income statement (net hedge presentation method).

## NOTES TO THE BALANCE SHEET

### (1) Fixed assets

The above presented statement of changes in fixed assets contains details on the composition and development of fixed assets.

Intangible assets relate exclusively to concessions acquired against payment, trademarks and similar rights and assets.

The carrying values of shares in affiliated companies increased by € 7.6 million to € 2,701.6 (2,694.0) million primarily due to the transfer of a holding in an associated company to Südzucker Holding GmbH. This triggered a reduction by the same amount in the carrying value for the holdings.

### (2) Inventories

(€ '000)	29 February 2012	28 February 2011
Raw materials and supplies	71.355	70.952
Work in progress	134.856	107.829
Finished goods, merchandise	328.400	228.842
	<b>534.611</b>	<b>407.623</b>

The increase in works in progress and finished goods is attributable to the increased sugar beet processing and sugar production from the 2011 campaign, which resulted in higher sugar inventories as of February 29, 2012, and also to increased production costs.

### (3) Receivables and other assets

(€ '000)	29 February 2012	28 February 2011
Trade receivables	75.273	62.128
<i>thereof with remaining term of more than one year</i>	331	1.246
Trade receivables related to Group companies	736.940	390.857
<i>thereof with remaining term of more than one year</i>	117.709	135.887
Trade receivables related to participations	141	92
Other assets	50.531	39.317
	<b>862.885</b>	<b>492.394</b>

With respect to trade receivables of € 75.3 (62.1) million, specific allowances for bad debt were recorded in the amount of € 9.0 (9.0) million. Receivables from affiliated companies primarily comprise financing receivables resulting from group loans totaling € 217.0 million (€ 245.9 million), trade receivables of € 122.3 million (€ 44.3 million) and other receivables from clearing accounts of € 397.7 million (€ 100.7 million).

The increase in other assets from € 39.3 million to € 50.5 million is largely the result of the CO2 emission certificates purchased and the rights to reimbursement of energy taxes.

#### (4) Accrued and deferred items

This item primarily includes accrued interest expense and the deferred option premium from the convertible bond issue.

#### (5) Shareholders' equity

(€ '000)	1 March 2011	Purchased own shares	Dividend for 2010/11	Net earnings	29 February 2012
Subscribed capital	189.354	-400			188.954
Capital reserve	1.192.936				1.192.936
Other reserves	178.018	-7.940		15.560	185.638
Retained earnings	104.149		-104.095	132.499	132.553
	<b>1.664.457</b>	<b>-8.340</b>	<b>-104.095</b>	<b>148.059</b>	<b>1.700.081</b>

At February 29, 2012 the subscribed capital is valued at € 189.4 million and consists of 189.4 no par shares, each of which represents a notional holding of € 1.00 per share. In accordance with Sec. 71 (1) no. 8 of the German Stock Corporation Act, on July 20, 2010 shareholders at the annual shareholders meeting gave the executive board the authority to buy back up to 10 % of the company's stock by July 19, 2015. The stock may be acquired on the open stock market or via a public offer to purchase sent to all shareholders. The shares of the company's stock may also be charged against net income or other retained earnings when acquired for the purpose of retiring such stock. Among other things, the executive board was given the power, subject to approval by the supervisory board, to sell repurchased stock to third parties in connection with corporate mergers or when purchasing companies, company units, or holdings in companies, and to block shareholder subscription rights in such cases. On the basis of this authorization, Südzucker AG purchased 400,020 shares of treasury stock, or 0.2 % of subscribed capital, on the stock market for € 8.3 million during the months of March 2011, August 2011, September 2011, October 2011, and February 2012. The par value of this stock was deducted from subscribed capital and charged against other retained earnings.

A resolution was passed at the annual shareholders meeting on July 29, 2008 to conditionally further increase capital stock by up to € 15 million via the issue of up to 15 million new shares (conditional capital II). The executive board was given the authority, with the approval of the supervisory board, to conditionally increase capital to the extent required to service conversion or option rights arising from participation certificates, convertible bonds, or bonds with warrants attached, which may be issued until July 28, 2013. 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 € 52.3 million has been included in the capital reserve. No bondholders have exercised their rights to date.

On July 21, 2009, shareholders at the annual shareholders meeting 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 potential capital increases. The executive board is authorized, with the approval of the supervisory board, to increase capital stock until June 30, 2014 by issuing new shares in exchange for cash and/or non-cash contributions, and to block shareholder subscription rights in certain cases. To date, the board has not exercised its authority concerning the Authorized Capital 2009.

After allocation of € 15.6 (15.1) million from net income and the offsetting of treasury stock acquisition costs of € 8.0 (0.0) million, other retained earnings increased from € 178.0 million to € 185.6 million.

Südzucker AG did not exercise any accounting options that trigger a distribution restriction.

#### **(6) Special untaxed reserves**

Special untaxed reserves included only impairment losses for tax purposes.

#### **(7) Provisions for pensions and similar obligations**

Current obligations for pensions and benefits are reported under provisions for pensions and similar obligations. The amount required to fund provisions for pensions and similar obligations in the amount of € 430.2 (317.7) million is offset against the pension fund assets (funding sources) in the amount of € 2.5 (2.4) million. The fair value of fund assets is the actuarial asset value of insurance policies, which corresponds to the historic acquisition costs. The initial application of the modified rules associated with the Accounting Law Modernization Act (BilMoG) regarding the measurement of provisions for pensions and similar obligations led to a required allocation of € 94.7 million to pension provisions. In financial year 2010/11, Südzucker AG elected to make use of the option to distribute the allocated sum linearly over 15 years. In financial year 2011/12, the sum of € 88.4 million remaining from the previous year was recognized in its entirety as an expense.

#### **(8) Other provisions**

(€ '000)	29 February 2012	28 February 2011
Tax provisions	105.444	72.406
Other provisions	220.024	173.997
	<b>325.468</b>	<b>246.403</b>

Tax provisions include amounts for the reporting year and for periods which are not yet completed for tax audit purposes.

## 50 Financial statements of Südzucker AG Mannheim/Ochsenfurt

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Other provisions mainly comprised obligations from factory closures, for personnel expenses, expenses for exporting beet soil and recultivation of sludge lagoons and/or earth-moving operations for soil preparation and improvement, and litigation risk.

Provisions were also recognized for maintenance expenses that were put off in the financial year under review and will be made up for within three months of the following financial year.

The provision for part-time early retirement was recognized for such agreements already concluded prior to and those already committed as of the balance sheet date. It includes top-up contributions and accumulated settlement amounts accrued up to the balance sheet date.

### (9) Liabilities

Liabilities der of Südzucker AG Mannheim/Ochsenfurt (HGB) at February 29, 2012:

(€ '000)	29 February 2012	of which remaining term		
		up to 1 year	1 to 5 years	over 5 years
Bonds	49.976	49.976	0	0
Liabilities to banks	134.548	89.048	45.500	0
Trade payables	438.516	438.445	69	2
Liabilities to affiliated companies	1.158.183	263.183	895.000	0
Liabilities to companies with which there is a participating interest	33	33	0	0
Other liabilities	87.348	87.348	0	0
- <i>of which for taxes</i>	6.273	0	0	0
- <i>of which for social security</i>	9.794	0	0	0
	<b>1.868.604</b>	<b>928.033</b>	<b>940.569</b>	<b>2</b>

Liabilities der of Südzucker AG Mannheim/Ochsenfurt (HGB) at February 28, 2011:

(€ '000)	28 February 2011	of which remaining term		
		up to 1 year	1 to 5 years	over 5 years
Bonds	0	0	0	0
Liabilities to banks	154.596	4.096	150.500	0
Trade payables	243.839	243.823	16	0
Liabilities to affiliated companies	1.091.623	444.173	364.000	283.450
Liabilities to companies with which there is a participating interest	1.050	1.050	0	0
Other liabilities	78.762	78.762	0	0
- <i>of which for taxes</i>	3.077	3.077	0	0
- <i>of which for social security</i>	11.222	11.222	0	0
	<b>1.569.870</b>	<b>771.904</b>	<b>514.516</b>	<b>283.450</b>

The decline in liabilities to banks can be attributed to the repayment of the variable rate portion of the promissory note loan in October 2011. As of February 29, 2012, liabilities from the promissory note loan with a maturity date of April 15, 2014 still existed in the amount of € 45.5 million.

All liabilities are unsecured.

Obligations to beet growers of € 385.9 million (€ 196.1 million) are reported under trade payables.

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Liabilities to affiliated companies totaling € 1,158.2 million (€ 1,091.6 million) primarily include borrowings totaling € 495.0 million (€ 647.5 million) from Südzucker International Finance B.V., Oud-Beijerland, Netherlands, loans payable totaling € 564.2 million (€ 369.3 million) and trade payables totaling € 51.0 million (€ 22.5 million).

Other liabilities primarily include liabilities to insurance institutions, tax liabilities and liabilities from payroll accounting.

#### **(10) Accrued and deferred items**

Income from EU restructuring assistance was offset by the proportionate carrying amount of the additional quota, with a total of € 153.3 million deferred to be reversed to income on a pro rata basis up until 2014/15. The deferred amount as of the balance sheet date comprises € 73.2 (93.7) million.

#### **(11) Contingent liabilities, other financial commitments and derivative financial instruments**

Of the future obligations resulting from lease agreements for office space, office and factory equipment as well as facilities leasing, € 4.1 (4.7) million is due within up to one year, € 2.2 (1.6) million within one to five years, and € 0.0 (0.0) million after five years; of these amounts, € 0.5 (1.5) million is attributable to affiliated companies and is due within one to five years. Other financial commitments from open orders totaled € 38.6 million (€ 15.4 million) as of the balance sheet date.

For bonds issued by Südzucker Finance B.V. in favor of the creditors, Südzucker AG issued guarantees totaling € 683.4 million (€ 783.4 million) and, in the case of the subordinate hybrid bond, a subordinated guarantee totaling € 700.0 million (€ 700.0 million). A further guarantee was issued in favor of the creditors of BENEO Orafti Chile S.A. for a maximum credit line of USD 25.0 million; as of the balance sheet date the company had accessed USD 21.0 million from the credit line. Due to the financial situation of the companies, utilization of the guarantees issued is not currently anticipated.

For an investment in a variable interest security Südzucker AG concluded an interest rate swap with a volume of € 20 million to secure a fixed interest rate. The hedged item (investment in a variable interest security) and the hedging instrument (interest rate swap) are considered a single valuation unit (micro hedge) because the requirements for the creation of a valuation unit are met. Accordingly, no provision is recognized in the case of a negative market value. On the balance sheet date, the interest rate swap had a positive market value of € 1,000; in the previous year there was a negative market value of € 0.3 million. The hedge has a term until September 19, 2012.

In financial year 2011/12, Südzucker AG entered into a currency forward contract in the amount of USD 8.0 million to hedge against the currency risk associated with the acquisition of an asset in USD. The hedged transaction (asset acquisition) and the hedging instrument (currency forward) are considered a micro-hedge because together they meet the requirements for hedging a single asset. Accordingly, no

provision is recognized in the case of a negative market value. At the balance sheet date, the currency forward had a positive market value of € 0.2 million. The hedging instrument has a term until May 2, 2012.

For a loan in the amount of GBP 10.0 million to a subsidiary, Südzucker AG entered into a currency swap to hedge the currency risk associated with interest payments and loan repayment. The hedged item (loan granted in a foreign currency) and the hedging instrument (cross currency swap) are considered a micro-hedge because together they meet the requirements for hedging a single asset. Accordingly, no depreciation of the GBP receivable is taken due to currency fluctuations and no provision is recognized in the event of a negative market value of the hedging instrument. On the balance sheet date, the cross currency swap had a negative market value of € 0.5 million. The maturity date of the hedging instrument is October 21, 2016.

The material value-determining parameters of hedged item and hedge are compliant for these three hedging relationships, which is why it can be assumed that the opposite cash flows will completely offset each other in the future.

The compliance of these parameters is reviewed prospectively, and the effectiveness of the hedging relationship is assessed regularly as part of the risk management system.

On February 27, 2012, a bond with a nominal volume of € 500 million issued by Südzucker Finance B.V., Oud-Beijerland, Netherlands, was repaid. In the event of any potential subsequent financing in 2012, Südzucker AG had entered into an interest rate swap in September 2010 for € 200 million and a term to maturity from February 27, 2012 to February 27, 2017. Thanks to the good cash flow situation, no long-term subsequent financing has been arranged as of February 27, 2012. No micro-hedge materialized because the original underlying transaction was not executed during the financial year (in the previous year: micro-hedging existed); a provision was recognized in the amount of € -8.0 (+8.2) million as of February 29, 2012 for the negative market value of the interest rate swap. The fair values to be applied generally correspond to the market values of the derivatives on the balance sheet date insofar as these can be determined reliably. If no market value can be reliably determined, the fair value to be applied is derived from similar derivative financial instruments or with the aid of generally accepted measurement methods. These include, for example, the discounted cash flow method and the Black-Scholes model (for options). When using these methods, the market-based yield curves, exchange rates, and commodity prices constitute the most significant variables.

## NOTES TO THE INCOME STATEMENT

### (12) Revenues

(€ '000)	2011/12	2010/11
<b>Classification according to activities</b>		
<b>Own production</b>	<b>1.243.292</b>	<b>1.084.743</b>
- of which sugar	1.082.068	968.829
- of which other revenue	161.224	115.914
<b>Revenues from services</b>	<b>93.096</b>	<b>68.508</b>
<b>Merchandise revenue</b>	<b>239.462</b>	<b>148.823</b>
- of which sugar	198.896	118.808
- of which other revenue	40.566	30.015
	<b>1.575.850</b>	<b>1.302.074</b>
<b>Classification according to geographical markets</b>		
Germany	1.207.191	960.667
EU	335.542	289.948
Foreign countries	33.117	51.459
	<b>1.575.850</b>	<b>1.302.074</b>

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

(€ '000)	2011/12	2010/11
Change in finished goods and work in progress	121.686	-57.367
Internal costs capitalized	2.475	2.805
	<b>124.161</b>	<b>-54.562</b>

### (14) Other operating income

Other operating income includes income from prior periods totaling € 20.6 million (€ 7.8 million), which largely resulted from accounting profits and the reversal of provisions. Also included is income from currency translation totaling € 57,000 (€ 24,000).

Other operating income included income from the release of special untaxed reserves in the amount of € 1.4 (6.0) million.

### (15) Cost of materials

(€ '000)	2011/12	2010/11
Cost of raw materials and consumables and merchandise	1.101.353	762.437
Cost of purchased services	74.453	73.071
	<b>1.175.806</b>	<b>835.508</b>

**(16) Personnel expenses**

(€ '000)	2011/12	2010/11
Wages and salaries	139.109	124.203
Social contributions and expenses for retirement and other benefits	49.566	42.032
- <i>of which retirement benefits</i>	24.972	18.647
	<b>188.675</b>	<b>166.235</b>

Average number of employees during the year	2011/12	2010/11
Industrial employees	1.123	1.100
Salaried employees	1.035	1.022
Apprentices	188	186
	<b>2.346</b>	<b>2.308</b>

**(17) Other operating expenses**

Other operating expenses include expenses from prior periods totaling € 33.8 million (€ 33.5 million). Also included are expenses from currency translation totaling € 76,000 (€ 48,000).

**(18) Investment income/expense**

(€ '000)	2011/12	2010/11
Income from profit transfer agreements	161.889	101.967
Income from investments	13.936	25.118
- <i>of which from affiliated companies</i>	13.936	23.178
- <i>of which from other investments</i>	0	1.940
Expenses from transfer of losses	-5	-1
	<b>175.820</b>	<b>127.084</b>

A profit and loss transfer agreement was entered into with Hellma Gastronomie-Service GmbH during the financial year.

**(19) Interest income/expense**

(€ '000)	2011/12	2010/11
Expenses / Income from other long-term financial investments and loans	-7.384	509
Other interest and similar income - <i>of which from affiliated companies</i>	19.623 10.983	13.289 7.216
Interest and similar expenses - <i>of which to affiliated companies</i>	-85.116 -47.721	-80.744 -36.036
	<b>-72.877</b>	<b>-66.946</b>

In addition to income from the unwinding of the discount for long-term receivables in the previous year, expense from the unwinding of the discount for long-term obligations totaling € 21.8 million is also recorded in the interest result in the year under review. This primarily results from the unwinding of the discount on provisions for pensions and similar obligations (€ 20.6 million) or long-term provisions for personnel expenses, which is offset against income from the fair value measurement of pension fund assets (€ 0.1 million).

**(20) Extraordinary profit/loss**

The extraordinary result of € 88.4 (7.2) million came about through the application of requirements amended within the scope of BilMoG for the measurement of provisions for pensions. The allocation to pension provisions of € 88.4 million remaining from the previous year was recognized in its entirety as an expense in 2011/12.

**(21) Taxes on income**

Taxes on income comprise current taxes and tax refunds from previous years.

Deferred tax assets totaling € 114.5 million result from the comparatively higher valuations in the commercial balance sheet than in the tax balance sheet for provisions for pensions, part-time early retirement and anniversaries, other provisions, and from available tax loss carryforwards. This compares with deferred tax liabilities of € 24.8 million from higher valuations of financial assets and the deferred items in the commercial balance sheet. In total deferred tax assets exceeded deferred tax liabilities; deferred tax assets were not recognized.

In determining deferred taxes a theoretical tax rate of 29.1 percent is assumed. The effective tax rate is equal to 14.8 percent. Differences in the theoretical tax rate and the effective tax rate largely result from tax reductions from tax-free income of € 117.6 million and tax increases due to nondeductible expenses of € 29.4 million.

**(22) Research and development expenses**

Research and development expenses totaled € 16.9 million (€ 16.4 million) and were completely recognized in the income statement.

**(23) Total compensation of the executive board and supervisory board and former executive board and supervisory board members**

The total compensation granted to members of the executive board by Südzucker AG in the 2011/12 financial year amounted to € 3.2 million (€ 2.6 million). The variable component makes up 49 percent (43 percent) of their remuneration in cash, and is calculated based on the dividend to be approved by the annual general meeting. Provisions for pensions of € 25.0 million (€ 24.5 million) relate to former members of Südzucker AG's executive board and their dependents. Pension payments to former members of Südzucker AG's executive board and their dependents amounted to € 2.4 million (€ 2.6 million). Total remuneration paid to Südzucker AG's supervisory board for all activities was € 1.7 million (€ 1.4 million) in the 2011/12 financial year. The remuneration systems for the executive board and supervisory board are discussed under "Remuneration" in the management report.

**(24) Related parties**

A related party is Süddeutsche Zuckerrübenverwertungs-Genossenschaft eG (SZVG), Ochsenfurt, 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 in the 2010/11 financial year on the accounts held for Süddeutsche Zuckerrübenverwertungs-Genossenschaft eG (SZVG), Ochsenfurt and SUW at Südzucker AG comprised payments received from dividends and interest from business transactions. There is an agreement to pay interest on the balances on these accounts at normal market rates. Südzucker AG had liabilities to Süddeutsche Zuckerrübenverwertungs-Genossenschaft eG (SZVG), Ochsenfurt, of € 3.7 million (€ 1.5 million) and to SUW of € 5.9 million (€ 6.2 million) at the balance sheet date.

Südzucker AG and its consolidated subsidiaries, including the subsidiaries with which control and profit transfer agreements exist, the joint ventures and the associates have relations in connection with regular operating activities. Transactions are carried out with these companies the same as with unrelated parties.

## (25) Supervisory board and executive board

### SUPERVISORY BOARD

#### **Dr. Hans-Jörg Gebhard**

Chairman

#### **Eppingen**

Chairman Verband Süddeutscher Zuckerrübenanbauer e. V..

#### *Memberships in other domestic, statutory supervisory boards*

- CropEnergies AG, Mannheim
- VK Mühlen AG, Hamburg

#### *Memberships in comparable German and foreign supervisory committees*

- AGRANA Beteiligungs-AG, Vienna, Austria
- AGRANA Zucker, Stärke und Frucht Holding AG, Vienna, Austria (deputy chairman)
- Freiberger Holding GmbH, Berlin
- Raffinerie Tirlemontoise S.A., Brussels, Belgium
- Saint Louis Sucre S.A., Paris, France
- SZVG Süddeutsche Zuckerrübenverwertungs-Genossenschaft eG, Ochsenfurt (chairman)
- Vereinigte Hagelversicherung WVAG, Gießen
- Z & S Zucker und Stärke Holding AG, Vienna, Austria

#### **Dr. Christian Konrad**

Deputy chairman

#### **Vienna, Austria**

Chairman of Raiffeisen-Holding Niederösterreich-Wien

#### *Memberships in other domestic, statutory supervisory boards*

- BAYWA AG, Munich (deputy chairman)

#### *Memberships in comparable German and foreign supervisory Committees*

- RWA Raiffeisen Ware Austria AG, Vienna, Austria
- RWA Raiffeisen Ware Austria Handel und Vermögensverwaltung reg.Gen.m.b.H, Vienna, Austria
- Saint Louis Sucre S.A., Paris, Frankreich
- Siemens Aktiengesellschaft Österreich, Vienna, Austria (deputy chairman)
- SZVG Süddeutsche Zuckerrübenverwertungs-Genossenschaft eG, Ochsenfurt
- UNIQA Versicherungen AG, Vienna, Austria (chairman)

#### *Group mandates \*)*

- AGRANA Beteiligungs-AG, Vienna, Austria (Chairman)
- DO & CO Restaurants und Catering Aktiengesellschaft, Vienna, Austria
- KURIER Redaktionsgesellschaft m.b.H., Vienna, Austria (chairman)
- KURIER Zeitungsverlag und Druckerei Gesellschaft m.b.H., Vienna, Austria (chairman)
- LEIPNIK-LUNDENBURGER INVEST Beteiligungs-AG, Vienna, Austria (chairman)
- RAIFFEISEN-HOLDING NIEDERÖSTERREICH-WIEN reg.Gen.m.b.H., Vienna, Austria (chairman)
- RAIFFEISENLANDES BANK NIEDERÖSTERREICH-WIEN AG, Vienna, Austria (chairman)
- Raiffeisen Zentralbank Österreich AG, Vienna, Austria (chairman)

#### **Franz-Josef Möllenbergs \*\*)**

Deputy chairman

#### **Rellingen**

Chairman of Gewerkschaft Nahrung-Genuss-Gaststätten

#### *Memberships in other domestic, statutory supervisory boards*

- CropEnergies AG, Mannheim

#### *Memberships in comparable German and foreign supervisory committees*

- Kreditanstalt für Wiederaufbau, Frankfurt/Main

#### **Dr. Ralf Bethke**

#### **Deidesheim**

Former chairman of the executive board of K+S Aktiengesellschaft

#### *Memberships in other domestic, statutory supervisory boards*

- K+S Aktiengesellschaft, Kassel (chairman)

#### *Memberships in comparable German and foreign supervisory committees*

- Benteler International AG, Salzburg, Austria (deputy chairman)
- Dr. Jens Ehrhardt Kapital AG, Pullach (chairman)
- SZVG Süddeutsche Zuckerrübenverwertungs-Genossenschaft eG, Ochsenfurt

#### **Ludwig Eidmann (until July 21, 2011)**

#### **Groß-Umstadt**

#### **Dr. Jochen Fenner**

#### **Gelchsheim**

Chairman of the executive board of SZVG Süddeutsche Zuckerrübenverwertungs-Genossenschaft eG and chairman of Verband der Hessisch-Pfälzischen Zuckerrübenanbauer e.V.

#### *Memberships in comparable German and foreign supervisory committees*

- AGRANA Beteiligungs-AG, Vienna, Austria
- AGRANA Zucker, Stärke und Frucht Holding AG, Vienna, Austria
- Z & S Zucker und Stärke Holding AG, Vienna, Austria

#### **Manfred Fischer \*\*)**

#### **Feldheim**

Chairman of the central works council of Südzucker AG Mannheim/Ochsenfurt

\*) Konzernmandate im Südzucker-Konzern und im Konzern der Raiffeisen-Holding in Niederösterreich-Wien

\*\*) Arbeitnehmervertreter

**Erwin Hameseder  
Mühldorf/Österreich**

Managing director of Raiffeisen-Holding Niederösterreich-Wien

*Memberships in comparable German and foreign supervisory committees*

- Flughafen Wien AG, Vienna, Austria (chairman)
- UNIQA Versicherungen AG, Vienna, Austria

*Group mandates \*)*

- AGRANA Beteiligungs-AG, Vienna, Austria (2nd deputy chairman)
- AGRANA Zucker, Stärke und Frucht Holding AG, Vienna, Austria (deputy chairman)
- LEIPNIK-LUNDENBURGER INVEST Beteiligungs-AG, Vienna, Austria
- Mediaprint Zeitungs- und Zeitschriften GmbH & Co. KG, Vienna, Austria (chairman)
- NÖM AG, Baden, Austria (chairman)
- NÖM International AG, Baden, Austria (deputy chairman)
- Raiffeisen Bank International AG, Wien, Österreich (1st deputy chairman)
- Raiffeisen Bausparkasse Gesellschaft m.b.H., Vienna, Austria (2nd deputy chairman)
- Raiffeisen Zentralbank Österreich AG, Vienna, Austria
- STRABAG SE, Spittal, Österreich (deputy chairman)
- Z & S Zucker und Stärke Holding AG, Vienna, Austria

**Hans Hartl \*\*)**

**Ergolding**

State area chairman of Gewerkschaft Nahrung-Genuss-Gaststätten in Bavaria

*Memberships in other domestic, statutory supervisory boards-BATIG Gesellschaft für Beteiligungen mbH, Hamburg*

- Brau Holding International GmbH & Co. KGaA, München (deputy chairman)
- British American Tobacco (Germany) GmbH, Hamburg
- British American Tobacco (Industrie) GmbH, Hamburg

**Reinhold Hofbauer \*\*)**

**Deggendorf**

Chairman of the works council of the Plattling plant of Südzucker AG Mannheim/Ochsenfurt

**Wolfgang Kirsch**

**Königstein**

Chairman of the executive board of DZ BANK AG

*Memberships in comparable German and foreign supervisory Committees*

- Landwirtschaftliche Rentenbank, Frankfurt/Main
- Österreichische Volksbanken-AG, Vienna, Austria
- SZVG Süddeutsche Zuckerrübenverwertungs-Genossenschaft eG, Ochsenfurt

*Group mandates*

- Bausparkasse Schwäbisch Hall AG, Schwäbisch Hall (chairman)
- R+V Versicherung AG, Wiesbaden (chairman)
- Union Asset Management Holding AG, Frankfurt/Main (chairman)

**Georg Koch**

**Wabern**

Chairman of the executive board of Verband der Zuckerrübenanbauer Kassel e.V.

**Klaus Kohler \*\*)**

**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 \*\*)**

**Gütersloh**

Divisional officer of Gewerkschaft Nahrung-Genuss-Gaststätten

**Joachim Rukwied**

**Eberstadt**

President of Landesbauernverband in Baden-Württemberg e.V.

*Memberships in comparable German and foreign supervisory Committees*

- AGRA-EUROPE Presse- und Informationsdienst GmbH, Bonn
- Costcenter Landesbauernverband Baden-Württemberg GmbH, Stuttgart (chairman)

**Ronny Schreiber \*\*)**

**Einhhausen**

Chairman of the works council of the Mannheim head office of Südzucker AG Mannheim/Ochsenfurt

**Franz-Rudolf Vogel \*\*)**

**Worms**

Chairman of the works council of the Offenstein plant of Südzucker AG Mannheim/Ochsenfurt

**Roland Werner \*\*)**

**Saxdorf**

Chairman of the works council of the Brottewitz plant of Südzucker AG Mannheim/Ochsenfurt

**Wolfgang Vogl \*\*)**

**Bernried**

Manager of the Plattling and Rain plants Südzucker AG Mannheim/Ochsenfurt

*Memberships in committees for affiliated companies*

- BGD Bodengesundheitsdienst GmbH, Mannheim
- Südzucker Verwaltungs GmbH, Regensburg

**Ralf Hentzschel**

since July 21, 2011

**Panschwitz-Kuckau, Lehndorf District**

Chairman of the management board for Verband Sächsisch-Thüringischer Zuckerrübenanbauer e.V.

\*) Konzernmandate im Südzucker-Konzern und im Konzern der Raiffeisen-Holding in Niederösterreich-Wien

\*\*) Arbeitnehmervertreter

**THE EXECUTIVE BOARD****Dr. Wolfgang Heer (spokesman)**  
**Ludwigshafen***Departments*

- Sugar sales
- Strategic corporate planning/group development/participations
- Public relations
- Organization/IT
- Food law/consumer policy/quality assurance
- Staff and social issues
- Marketing
- Auditing

*Group mandates*

- AGRANA Beteiligungs-AG, Vienna, Austria  
(1st deputy chairman)
- AGRANA Zucker, Stärke und Frucht Holding AG, Vienna, Austria (chairman)
- BENEOP GmbH, Mannheim
- Freiberger Holding GmbH, Berlin (chairman)
- PortionPack Europe Holding B. V., Oud-Beijerland, Netherlands
- Raffinerie Tirlemontoise S.A., Brussels, Belgium
- Saint Louis Sucre S.A., Paris, France
- Südzucker Polska S.A., Breslau, Poland (deputy chairman)
- Z & S Zucker und Stärke Holding AG, Vienna, Austria  
(deputy chairman)

**Dr. Thomas Kirchberg**  
**Ochsenfurt***Departments*

- Agricultural commodities
- Animal feed/by-products
- Agricultural operations/commodity markets
- Agricultural research and development
- Agricultural policies

*Group mandates*

- AGRANA Beteiligungs-AG, Vienna, Austria
- BENEOP GmbH, Mannheim
- BGD Bodengesundheitsdienst GmbH, Mannheim  
(chairman)
- Raffinerie Tirlemontoise S.A., Brussels, Belgium
- Saint Louis Sucre S.A., Paris, France (chairman)
- Südzucker Moldova S.A., Drochia, Moldova (chairman)
- Südzucker Polska S.A., Breslau, Poland (chairman)
- Südzucker Verwaltungs GmbH, Regensburg (chairman)

**Thomas Kölbl**  
**Speyer***Departments*

- Finance, accounting
- Investor relations, compliance
- Management/controlling
- Operational corporate planning
- Taxation
- Legal issues
- Property/insurance
- Procurement of supplies and consumables

*Memberships in comparable German and foreign supervisory Committees*

- Baden-Württembergische Wertpapierbörsse GmbH, Stuttgart

*Group mandates*

- AGRANA Bioethanol GmbH, Vienna, Austria
- AGRANA Internationale Verwaltungs- und Asset-Management GmbH, Vienna, Austria
- AGRANA J & F Holding GmbH, Vienna, Austria
- AGRANA Stärke GmbH, Vienna, Austria
- AGRANA Zucker GmbH, Vienna, Austria
- BENEOP GmbH, Mannheim
- CropEnergies AG, Mannheim
- Freiberger Holding GmbH, Berlin
- Mönnich GmbH, Kassel (chairman)
- PortionPack Europe Holding B. V., Oud-Beijerland, Netherlands (chairman)
- Raffinerie Tirlemontoise S.A., Brussels, Belgium
- Saint Louis Sucre S.A., Paris, France
- Südzucker Polska S.A., Breslau, Poland
- Südzucker Versicherungs-Vermittlungs-GmbH, Mannheim  
(chairman)

**Prof. Dr. Markwart Kunz**  
**Worms***Departments*

- Production/technology
- Research/development/services
- Procurement of capital goods/maintenance materials and services
- Functional food
- Bioethanol

*Group mandates*

- BENEOP GmbH, Mannheim (chairman)
- CropEnergies AG, Mannheim (deputy chairman)
- Raffinerie Tirlemontoise S.A., Brussels, Belgium  
(chairman)
- Saint Louis Sucre S.A., Paris, France (deputy chairman)
- Südzucker Polska S.A., Breslau, Poland
- Südzucker Versicherungs-Vermittlungs-GmbH, Mannheim
- Zuckerforschung Tulln Gesellschaft m.b.H., Vienna, Austria

**Dipl. Ing. Johann Marihart  
Limberg, Österreich**

*Departments*

- Chairman of the executive board of AGRANA Beteiligungs-AG
- Renewable raw materials
- Starch
- Fruit

*Memberships in comparable German and foreign supervisory Committees*

- LEIPNIK-LUNDENBURGER INVEST Beteiligungs-AG, 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

*Group mandates*

- AGRANA Stärke GmbH, Vienna, Austria (chairman)
- AGRANA Zucker GmbH, Vienna, Austria (chairman)
- BENEON GmbH, Mannheim
- Österreichische Rübensamenzucht Gesellschaft m.b.H., Vienna, Austria (chairman)
- Raffinerie Tirlemontoise S.A., Brussels, Belgium
- Saint Louis Sucre S.A., Paris, France
- Zuckerforschung Tulln Gesellschaft m.b.H., Vienna, Austria (chairman)

## (26) Other disclosures

The list of shareholdings is an integral part of notes to the financial statements and is included in the appendix. With respect to holdings in German companies, shareholders' equity and the annual results are disclosed uniformly in accordance with the German Commercial Code (HGB). If a profit and loss transfer agreement exists with the relevant participation the annual results are disclosed as zero.

Süddeutsche Zuckerrübenverwertungs-Genossenschaft eG (SZVG), Ochsenfurt holds over 56 percent of the subscribed capital through its own shareholdings and shares held in trust for its owners. Zucker Invest GmbH, Tulln/Austria, holds a further 10.01 percent of the subscribed capital.

Furthermore, BlackRock Inc., New York/USA, informed the company that it now holds less than 3 percent of the subscribed capital; the notification pursuant to note 21 (1) of the Securities Trade Act (WpHG) to Südzucker AG Mannheim/Ochsenfurt on July 20, 2010 reads (translation of the original German text):

"The voting rights of BlackRock Financial Management, Inc., New York, USA, in Südzucker AG fell below the threshold of 3 percent on July 15, 2010 and on this date came to 2.92 percent (5,522,940 voting rights). This 2.92 percent (5,522,940 voting rights) is attributable pursuant to note 22 (1) sentence 1 No. 6 in conjunction with sentence 2 WpHG.

The voting rights of BlackRock Holdco 2, Inc., Wilmington, Delaware, USA, in Südzucker AG fell below the threshold of 3 percent on July 15, 2010 and on this date came to 2.92 percent (5,522,940 voting rights). This 2.92 percent (5,522,940 voting rights) is attributable pursuant to note 22 (1) sentence 1 No. 6 in conjunction with sentence 2 WpHG.

The voting rights of BlackRock, Inc., New York, USA, in Südzucker AG fell below the threshold of 3 percent on July 15, 2010 and on this date came to 2.96 percent (5,610,113 voting rights). This 2.96 percent (5,610,113 voting rights) is attributable pursuant to note 22 (1) sentence 1 No. 6 in conjunction with sentence 2 WpHG."

## (27) Fees for services by the company's external auditors

The following expenses were incurred in the 2010/11 financial year for services provided by Pricewaterhousecoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft:

(€ '000)	2011/12	2010/11
Auditing services	535	531
Other assurance services	123	0
Tax advisory services	0	6
Other services	243	45
	<b>901</b>	<b>582</b>

**(28) Declaration of compliance per note 161AktG**

The executive board and supervisory board issued the declaration of compliance relating to the German Corporate Governance Code in accordance with note 161 of the German Stock Corporation Act (AktG) on November 22, 2011. It is available on the Internet via our website at:

[www.suedzucker.de/en/Investor-Relations/Corporate Governance/Entsprechenserklarung/](http://www.suedzucker.de/en/Investor-Relations/Corporate Governance/Entsprechenserklarung/).

**(29) Proposed appropriation of earnings**

Retained earnings of Südzucker AG amount to € 132.5 million (€ 104.1 million). It will be proposed to the annual general meeting that a dividend of € 0.70 (€ 0.55) per share be distributed and be appropriated as follows:

(in €)	2011/12	2010/11
Distribution of a dividend of € 0.70 per share on 189,353,608 no-par shares	132.547.525,60	104.144.484,40
Transfer to new account	5.850,89	4.084,98
<b>Retained earnings</b>	<b>132.553.376,49</b>	<b>104.148.569,38</b>

If on the day of the annual general meeting treasury shares exist, the resolution proposal will be modified – in the event of a distribution of € 0.70 per no-par value share entitled to a dividend – to have the corresponding higher remaining value carried forward.

The dividend is to be paid on July 20, 2012.

## APPENDIX TO THE NOTES: LIST OF SHAREHOLDINGS

**Companies included in consolidation and list of shares held  
of Südzucker AG Mannheim/Ochsenfurt, Mannheim**  
**as of February 29, 2012**  
**(Information pursuant to § 313 para. 2 and § 285 No. 11 HGB)**

	Location	Country	SZ share (%)	Indirect holding (%)	Equity (€ million)	Earnings after tax (€ million)
<b>I. Fully consolidated companies</b>						
<b>Sugar Segment</b>						
- Sugar Belgium						
Raffinerie Tirlémontoise S.A.	Brussels	Belgium	99,41		1.254,99	97,18
Tiense Suikerraffinaderij Services q.c.v.	Brussels	Belgium	100,00		955,46	31,73
- Sugar France						
Saint Louis Sucré S.A.	Paris	France	99,80		116,33	28,25
Société Française d'Organisation et de Participations "S.F.O.P."	Paris	France	100,00		15,97	0,11
- Sugar Austria						
AGRANA Zucker GmbH	Vienna	Austria	100,00		306,19	65,63
AGRANA Marketing- und Vertriebsservice Gesellschaft m.b.H.	Vienna	Austria	100,00		5,69	0,42
- Sugar Poland						
Südzucker Polska S.A.	Wroclaw	Poland	99,59		246,39	105,78
"POLTERRA" Sp. z o.o.	Wroclaw	Poland	100,00		0,84	0,01
Przedsiębiorstwo Rolne "KLOS" Sp. z o.o.	Wroclaw	Poland	100,00		0,43	0,23
Südzucker Polska Nieruchomosci Sp. z o.o.	Wroclaw	Poland	74,07		-1,92	-0,11
- Sugar Romania						
AGRANA AGRO SRL	Roman	Romania	100,00		0,00	0,00
AGRANA BUZAU SRL	Buzau	Romania	100,00		0,06	0,04
AGRANA TANDAREI SRL	Tandarei	Romania	100,00		-2,03	-2,10
S.C. AGRANA Romania S.A.	Bukarest	Romania	91,33		34,33	18,68
- Sugar Slovakia						
Slovenské Cukrovary s.r.o.	Sered	Slovakia	100,00		34,90	12,76
- Sugar Czech Republic						
Moravskoslezské Cukrovary A.S.	Hrusovany	Czech Republic	97,66		79,53	24,83
- Sugar Hungary						
AGRANA Magyarország Értékesítési Kft.	Budapest	Hungary	100,00		4,78	-0,31
BioGáz Fejlesztő Kft.	Kaposvár	Hungary	100,00		-0,36	-0,26
Koronás Irodaház Szolgáltató Korlátolt Felelösségi Társaság	Budapest	Hungary	100,00		1,31	0,00
Magyar Cukorgyártó és Forgalmazó Zrt.	Budapest	Hungary	87,56		84,92	13,40
- Sugar Bulgaria						
AGRANA Bulgaria AD	Sofia	Bulgaria	100,00		0,08	0,06
AGRANA Trading EOOD	Sofia	Bulgaria	100,00		1,54	1,23
- Sugar Bosnia						
AGRANA BIH Holding GmbH	Vienna	Austria	100,00		14,63	-0,01
- Sugar Moldova						
Agro-SZM S.R.L.	Drochia	Moldova	99,94		-4,64	-1,24
Südzucker Moldova S.A.	Drochia	Moldova	83,64		51,09	11,52

	Location	Country	SZ share (%)	Indirect holding (%)	Equity (€ million)	Earnings after tax (€ million)
<b>- Sugar others</b>						
AGRANA Beteiligungs-AG	Vienna	Austria	0,55	37,75	590,74	52,64
AGRANA Group-Services GmbH	Vienna	Austria		100,00	-0,59	-3,31
Agrar und Umwelt AG Loberaue	Rackwitz	Germany	100,00		19,86	2,16
Agrofrucht, Handel mit landwirtschaftlichen Produkten Gesellschaft m.b.H.	Vienna	Austria		100,00	0,17	-0,36
AHG Agrar-Holding GmbH	Mannheim	Germany	100,00		0,03	* 1)
AIH Agrar-Industrie-Holding GmbH	Mannheim	Germany	100,00		0,23	0,02
BGD Bodengesundheitsdienst GmbH	Mannheim	Germany	100,00		0,03	* 1)
INSTANTINA Nahrungsmittel Entwicklungs- und Produktionsgesellschaft m.b.H.	Vienna	Austria		66,67	7,97	0,92
James Fleming & Co. Ltd.	Midlothian	Great Britain	100,00		11,92	2,24
Mönich GmbH	Kassel	Germany	100,00		3,15	* 1)
Rackwitzer Biogas GmbH	Rackwitz	Germany	100,00		0,03	0,00
Rafti BV	Wijchen	Netherlands	100,00		10,90	2,55
Raftir Nederland Beheer B.V.	Groningen	Netherlands	100,00		6,76	0,10
Sächsisch-Thüringische Zuckerfabriken Verwaltungsgesellschaft mbH	Mannheim	Germany	100,00		0,03	0,00
S.O.G.E.L.A.F. SARL	Paris	France	100,00		32,92	0,23
Südprojekt Silo und Logistik GmbH & Co. KG	Mannheim	Germany	100,00		29,69	2,42
Südzucker Hellas E.P.E.	Athen	Greece	100,00		0,74	0,42
Südzucker Holding GmbH	Mannheim	Germany	100,00		715,77	* 1)
Südzucker Ibérica, S.L.U.	Barcelona	Spain	100,00		1,19	0,60
Südzucker International Finance B.V.	Oud-Beijerland	Netherlands	100,00		6,97	1,41
Südzucker Tiefkühl-Holding GmbH	Ochsenfurt	Germany	100,00		559,08	* 1)
Südzucker Versicherungs-Vermittlungs-GmbH	Mannheim	Germany	51,00		1,02	0,96
Tiense Suikerraffinaderij Nederland Holding B.V.	Wijchen	Netherlands	100,00		6,14	3,59
Wolteritzer Agrar GmbH	Rackwitz	Germany	100,00		0,16	0,00
W.T. Mather Ltd.	Lancashire	Great Britain	100,00		3,17	0,00
Zschortauer Agrar GmbH	Rackwitz	Germany	100,00		0,03	0,00
Zschortauer Futtermittel GmbH	Rackwitz	Germany	74,00		1,39	0,24
Nougat Chabert & Guillot SA	Montélimar	France	99,75		3,51	0,39 3)
Montelimar Provence (Cl) S. C. I.	Montélimar	France	99,98			3)
S.C.I. DU MARINET	Upie	France	100,00			3)
AGRANA Zucker, Stärke und Frucht Holding AG	Vienna	Austria	50,00		397,40	38,58 3)
Z & S Zucker und Stärke Holding AG	Vienna	Austria	100,00			3)
<b>Special products segment</b>						
<b>- BENE</b>						
BENEO GmbH	Mannheim	Germany	100,00		180,48	* 1)
BENEO Asia Pacific Pte Ltd.	Singapore	Singapore	100,00		2,34	-0,06
BENEO Inc.	Morris Plains	USA	100,00		6,13	0,44
BENEO-Drafti Latinoamerica Coordenação Regional Ltda.	Moema, São Paulo	Brazil	100,00		0,22	0,11
BENEO-Drafti S.A.	Oreye	Belgium	100,00		169,57	13,61
BENEO-Palatinit GmbH	Mannheim	Germany	15,00	85,00	23,58	* 1)
Drafti Chile S.A.	Pemuco	Chile	100,00		177,75	-6,79
Drafti Espana S.L.	Barcelona	Spain	100,00		0,16	0,07
REMY ITALIA S.P.A.	Confienza (PV)	Italy	66,70		0,68	-0,10
BENEO-Remy N.V.	Wijgmaal (Leuven)	Belgium	100,00		90,34	-1,92 3)
Nutriz N.V.	Wijgmaal (Leuven)	Belgium		77,45		3)
Veniremy N.V.	Wijgmaal (Leuven)	Belgium	100,00			3)
<b>- Freiberger</b>						
Freiberger Holding GmbH	Berlin	Germany	10,00	90,00	122,35	* 1)
Alberto Lebensmittel GmbH	Berlin	Germany	100,00		0,03	0,00
Favorit Lebensmittel-Vertriebs GmbH	Berlin	Germany	100,00		0,05	0,01
Feinschmecker Eiscreme und Tiefkühlkost GmbH	Berlin	Germany	100,00		0,09	0,01
Feinschmecker Feinkost GmbH	Berlin	Germany	100,00		0,07	0,00
Fiesta Fine Foods Ltd.	Westhoughton	Great Britain	100,00		0,00	0,00
Freiberger France S.A.R.L.	St. Didier au Mont d'Or	France	100,00		0,04	1,38
Freiberger GmbH	Berlin	Germany	100,00		0,04	0,00
Freiberger Lebensmittel GmbH	Berlin	Germany	100,00		23,27	* 1)
Freiberger Lebensmittel GmbH & Co. Produktions- und Vertriebs KG	Berlin	Germany	100,00		52,06	* 2)
Freiberger Polska Sp.z o.o.	Warsaw	Poland	100,00		0,01	0,38
Freiberger UK Ltd.	Spalding	Great Britain	100,00		0,13	0,78
Freiberger USA Inc.	Morris Plains	USA	100,00		0,00	0,01
Great Star Food Production GmbH & Co. KG	Berlin	Germany	100,00		0,00	* 2)
Prim AS Tiefkühlprodukte Gesellschaft m.b.H.	Oberhofen	Austria	100,00		7,22	0,86
Stateside Foods Ltd.	Westhoughton	Great Britain	100,00		14,93	1,45
Stateside Holdings Ltd.	Westhoughton	Great Britain	100,00		28,22	2,61

	Location	Country	SZ share (%)	Indirect holding (%)	Equity (€ million)	Earnings after tax (€ million)
<b>- PortionPack</b>						
PortionPack Europe Holding B. V.	Oud-Beijerland	Netherlands	100,00		51,06	2,36
Hellma Gastronomicky Servis Praha spol. s.r.o.	Prague	Czech Republic	93,90		2,46	0,26
Hellma Gastronomie-Service GmbH	Nürnberg	Germany	100,00	4,44		* 1)
Hellma Lebensmittel-Verpackungs-Gesellschaft m.b.H	Vienna	Austria	100,00	0,80	0,23	
Hellma Polska Sp.z.o.o.	Kraków	Poland	100,00	0,24		-0,04
PortionPack Belgium N.V.	Herentals	Belgium	100,00	2,10		-0,71
PortionPack Holland B.V.	Oud-Beijerland	Netherlands	100,00	13,06		3,06 3)
PortionPack Landgraaf B.V.	Landgraaf	Netherlands	100,00			3)
Steendrukkerij Rotterdam B.V.	Oud-Beijerland	Netherlands	100,00			3)
Van Oordt the portion company B.V.	Oud-Beijerland	Netherlands	100,00			3)
PORTIONPACK IBERIA, S.L.	La Llagosta (Barcelona)	Spain	100,00	0,17	0,55	3)
Sociedad Anónima de Azúcares Especiales (SAES)	La Llagosta (Barcelona)	Spain	100,00			3)
Single Source Limited	Telford / Shropshire	Great Britain	100,00	4,82	1,78	3)
APCS Holdings Limited	Telford / Shropshire	Great Britain	100,00			3)
AP Sachets Limited	Telford / Shropshire	Great Britain	100,00			3)
Central Legal Funding Limited	Telford / Shropshire	Great Britain	75,00			3)
Santeau Limited	Telford / Shropshire	Great Britain	100,00			3)
Sugar Stix Limited	Telford / Shropshire	Great Britain	100,00			3)
<b>- Starch</b>						
AGRANA Stärke GmbH	Vienna	Austria	100,00		209,03	57,56
AGRANA Bioethanol GmbH	Vienna	Austria	74,90		50,46	-0,02
S.C. A.G.F.D. Tandarei s.r.l.	Tandarei	Romania	99,99		4,74	1,35
<b>CropEnergies segment</b>						
<b>- CropEnergies AG</b>						
CropEnergies AG	Mannheim	Germany	70,93		341,14	21,28
BioWanze SA	Brussels	Belgium	100,00		166,50	0,77
Compagnie Financière de l'Artois SA	Loon-Plage	France	100,00	14,44	2,96	
CropEnergies Beteiligungs GmbH	Mannheim	Germany	100,00	61,23		* 1)
CropEnergies Bioethanol GmbH	Zeitz	Germany	100,00	72,44		* 1)
CropEnergies Inc.	Houston	USA	100,00	0,61		-0,13
RYSEN ALCOOLS SAS	Loon-Plage	France	100,00		19,88	5,12
<b>Fruit segment</b>						
<b>- Fruit preparations</b>						
AGRANA Fruit S.A.S.	Paris	France	100,00		99,10	-2,51
AGRANA Fruit Argentina S.A.	Buenos Aires	Argentina	99,99		3,54	0,21
AGRANA Fruit Australia Pty Ltd.	Central Mangrove	Australia	100,00		21,32	3,90
AGRANA Fruit Austria GmbH	Gleisdorf	Austria	100,00		21,12	0,22
AGRANA Fruit Brasil Indústria, Comércio, Importação e Exportação Ltda.	Sao Paulo	Brazil	81,53		5,58	0,36
AGRANA Fruit Brasil Participações Ltda.	Sao Paulo	Brazil	99,99		2,92	0,00
AGRANA Fruit Dachang Co., Ltd.	Dachang	China	100,00	9,37	0,32	
AGRANA Fruit Fiji Pty Ltd.	Sigatoka	Fidschi	100,00	0,86	0,02	
AGRANA Fruit France S.A.	Paris	France	100,00	17,07		-0,92
AGRANA Fruit Germany GmbH	Konstanz	Germany	100,00		13,05	-0,04
AGRANA Fruit İstanbul Gida Sanayi ve Ticaret A.S.	Zincirlikuyu	Turkey	100,00	5,19	0,43	
AGRANA Fruit Korea Co. Ltd.	Seoul	South Korea	100,00	11,13	0,84	
AGRANA Fruit Latinoamerica S. de R.L. de C.V.	Michoacan	Mexico	99,99	6,17	1,89	
AGRANA Fruit Luka TOV	Vinnitsa	Ukraine	99,97	1,47	0,31	
AGRANA Fruit México, S.A. de C.V.	Michoacan	Mexico	100,00		28,25	0,44
AGRANA Fruit Polska SP z.o.o.	Ostroleka	Poland	100,00	11,57		-0,09
AGRANA Fruit Services GmbH	Vienna	Austria	100,00	7,77	1,28	
AGRANA Fruit Services Inc.	Brecksville	USA	100,00		11,93	0,26
AGRANA Fruit Services S.A.S.	Paris	France	100,00	0,24		-0,03
AGRANA Fruit South Africa (Proprietary) Ltd.	Kapstadt	South Africa	100,00		3,81	-0,07
AGRANA Fruit Ukraine TOV	Vinnitsa	Ukraine	99,80		37,01	7,54
AGRANA Fruit US, Inc.	Brecksville	USA	100,00		35,93	2,00
Agrana Nile Fruits Processing SAE	Qalyoubia	Egypt	51,00	1,52		-0,83
Dirafrost FFI N. V.	Herk-de-Stad	Belgium	100,00		13,25	-0,73
Dirafrost Maroc SARL	Laouamra	Morocco	100,00	2,22		0,00
Financière Atys S.A.S.	Paris	France	100,00	117,97	11,29	
Flavors from Florida, Inc.	Bartow	USA	100,00	3,16		-0,13
Frefrost SARL	Laouamra	Morocco	100,00	0,46		0,07
o.o.o. AGRANA Fruit Moscow Region	Serpuchov	Russia	100,00		26,24	3,29
Yube d.o.o.	Požega	Serbia	100,00	0,35		0,00

	Location	Country	SZ share (%)	Indirect holding (%)	Equity (€ million)	Earnings after tax (€ million)
<b>- Fruit juice concentrates</b>						
AGRANA Juice Holding GmbH	Gleisdorf	Austria	100,00	54,02	-4,33	
AGRANA Juice Denmark A/S	Køge	Denmark	100,00	-0,49	-2,22	
AGRANA Juice Magyarorság Kft.	Vásárosnamény	Hungary	100,00	10,54	0,11	
AGRANA Juice Poland Sp. z.o.o.	Bialobrzegi	Poland	100,00	16,81	4,51	
AGRANA Juice Romania Vaslui s.r.l.	Vaslui	Romania	100,00	2,58	0,28	
AGRANA Juice Sales & Customer Service GmbH	Gleisdorf	Austria	100,00	5,66	-0,27	
AGRANA Juice Sales & Marketing GmbH	Bingen	Germany	100,00	0,61	0,32	
AGRANA Juice Service & Logistik GmbH	Bingen	Germany	100,00	2,06	-0,10	
AGRANA Juice Ukraine TOV	Vinnitsa	Ukraine	100,00	6,98	-1,14	
AGRANA JUICE (XIANYANG) CO., LTD	Xianyang City	China	100,00	8,99	-0,81	
<b>- Fruit others</b>						
AGRANA Internationale Verwaltungs- und Asset-Management GmbH	Vienna	Austria	100,00	239,19	-0,79	
AGRANA J & F Holding GmbH	Vienna	Austria	100,00	249,00	-0,72	
<b>II. Joint ventures</b>						
<b>Sugar segment</b>						
<b>- Sugar Bosnia</b>						
AGRAGOLD Holding GmbH	Vienna	Austria	50,00	9,97	-0,03	
AGRANA-STUDEN Beteiligungs GmbH	Vienna	Austria	50,00	20,20	-2,29	
AGRANA Studen Sugar Trading GmbH	Vienna	Austria	50,00	1,29	-0,38	
STUDEN-AGRANA Rafinerija Secera d.o.o.	Brcko	Bosnia-Herzegovina	50,00	2,54	0,98	
<b>Special products segment</b>						
<b>- Starch</b>						
GreenPower E85 Kft	Szabadegyháza	Hungary	50,00	0,49	0,49	
HUNGRANA Keményítő- és Isocukorgyártó és Forgalmazó Kft.	Szabadegyháza	Hungary	50,00	150,22	71,47	
HungranaTrans Kft.	Szabadegyháza	Hungary	50,00	-1,86	-1,99	
<b>CropEnergies segment</b>						
<b>- CropEnergies AG</b>						
CT Biocarbonic GmbH	Zeitz	Germany	50,00	5,17	0,85	
<b>III. Associated companies (companies consolidated at equity)</b>						
<b>Sugar segment</b>						
<b>- Sugar others</b>						
Maxi S.r.l.	Bozen	Italy	50,00	11,38	1,81	
<b>IV Not consolidated companies</b>						
<b>- Affiliated companies</b>						
<b>Sugar segment</b>						
<b>- Sugar France</b>						
Acucar e Alcool do Sul Participacoes Ltda.	Alto de Pinheiros	Brazil	100,00	0,00	0,00	
<b>- Sugar Poland</b>						
Citrocukier Sp. z o.o.	Pszennno	Poland	100,00	0,00	0,00	
<b>- Sugar Czech Republic</b>						
PERCA s.r.o.	Hrusovany	Czech Republic	100,00	0,40	0,06	
<b>- Sugar Bosnia</b>						
AGRANA d.o.o.	Brcko	Bosnia-Herzegovina	100,00	0,10	0,00	
Company for trade and services AGRANA-STUDEN Serbia d.o.o. Beograd	Beograd	Serbia	100,00	0,04	0,00	
<b>- Sugar Moldova</b>						
VICSER-AGRO S.R.L.	Antoneuca	Moldova	100,00			

	Location	Country	SZ share (%)	Indirect holding (%)	Equity (€ million)	Earnings after tax (€ million)
<b>- Sugar others</b>						
Golborne Ltd.	Lancashire	Great Britain	100,00		0,04	
Hosa Trading Importação e Exportação S.A.	Sao Paolo	Brazil	99,00	1,00	0,25	0,02 4
Österreichische Rübensamenzucht Gesellschaft m.b.H.	Vienna	Austria		86,00	1,10	0,46
Sächsisch-Thüringische Zuckerfabriken GmbH & Co. KG	Mannheim	Germany	100,00		0,03	0,00
Südprojekt Immobilienverwaltungsgesellschaft mbH	Mannheim	Germany	100,00		0,20	0,01
Südtrans GmbH	Mannheim	Germany	100,00		0,10	0,00
Südzucker Beteiligungs GmbH	Mannheim	Germany	100,00		0,02	0,00
Südzucker International GmbH	Ochsenfurt	Germany		100,00	0,03	0,00
Südzucker Reise-Service GmbH	Mannheim	Germany	100,00		0,70	0,08
Südzucker Verkauf GmbH	Mannheim	Germany	100,00		0,03	0,00
Südzucker Verwaltungs GmbH	Regensburg	Germany	100,00		0,03	0,00
Zuckerforschung Tulln Gesellschaft m.b.H.	Vienna	Austria	100,00		3,35	1,43
<b>Special products segment</b>						
<b>- Starch</b>						
AGRANA Skrob s.r.o.	Hrusovany	Czech Republic	100,00		0,00	0,00
Dr. Hauser Gesellschaft m.b.H.	Hamburg	Germany	100,00		0,10	-0,01
<b>Fruit segment</b>						
<b>- Fruit juice concentrates</b>						
YBBSTALER AGRANA JUICE GmbH	Allhartsberg	Austria	100,00		0,99	-0,01
<b>- Fruit others</b>						
"Tremaldi" Beteiligungsverwaltung GmbH	Vienna	Austria	100,00		0,02	0,00
<b>- Joint companies</b>						
<b>Sugar segment</b>						
<b>- Sugar Bosnia</b>						
"AGRAGOLD" d.o.o.	Brcko	Bosnia-Herzegovina	50,00		1,95	0,30
AGRAGOLD d.o.o.	Zagreb	Croatia	50,00		0,74	0,38
AGRAGOLD doel Skopje	Skopje	Macedonia	50,00		0,05	0,00
AGRAGOLD trgovina d.o.o.	Ljubljana	Slovenia	50,00		0,48	0,29
SCO STUDEN & CO. BRASIL EXPORTACAO E IMPORTACAO LTDA.	Sao Paulo	Brazil	37,75		0,02	0,00
<b>- Other participations &gt; 20 %</b>						
<b>Sugar segment</b>						
<b>- Sugar France</b>						
GARDEL S.A.	Le Moule	France	24,28		25,27	3,38 4
S.C.I.CA ROYE DESHYDRATATION S.A.	Roye	France	20,54		3,24	0,01 4
Sucrerie et Distillerie de Souppes-Ouvré Fils S.A.	Paris	France	44,50		52,22	2,26
Eastern Sugar B.V.	Breda	Netherlands	50,00		10,06	-1,94 3
Eastern Sugar Česká Republika a.s.	Nemcice nad Hanou	Czech Republic	47,26			3
Eastern Sugar Cukoripari Részvénnytársaság	Kaba	Hungary	50,00			3
Eastern Sugar Slovensko A.S.	Dunajská Streda	Slovakia	47,82			3
Eastern Sugar s.r.o.	Dunajská Streda	Slovakia	50,00			3
Eastern Sugar Szolgáltató Kft	Kaba	Hungary	50,00			3
<b>- Sugar Czech Republic</b>						
DELHIA SHELF s.r.o.	Hrusovany	Czech Republic	100,00		0,00	0,00
<b>- Sugar Hungary</b>						
Cukoripari Egyesület	Budapest	Hungary	44,27		0,14	-0,01
<b>- Sugar others</b>						
Bio-Generator Regio - Leuven - PORT NV	Tienen	Belgium	35,71		1,97	0,02
Felix Koch Offenbach Couleur und Karamel GmbH	Offenbach	Germany	25,10		7,27	2,21 4
FernwärmeverSORGUNG Ochsenfurt GmbH	Ochsenfurt	Germany	33,33		0,56	-0,03 4
<b>Special products segment</b>						
<b>- BENE</b>						
INVITA Australia PTE Ltd	East Botany	Australia	35,00		0,24	2,24
<b>Fruit segment</b>						
<b>- Fruit preparations</b>						
Ukrainian microbiological center of synthesis and newest technologies	Winniza	Ukraine	40,00			

## 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 company, and the management report of the company includes a fair review of the development and performance of the business and the position of the company, together with a description of the principal opportunities and risks associated with the expected development of the company.

Mannheim, May 3, 2012

THE EXECUTIVE BOARD

Dr. Heer

Dr. Kirchberg

Kölbl

Prof. Dr. Kunz

Marihart

## AUDITORS' REPORT

We have audited the financial statements – comprising the balance sheet, income statement and the notes to the financial statements – including the bookkeeping and the management report of Südzucker Aktiengesellschaft Mannheim/Ochsenfurt, Mannheim, for the financial year from March 1, 2011 to February 29, 2012. Bookkeeping and the preparation of financial statements and the management report in accordance with German commercial law are the responsibility of the executive board of the company. Our responsibility is to express an opinion on the financial statements – taking the bookkeeping into consideration – and on the management report based on our audit.

We conducted our audit of the financial statements in accordance with note 317 of the German Commercial Code (HGB) and generally accepted German standards for the audit of financial statements promulgated by Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the financial statements, prepared in accordance with German generally accepted accounting principles, and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the bookkeeping, financial statements and the management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by the executive board as well as evaluating the overall presentation of the financial statements and management report. We believe that our audit provides a reasonable basis for our opinion.

## **70 Auditors' report**

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Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the financial statements comply with legal requirements and give a true and fair view of the net assets, financial position and results of operations of the company in accordance with generally accepted accounting principles. The management report is consistent with the financial statements and as a whole provides a suitable view of the company's position and suitably presents the opportunities and risks of future development.

Frankfurt am Main, May 3, 2012

**PricewaterhouseCoopers**

**Aktiengesellschaft**

**Wirtschaftsprüfungsgesellschaft**

(Dr. Ralf Worster)

(Olav Krützfeldt)

Auditor

Auditor

## **IMPRINT**

**SÜDZUCKER AG  
MANNHEIM/OCHSENFURT  
P.O. BOX 10 28 55  
68028 MANNHEIM, GERMANY  
THEODOR-HEUSS-ANLAGE 12  
68165 MANNHEIM**

**PHONE +49 621 421 - 240  
[HTTP://WWW.SUEDZUCKER.DE](http://WWW.SUEDZUCKER.DE)**