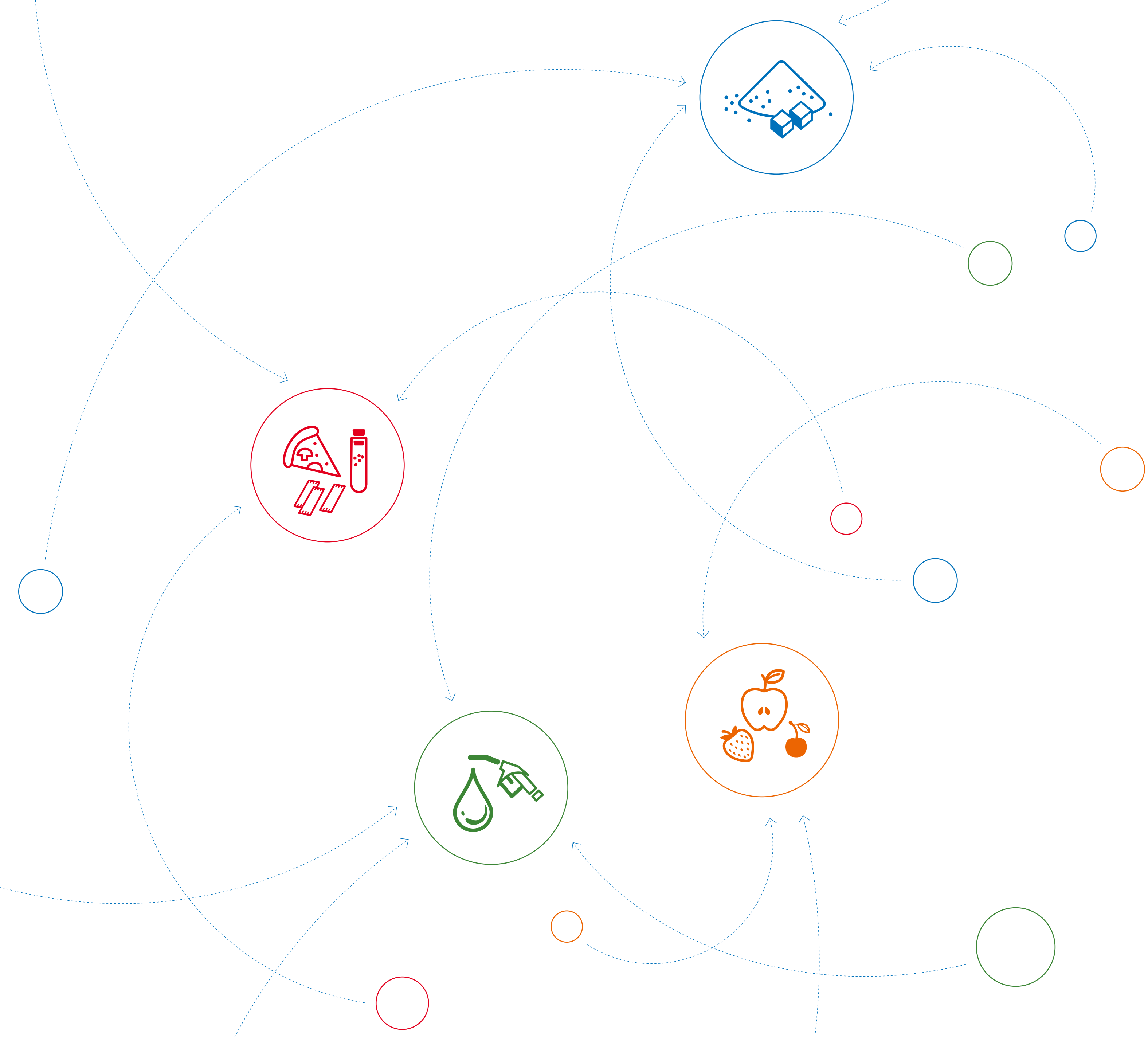
ANNUAL REPORT
SÜDZUCKER AG 2013/14



SÜDZUCKER

The annual report is also available in German. This translation is provided for convenience only and should not be relied upon exclusively. The German version of the annual report is definitive and takes precedence over this translation. The annual report (in German and English) and the Südzucker AG financial statements can be downloaded in PDF format from Südzucker's website at www.suedzucker.de.

Financial calendar on page 221.

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SÜDZUCKER AG
COMPANY PROFILE

With its sugar, special products, CropEnergies and fruit segments, Südzucker is one of the food industry's leading companies. In the traditional sugar business, the group is the world market leader, with twenty-nine sugar factories and three refineries, extending from France in the west via Belgium, Germany and Austria, through to Poland, the Czech Republic, Slovakia, Romania, Hungary, Bosnia and Moldova in the east. The special products segment, consisting of the functional food (BENEO), chilled/frozen products (Freiberger), portion packs (PortionPack Europe) and starch divisions conduct business in rapidly expanding markets. The CropEnergies segment is responsible for the bioethanol business in Germany, Belgium, France and Great Britain. The group's fruit segment operates internationally, is the world market leader for fruit preparations and is a leading supplier of fruit juice concentrates in Europe.

In 2013/14, the group had 18,459 employees and generated revenues of € 7.735 billion.

Our success is based on our core competencies, above all our broad-based expertise in the large-scale conversion of a wide variety of agricultural raw materials into high-quality products, especially into food for industrial customers and end users. Our marketing focuses on business-to-business clients. A strong ownership structure provides a reliable framework for the company's development.

Our goal is to work in concert with our shareholders, customers, suppliers and employees on responsibly shaping the future, based on a comprehensive vision of continued sustainable, profitable growth, earning a return on our invested capital and steadily improving shareholder value over the long term. At the same time, we strive to appropriately consider the interests of future generations.

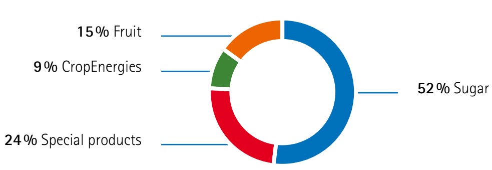
KEY FIGURES

2013/14

		2013/14	2012/13	2011/12	2010/11	2009/10
Revenues and earnings						
Revenues	€ million	7,735	7,879	6,992	6,161	5,718
EBITDA	€ million	933	1,246	1,015	775	645
EBITDA margin	%	12.1	15.8	14.5	12.6	11.3
Operating profit	€ million	658	972	751	521	403
Operating margin	%	8.5	12.3	10.7	8.5	7.0
Net earnings	€ million	390	734	515	346	276
Cash flow and investments						
Cash flow	€ million	689	996	823	606	553
Investments in fixed assets [1]	€ million	383	338	276	245	216
Investments in financial assets/acquisitions	€ million	22	183	10	6	17
Total investments	€ million	405	521	286	251	233
Performance						
Fixed assets [1]	€ million	2,773	2,676	2,605	2,612	2,609
Goodwill	€ million	1,149	1,147	1,141	1,131	1,132
Working capital	€ million	1,940	2,015	1,848	1,451	1,512
Capital employed	€ million	5,975	5,950	5,707	5,314	5,374
Return on capital employed	%	11.0	16.3	13.2	9.8	7.5
Capital structure						
Total assets	€ million	8,728	8,806	8,289	7,260	7,398
Shareholders' equity	€ million	4,663	4,731	3,969	3,687	3,443
Net financial debt	€ million	561	464	791	854	1,065
Net financial debt to cash flow ratio		0.8	0.5	1.0	1.4	1.9
Equity ratio	%	53.4	53.7	47.9	50.8	46.5
Net financial debt as % of equity (Gearing)	%	12.0	9.8	19.9	23.2	30.9
Shares						
Market capitalization	€ million	4,114	6,850	4,117	3,768	3,230
Total shares issued as of 28/29 February	million	204.2	204.2	189.4	189.4	189.4
Closing price on 28/29 February	€	20.15	33.55	21.75	19.90	17.06
Earnings per share	€	1.38	3.08	1.99	1.33	1.06
Dividend [2]	€	0.50	0,90	0,70	0.55	0.45
Yield as of 28/29 February	%	2.5	2.7	3.2	2.8	2.6
Employees		**18,459**	**17,940**	**17,489**	**17,658**	**17,493**

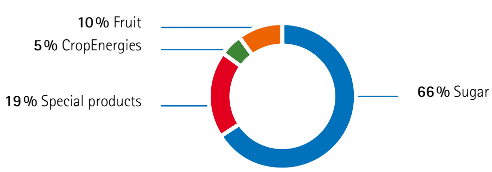
[1] Including intangible assets.
[2] 2013/14: Proposed.

Revenues by segment



€ million	2013/14	2012/13	+/- in %
Sugar segment	3,961	4,232	– 6.4
Special products segment	1,882	1,862	1.1
CropEnergies segment	720	645	11.7
Fruit segment	1,172	1,140	2.8
Group	**7,735**	**7,879**	**– 1.8**

Operating profit by segment



€ million	2013/14	2012/13	+/- in %
Sugar segment	436	708	– 38.2
Special products segment	122	132	– 7.9
CropEnergies segment	35	87	– 60.3
Fruit segment	65	45	42.9
Group	**658**	**972**	**– 32.3**

OVERVIEW FOR 2013/14
Group

CONSOLIDATED GROUP REVENUES
decline slightly, down 2 % to

€ 7,735 billion

[€ 7,879 billion]

CONSOLIDATED GROUP OPERATING PROFIT
drops sharply as projected, falling 32 %, driven especially by lower sugar segment earnings.

€ 658 million

[€ 972 million]

CASH FLOW mirrors operating profit performance and falls to

€ 689 million

[€ 996 million]

NET FINANCIAL DEBT
rises to

€ 561 million

[€ 464 million]

INVESTMENTS decline to € 405 (521) million; investments in fixed assets rise to

€ 383 million

[€ 338 million]

ROCE declines; capital employed unchanged at € 6.0 (6.0) billion.

11.0 %

[16.3 %]

OUTLOOK FOR 2014/15
Group

CONSOLIDATED GROUP REVENUES expected to decline moderately to about € 7.0 (2013/14: 7.5*) billion.

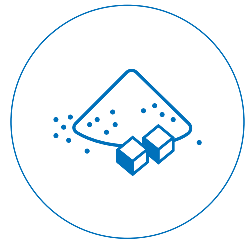
OPERATING PROFIT expected to decline substantially to about € 200 (2013/14: 622*) million.

Budget for **INVESTMENTS IN FIXED ASSETS** set at between € 450 and 500 million.

Capital employed comparable to last year's level; **ROCE** to drop sharply.

* Retroactively adjusted as per IFRS 11; application of the standard to be mandatory in 2014/15.

OVERVIEW FOR 2013/14
Segments



SUGAR SEGMENT

Sugar segment's revenues and profit decline, mainly due to lower sales revenues and lower volume in the second half of the year:

REVENUES
€ 3,961 (4,232) **million**

OPERATING PROFIT
€ 436 (708) **million**

CAPITAL EMPLOYED
€ 3,222 (3,158) **million**

ROCE
13.6 (22.4) **%**

SPECIAL PRODUCTS SEGMENT

As projected, special products segment revenues rose slightly while operating profit declined due to lower margins:

REVENUES
€ 1,882 (1,862) **million**

OPERATING PROFIT
€ 122 (132) **million**

CAPITAL EMPLOYED
€ 1,403 (1,390) **million**

ROCE
8.7 (9.5) **%**

CROPENERGIES SEGMENT

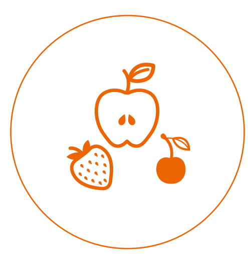
CropEnergies segment reports significantly higher revenues. Operating profit shrinks sharply due to sustained high raw material costs and increasingly lower ethanol sales revenues:

REVENUES
€ 720 (645) **million**

OPERATING PROFIT
€ 35 (87) **million**

CAPITAL EMPLOYED
€ 549 (502) **million**

ROCE
6.3 (17.3) **%**



FRUIT SEGMENT

Fruit segment reports higher revenues and sharply higher operating profit following higher sales volumes and higher sales revenues:

REVENUES
€ 1,172 (1,140) **million**

OPERATING PROFIT
€ 65 (45) **million**

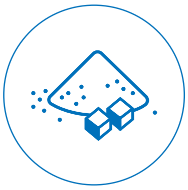
CAPITAL EMPLOYED
€ 801 (900) **million**

ROCE
8.1 (5.0) **%**

The numbers in parenthesis in the report represent the corresponding prior year's figures or item. Numbers and percentages stated are subject to differences due to rounding.

FROM RAW MATERIAL TO PRODUCT

Only those companies that deliver a convincing performance at every step in the supply chain can be sure of their performance on the market. Südzucker demonstrates this expertise in each of its four segments: sugar, special products, CropEnergies, and fruit. This annual report provides a deeper insight into our management of the value chain, along which we process agricultural commodities into high-quality products for our customers. Because the knowledge we have today determines our strength in the future.



SUGAR SEGMENT

		2013/14
Revenues	€ million	**3,961**
EBITDA	€ million	559
Depreciation on fixed assets and intangible assets	€ million	– 123
Operating profit	€ million	**436**
Restructuring/special items	€ million	– 110
Income from operations	€ million	**326**
EBITDA margin	%	14.1
Operating margin	%	11.0
Investments in fixed assets	€ million	197
Investments in financial assets/acquisitions	€ million	22
Total investments	€ million	**219**
Capital employed	€ million	**3,222**
ROCE	%	13.6
Employees		**8,173**

GROUP

- European market leader
- 29 sugar factories, 3 refineries
- 396,000 ha cultivation area
- 27.2 million t beets processed
- 4.7 million t sugar produced (incl. raw sugar refining)

SÜDZUCKER

- Germany: 9 sugar factories
- Belgium: 2 sugar factories
- France: 4 sugar factories, 1 refinery
- Poland: 5 sugar factories
- Moldova: 2 sugar factories
- Agriculture

AGRANA ZUCKER

- Austria: 2 sugar factories
- Bosnia: 1 refinery
- Romania: 1 sugar factory, 1 refinery
- Slovakia: 1 sugar factory
- Czech Republic: 2 sugar factories
- Hungary: 1 sugar factory

ED&F MAN, Great Britain (25 % share)

SPECIAL PRODUCTS SEGMENT

		2013/14
Revenues	€ million	**1,882**
EBITDA	€ million	199
Depreciation on fixed assets and intangible assets	€ million	– 77
Operating profit	€ million	**122**
Restructuring/special items	€ million	3
Income from operations	€ million	**125**
EBITDA margin	%	10.6
Operating margin	%	6.5
Investments in fixed assets	€ million	116
Investments in financial assets/acquisitions	€ million	0
Total investments	€ million	**116**
Capital employed	€ million	**1,403**
ROCE	%	8.7
Employees		**4,485**

BENEO

- Functional ingredients for food: fibers (inulin, oligofructose), alternative carbohydrates (Isomalt, Palatinose™), rice derivatives and wheat gluten
- Functional ingredients for animal feed
- 5 production locations around the world (Belgium, Chile, Germany, Italy)

FREIBERGER

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

PORTIONPACK EUROPE

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

STARCH

- Starch for food and non-food sectors as well as bioethanol
- 3 production locations in Austria
- 1 each in Hungary and Romania

CROPENERGIES SEGMENT

		2013/14
Revenues	€ million	**720**
EBITDA	€ million	69
Depreciation on fixed assets and intangible assets	€ million	– 34
Operating profit	€ million	**35**
Restructuring/special items	€ million	– 7
Income from operations	€ million	**28**
EBITDA margin	%	9.5
Operating margin	%	4.8
Investments in fixed assets	€ million	18
Investments in financial assets/acquisitions	€ million	0
Total investments	€ million	**18**
Capital employed	€ million	**549**
ROCE	%	6.3
Employees		**430**

CROPENERGIES

- One of the leading European manufacturers of sustainably produced bioethanol, predominantly for the fuel sector
- Annual production capacity of over 1.2 million m^3 for bioethanol and over 1 million tonnes for food and animal feed
- 1 production location in Germany with an annual capacity of up to 360,000 m^3 bioethanol
- 1 production location in Belgium with an annual bioethanol production capacity of up to 300,000 m^3
- 1 production location in Great Britain with an annual bioethanol production capacity of up to 400,000 m^3
- 1 production location in France with an annual capacity of up to 180,000 m^3 bioethanol for fuel and traditional applications
- Joint venture in Germany: factory for production of food-grade carbon dioxide, the annual capacity of which is 100,000 tonnes of liquid CO_2

FRUIT SEGMENT

		2013/14
Revenues	€ million	**1,172**
EBITDA	€ million	106
Depreciation on fixed assets and intangible assets	€ million	– 41
Operating profit	€ million	**65**
Restructuring/special items	€ million	– 1
Income from operations	€ million	**64**
EBITDA margin	%	9.0
Operating margin	%	5.5
Investments in fixed assets	€ million	52
Investments in financial assets/acquisitions	€ million	0
Total investments	€ million	**52**
Capital employed	€ million	**801**
ROCE	%	8.1
Employees		**5,371**

FRUIT PREPARATIONS (AGRANA FRUIT)

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

FRUIT JUICE CONCENTRATES (AUSTRIA JUICE)

- Leading producer of fruit juice concentrates in Europe
- Apple juice and berry juice concentrates
- 14 production locations (China, Denmark, Germany, Austria, Poland, Romania, Hungary, Ukraine)

AND THE BEET GOES ON: FROM FIELD TO CRYSTALLIZED SUGAR IN UNDER EIGHT HOURS

From field to customer: We have established an all-encompassing refining and supply chain in our sugar segment, so nothing is wasted.

SUGAR SEGMENT

EVERY DAY, CONSIGNMENTS OF A WIDE VARIETY OF SUGAR PRODUCTS ARE SENT ON THEIR WAY TO SUPERMARKETS ACROSS EUROPE.

SUGAR PROCESSING: OUR ZERO-WASTE POLICY, PURE AND SIMPLE

When we eat something sweet today, we hardly ever think about the fact that sugar was once a luxury item that was stored in sealable silver cans. Today, it's a common commodity. That is in no small part due to the success story of the sugar beet in Europe, which in turn is closely associated with the history of Südzucker today.

From sowing and harvesting to sugar processing in the factory, our methods have been continuously refined, aligned and optimized. Together with beet growers, Südzucker has successfully driven forward many projects in the area of beet cultivation and logistics.

The basis for a good harvest is laid long before sowing begins – it starts with selecting seeds that are ideally suited to local conditions. Sowing usually takes place from mid-March.

The beet as a sugar store

As the sugar beet grows, the plant produces sugar. Using energy from the sun, water and carbon dioxide produce glucose in the cells of the beet leaves, which is then converted into sucrose and ultimately stored in the root of the beet. That's how a grain that weighs a few milligrams can grow into a sugar beet that weighs between 700 grams to well over 1,000 grams.

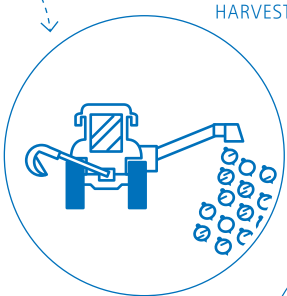
The sugar beet harvest in September starts the sugar season, or the "campaign," as it is known. Harvesting, loading and transportation to the sugar factory are managed through a sophisticated logistics concept developed by Südzucker.

Once at the factory, every load of beets is analyzed. Sugar content and other important elements are determined, as well as the amount of soil still adhering to the beets and whether the beet leaves have been removed

1 GROWING SUGAR BEETS

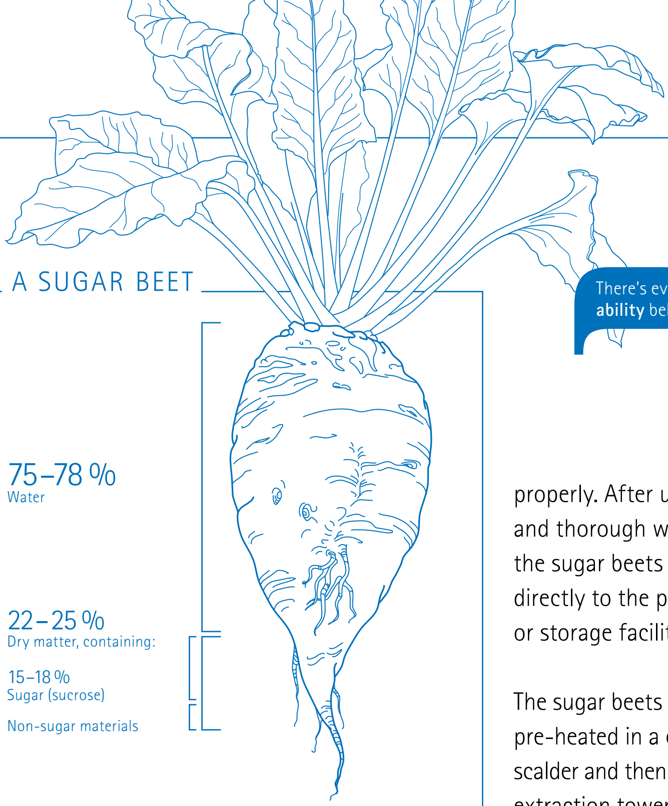
1 A
SOWING

1 B
HARVEST



2 DELIVERY OF SUGAR BEETS

A SUGAR BEET



Botanically, the sugar beet plant for cultivation is a member of the goosefoot family. It is a cultivated form of the common beet and has been selectively bred to achieve a high sugar content. Back in 1836, for example, 20 kilograms of beets were still needed to produce one kilogram of sugar. Today, only seven kilograms are required. This makes the sugar beet the most important sugar plant in Europe.

Every part of the sugar beet is valuable: the substances other than sugar that are contained in the beet can be fully utilized. The water is used in the sugar factory, the beet pulp is processed to make animal feed, and the precipitated non-sugar materials are an ingredient in a valuable fertilizer.

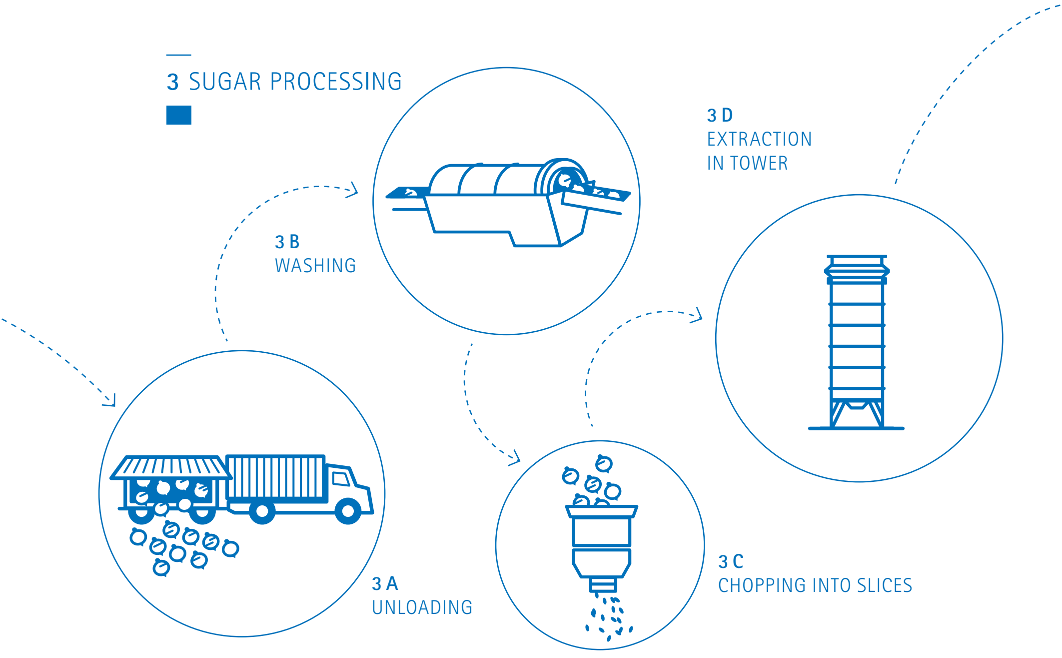
There's even more **sustainability** behind all this

properly. After unloading and thorough washing, the sugar beets are sent directly to the processing or storage facility.

The sugar beets are sliced, pre-heated in a cossette scalder and then sent to the extraction tower. Water heated to 70°C extracts the sugar from the sugar beet cells. This produces the raw juice.

The cossettes – strips of sugar beet – from which the juice has been extracted are dried and processed into valuable animal feed. Lime and carbon dioxide are used to bind and precipitate out the non-sugar materials. What remains is a clear, thin juice with a sugar content of about 16 %. This is thickened by heating in stages until a thick, golden brown juice with a sugar content of about 67 % is produced. The juice is boiled to form crystals. This is subsequently spun in centrifuges to separate out the residual syrup. The result is transparent sugar crystals, which refract light as white as snow. The finished sugar is dried, cooled and stored in sugar silos.

3 SUGAR PROCESSING



OUR BUSINESS AND SUSTAINABILITY ARE INSEPARABLE: THAT'S WHY WE SHARE OUR KNOWLEDGE

From growing agricultural raw materials, producing high-quality foods to logistics – the Südzucker Group has been bringing together a broad range of expertise for over five decades. We aspire to connect and share this knowledge in the spirit of sustainability.

It's now been 25 years since Südzucker developed the motto "Nature is our partner" for our business; we have been putting this ideal into practice ever since. Today, the tenets of this guiding principle are anchored in our corporate strategy through the concept of sustainability. The following key objectives apply to our beet cultivation: We aim to harvest high-quality crops while maintaining a high yield, protect the environment, preserve nature for generations to come and generate high value in rural areas. Both the economy and the environment benefit from the achievement of these goals.

From practice to research and back again

In order to use the expertise generated in the past decades to best effect, a knowledge management system has been established that enables all parties to access various areas and all directions, whether it is to kick off a new research project, to retrieve information and put it into practice, or to supplement existing knowledge with practical experience.

Several channels are used to guarantee fast and effective communication: events such as the annual winter meetings (Südzucker, growers, associations, study groups) or Kuratorium meetings, where the focus is on exchanging ideas face to face, one-to-one advice on the field, the sugar beet gazette, which regularly reports on new developments and findings, fax, cell phone text messages, apps, Facebook for real-time information or the online portal www.bisz.suedzucker.de (news, leaf disease monitoring, online order service, field documentation, Rübenprofi etc.). There's a communication channel to suit everyone among all these options.

Our sustainability management system is constantly being refocused and restructured to meet existing and newly emerging needs. The system is based on international sustainability guidelines, for example the Global Reporting Initiative (GRI) guidelines.

OUR NETWORK FOR SUSTAINED SUCCESS

CONSISTENTLY HIGH YIELDS AND GOOD QUALITY

TRIALS

Each year, between 120 and 130 field trials on a wide variety of tasks are conducted by study groups in the south of Germany alone. These include trials on varieties, trials on seed protection and weed control as well as plant cultivation issues. Every cultivation trial takes into account various forms of testing.

To ensure reliable results, the trial varieties are repeated multiple times at the individual site, and the trials themselves are performed at multiple sites. In total, this means around 7,500 small plots, which are cared for throughout the year, are dug up and then investigated according to the particular focus of the trial.

USE OF NITROGEN FERTILIZERS TODAY

–44 %

100 kg/ha

[1980s: 180 kg/ha]

ADAPTING FERTILIZATION

The test developed by the Bodengesundheitsdienst using the EUF (electro-ultrafiltration) method investigates soil samples for nutrients and then makes appropriate fertilizer recommendations. As a result, only the precise amount of fertilizer is used that the plant really needs and can absorb.

This has made it possible to substantially reduce the amounts of fertilizer used and at the same time to increase the quality of the sugar beets – good for the environment and good for the farmer. In this way, it also became possible to reduce the residual nitrate content in the soil – in the case of sugar beets, it is over 50 % lower than for many other crop plants.

PROTECTING THE ENVIRONMENT

CONSERVING SOIL

Since 1990, ecological and economic implications of various soil tillage systems have been investigated in extensive trials by Südzucker and the Institute for Sugar Beet Research (IfZ). This means that today's farmers can apply soil-conserving methods based on these results, such as winter greening, mulch seeding and special tires, which improve soil health and fertility among other things, and also avoid erosion.

+370 %

MULCH SEEDING AREA TODAY

47 %

[1990s: 10 %]

CROP PROTECTION

Depending on the site and the year, fungi can attack the foliage of the sugar beet and cause considerable yield losses. To prevent this, sugar beets must be protected with fungicide. Fungicides were once mainly used as a precautionary measure.

Threshold values for infestation control of leaf diseases have been developed in studies. Depending on the point in time, varying ratios of infested leaves can be tolerated in a sugar beet crop. Fungicides only must be used when these values are exceeded. Compared with precautionary control, on average one less application of fungicide is necessary today.

SOIL ADHESION TODAY

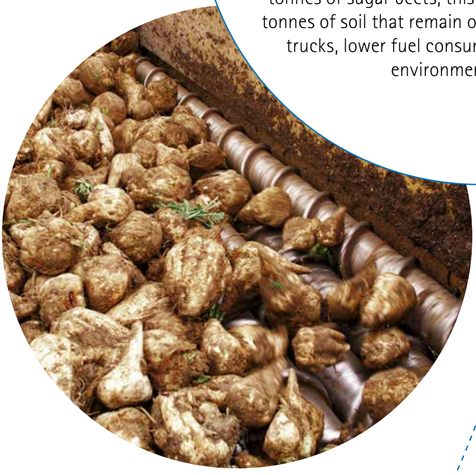
– 40 %

6 %

[1990s: 10 %]

HARVESTING AND WASHING BEETS AT THE SIDE OF THE FIELD

Less soil on the sugar beets means lower volumes to transport. By developing the appropriate harvesting and loading machines as well as protecting clamps, it has been possible to reduce soil adhesion from around 10 % at the end of the 1990s to around 6 % today. In a sugar factory that processes 1.2 million tonnes of sugar beets, this equates to around 120,000 tonnes of soil that remain on the field every year. Fewer trucks, lower fuel consumption, less traffic, lower environmental impact.



ENSURING CREATION OF HIGH VALUE IN RURAL AREAS

FUEL CONSUMPTION
TODAY

– 22 %

35 l/100 km

[1990s: 45 l/100 km]

OPTIMIZING LOGISTICS

Sugar factories are commercial operations in which large volumes of goods are handled. During the campaign, on average 1.2 million tonnes of sugar beets are processed in a factory; this equates to around 48,000 trucks.

A multitude of measures help keep the impact associated with transporting the sugar beets, the other materials required and the sugar as low as possible. Building on experience, a system has been developed to make delivery from field to factory as efficient as possible. Unnecessary trips and waiting times are avoided, drivers are trained in environmentally friendly and considerate driving behavior, and modern trucks with high load capacities are used.

LOAD CAPACITY
TODAY

+25 %

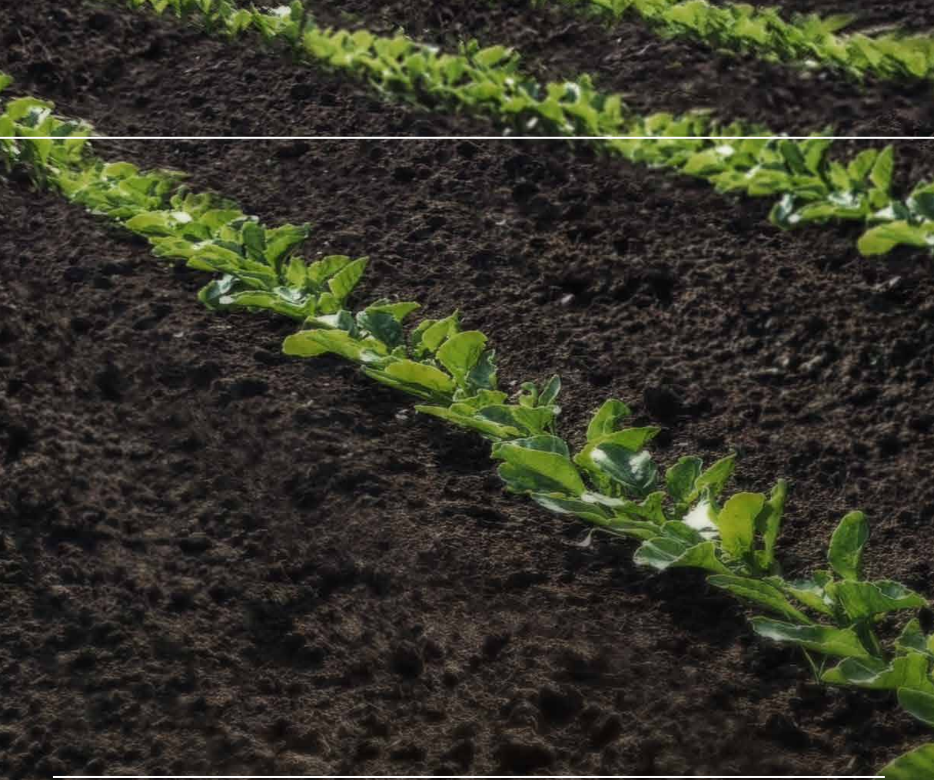
27.5 t/truck

[1990s: 22 t/truck]

CONSERVING NATURE FOR GENERATIONS TO COME

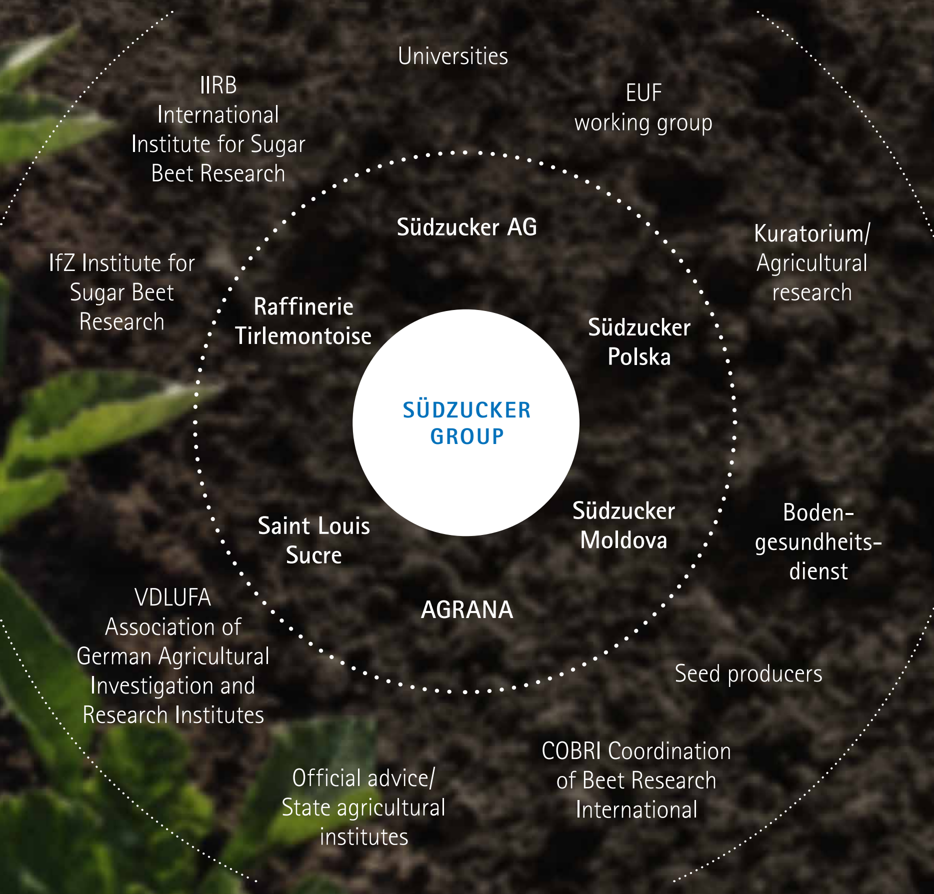
SAVING WATER

Internal water circulation and making use of the water brought into the factory with the sugar beet ensure economical and efficient use of water. A large part of the water is used several times during the sugar production process before it is purified and fed back into the natural cycle.



AN INTERNATIONAL NETWORK FOR KNOWLEDGE TRANSFER

What started out with a small number of participants has today developed into a large international network from all kinds of areas both within and outside the Südzucker Group. Südzucker has established a systematic framework for this network. The findings from research work initiated and financed by Südzucker also feed into this network.



RAIN AM LECH SUGAR FACTORY

As one of the nine Südzucker plants in Germany, the Rain sugar factory also implements a zero-waste policy for processing sugar beets – 24 hours a day during the campaign.


SUGAR BEET
CONVEYOR BELT
WASHING FACILITIES
500
Washing capacity
in tonnes per hour
650
Total length
at the plant in meters

ON THE SUGAR TRAIL: THIS SWEET CRYSTAL IS AN IMPORTANT FORCE IN OUR ECONOMY

As a company rich in tradition and a market leader in European sugar production, Südzucker AG has been an important employer and economic force in rural areas of Europe for more than 175 years. This is where most of our employees have their workplaces, this is where investments and maintenance are carried out by Südzucker suppliers, this is where a large part of our taxes go, and above all, this is the place our beet farmers call home.

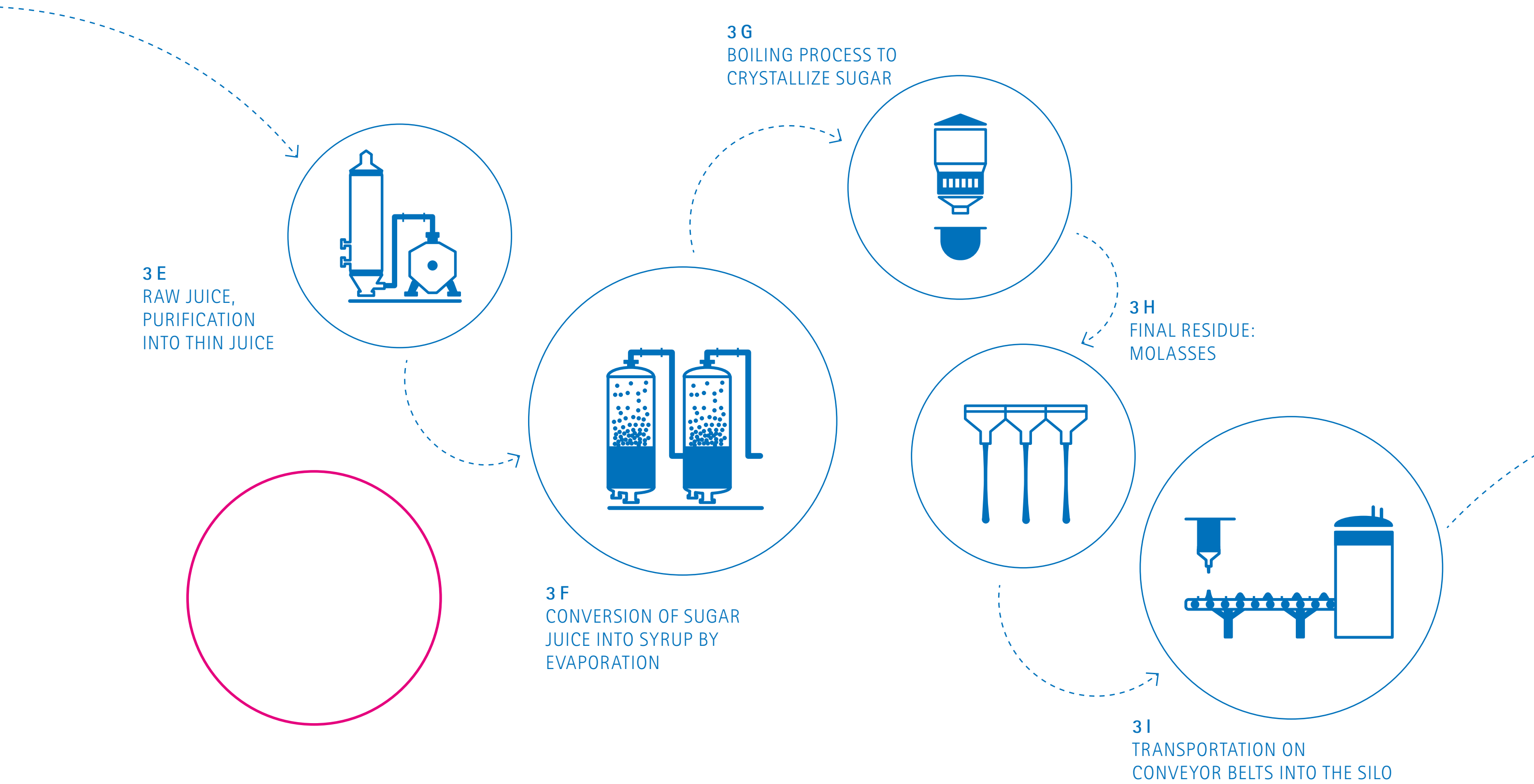
As part of a study by economic research institute WifOR published in 2013, the economic impacts of Südzucker on the rural areas in the regions where the sugar factories are located were investigated and calculated for each sugar factory.

In total, the direct and indirect gross value generated by Südzucker's sugar business amounts to around € 4 billion in the EU. Of this amount, 83 %, i.e. around € 3.3 billion, are generated in rural areas.

The sugar segment has around 8,000 employees, which equates to around 82,000 people being directly or indirectly employed in the industry. A total 82 % of this impact on employment, in other words around 67,000 jobs, is located in rural areas.

The significance of every single sugar factory is enormous for the region involved:

- Up to 5,000 direct and indirect workers per sugar factory
- Up to 11.5 % of the total gross value added of a region per sugar factory
- Up to € 250 million of value creation effect per sugar factory



SÜDZUCKER PRODUCTION
EUROPE

SUGAR FACTORIES/ REFINERIES

32

Headquarters Mannheim
Sugar factories/Refineries

SUGAR BEET GROWERS

EUROPE → 42,000

GERMANY → 18,000

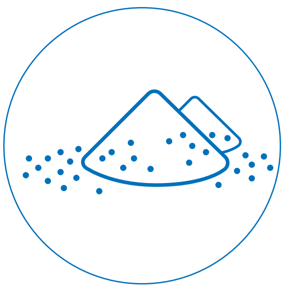
CULTIVATION AREA

in ha

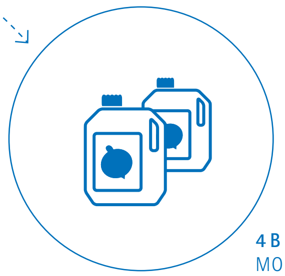
IN EUROPE → 396,000

IN GERMANY → 127,000

4 DISTRIBUTION



4 A
SUGAR AS A
RAW MATERIAL



4 B
MOLASSES: ANIMAL FEED,
ALCOHOLIC FERMENTATION,
PRODUCTION OF BAKING
YEAST

4 C
MARKETING TO
END USERS

I FEEL GOOD: WITH NATURAL CHICORY ROOT EXTRACT

Natural food additives produced by the Südzucker subsidiary BENEO are in great demand in the market for health foods, for both people and animals. And our other specialties - Freiberger Pizza, portion-sized packages from PortionPack Europe and our starch products - are equally popular.

SPECIAL PRODUCTS SEGMENT

NATURAL FIBER FROM THE CHICORY ROOT PROMOTES HEALTHY DIGESTION AND ENSURES EXCEPTIONAL TASTE AT THE END OF THE VALUE CHAIN, INCLUDING IN CEREALS.

INULIN: A POPULAR FIBER

From June to October, roadsides are often adorned with the flowers of the chicory plant – they are very pretty and were even named Germany's Flower of the Year in 2009. However, few people know that the flowers belong to the same family of plants as chicory and chicory root. Chicory is a popular ingredient for salads and is often eaten as a vegetable, but what can you do with its root?

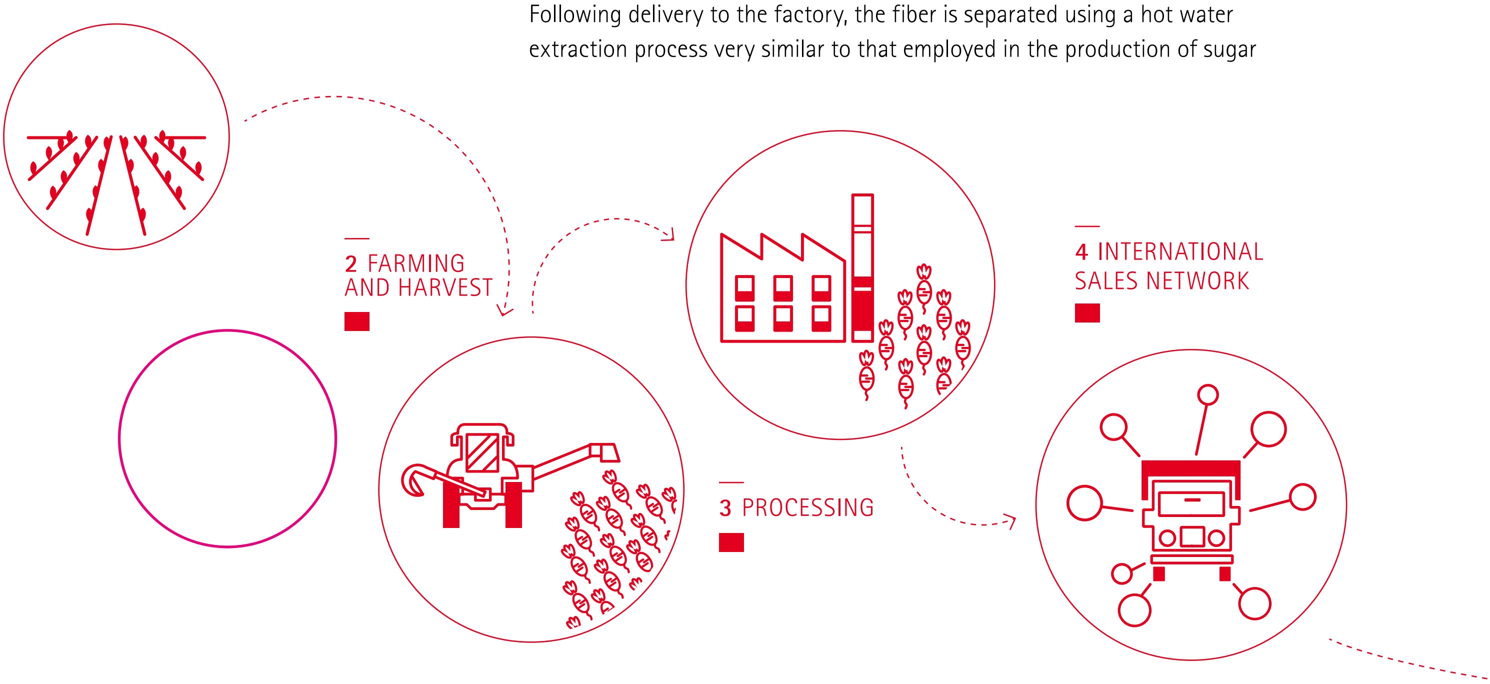
Roasted chicory roots were once used to add bulk to coffee, or even as a coffee replacement. Today it is enjoying a comeback as a source of the valuable soluble fibers inulin and oligofructose, which BENEO extracts from the plant. Many varieties of fruit and vegetables contain these substances in small quantities. However, the chicory root has very high levels of both, which is what makes it so valuable to us.

BENEO relies on the quality of raw materials and research
Compared to the sugar beet, chicory is a diva: That is true from the very beginning, when the seed, which measures just 2.5 millimeters in diameter, is sowed. It is extremely vulnerable to water shortage. Once the critical sprouting and rooting phase has passed, the young plant does not react well to temperatures below 10°C. And the harvest also requires delicacy: The chicory has to be grasped much lower down at the root and pulled out of the soil more slowly than the sugar beet.

The quality of the root is the foundation for success. That is why BENEO has close, long-term partnerships with farmers in Belgium and Chile to ensure sustainable value creation for farmer and manufacturer alike. A unique feature of our operation in Chile is the company-owned farm that once supplied the factory and is now also used for research and demonstration purposes.

Following delivery to the factory, the fiber is separated using a hot water extraction process very similar to that employed in the production of sugar

1 SOWING



THE CHICORY PLANT

Common chicory is a deep-rooted plant that belongs to the Asteraceae family. It has been used as a natural medicine since at least the Middle Ages.

Cultivated forms include chicory, radicchio and chicory root. With an average inulin und oligofructose content of 15–17 %, chicory root is today used as a raw material in the production of functional food ingredients.

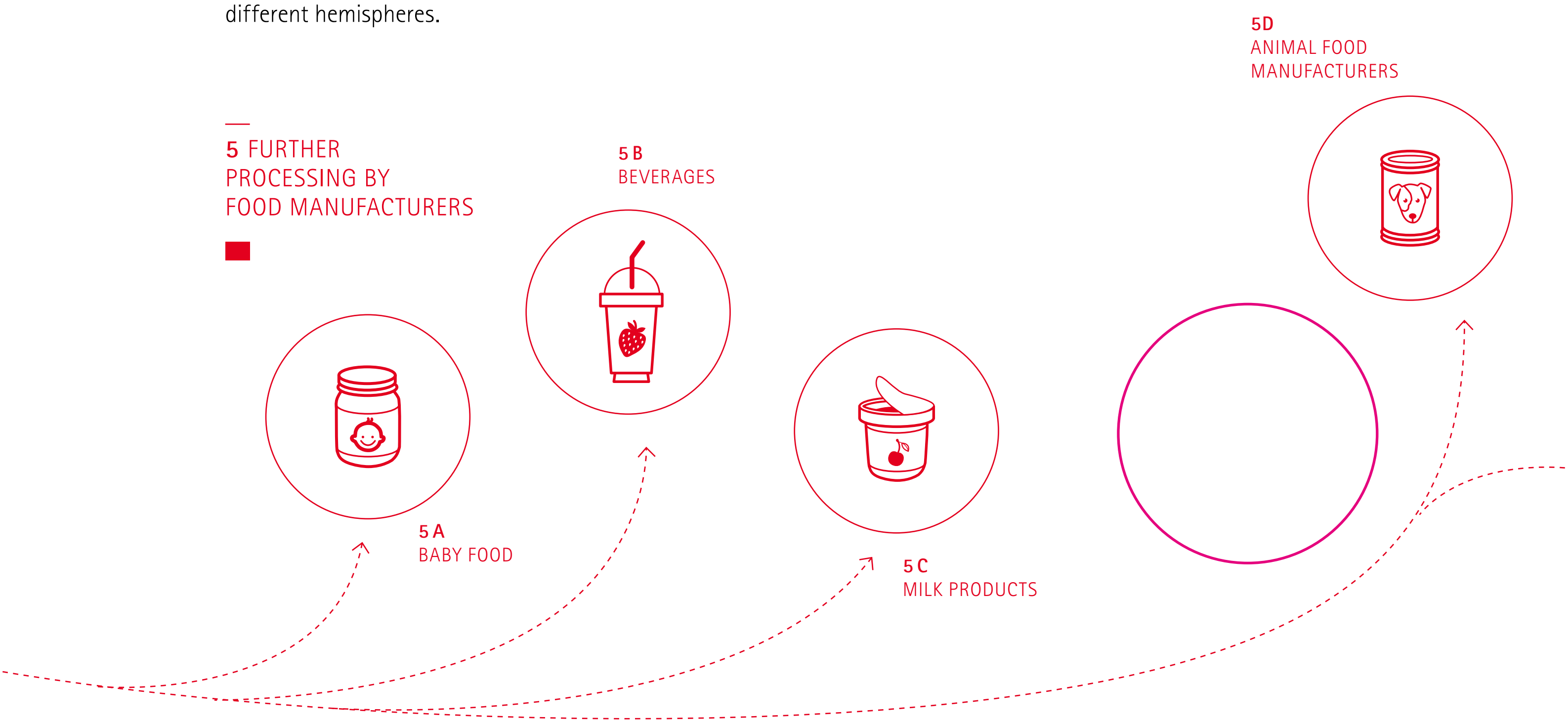
and then processed further to produce inulin and oligofructose. Both can be used in a number of products and are available in liquid or crystal form, depending on the intended application.

Inulin is well known around the world and offers consumers and manufacturers a number of advantages: The consumer benefits from natural fiber and fat substitute and the manufacturer benefits from an excellent raw material for reduced-fat milk products and spreads. Oligofructose can be used to supplement fiber with sugar substitutes in baking, cereals and confectionery, allowing them to meet current demands as far as both taste and nutrition are concerned.

That means that BENEO has implemented a seed-to-product value chain that serves the long-term aim of improving nutrition for people and animals through natural raw materials, sustainable farming, low-impact production processes, scientifically proven benefits of ingredients and advanced technology for healthy food with outstanding flavor.

In order to meet increasing global demand, BENEO produces thousands of tonnes of inulin and oligofructose at its locations in Oreye, Belgium and Pemuco, Chile all year round – thanks to the reversal of the seasons in the different hemispheres.

5 FURTHER PROCESSING BY FOOD MANUFACTURERS



OUR TASK:
INGREDIENTS FOR HEALTHY NUTRITION

To meet this challenge, we carry out research around the world: Numerous studies conducted by renowned research institutions worldwide have documented the effectiveness of our products for digestive health, controlling weight and blood sugar, mineral uptake, burning fat and dental health. The BENEO Institute commissions and coordinates nutritional studies, supports scientific exchange and offers expertise in the field of nutrition law. Thanks to its extensive experience in application technology and market and consumer research, BENEO is able to support its clients in product development and thereby helps make food healthier and taste better.

The natural raw materials chicory, sugar beet, rice and wheat are the basis of BENEO's product portfolio of fibers, functional carbohydrates, rice derivatives and gluten. Each of these product groups is characterized by unique selling points. The substances can also be combined very effectively in end products.

More than just fiber

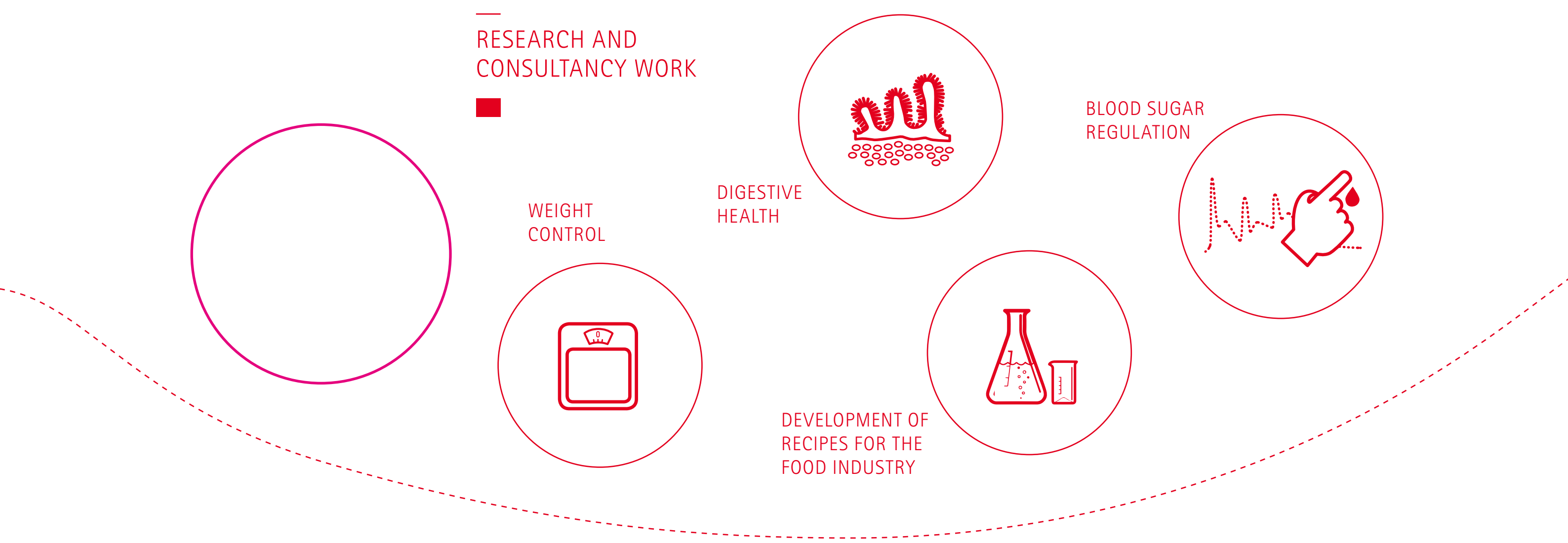
Inulin and oligofructose are used to add fiber – primarily in milk products, cereals, baked goods and food for small children. However, they also make good substitutes for fat or sugar, contribute to the improvement of digestive health and help contribute to weight loss. And inulin and oligofructose have an additional benefit: they ferment in the large intestine and provide sustenance for useful bifidobacteria. The growth and activity of these bacteria are promoted in a targeted manner; the number of harmful bacteria is reduced, which helps to promote a healthy intestinal flora. The use of these and other functional additives helps the nutrition industry to meet demand from a large number of consumers for healthy, good-tasting foodstuffs.

Tooth-friendly, low-calorie raw materials

The carbohydrates Isomalt und Palatinose™, which are extracted from sugar beets, have many uses. Isomalt is the world's number one sugar substitute in candy. Its primary characteristics are that it is tooth-friendly, has a reduced calorie content and has a sweetness that resembles sugar. Chemically speaking, Palatinose™ is a sugar, but its nutritional and physiological effects are unique: because it is metabolized slowly, it provides carbohydrate energy over an extended period. That leads to improved fat burning and blood sugar regulation, recognized factors in the prevention of diabetes and obesity.

Clean labeling

Rice derivatives meet consumer demand for clear, comprehensible clean label nutrition information and for gluten-, lactose- and allergen-free alternatives. They improve the flavor and texture of products and can be used as fat substitutes. Gluten is primarily used as a plant-based protein source for animal foods.



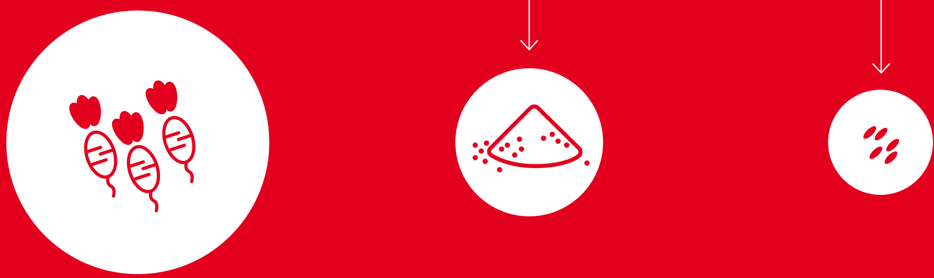
BENEO WORLDWIDE

6 SELLING AGENCIES
5 PRODUCTION LOCATIONS:
ACTIVE IN MORE
THAN 75 COUNTRIES

● Selling agencies
○ Production locations

VOLUMES PROCESSED BY **BENEO**
in t

CHICORY ROOT
SUGAR
RICE



250,000
80,000
40,000

5 E
BAKED GOODS AND
CEREALS

THE TIMES THEY ARE A-CHANGIN':
FUEL & SUSTENANCE – STRAIGHT FROM THE FIELD

Crude oil is limited, and large-scale cultivation of soy as a source of protein has negative consequences for old-growth forests. These are two global challenges that the Südzucker subsidiary CropEnergies meets with its European bioethanol value chain: ensuring mobility in a climate-friendly way and improving protein supply.

CROPENERGIES SEGMENT

EXISTING LOGISTICS INFRASTRUCTURE AND FUEL STATIONS CAN BE USED TO MARKET BIOETHANOL.

BIOETHANOL PRODUCTION:
THE SAVER FORMULA WITH A FUTURE

In the spirit of the slogan of a well-known oil company, we were once urged to "put a tiger in our tank". Today, the gasoline types Super E5 and E10 are increasingly being replaced by bioethanol, which helps around 30 million vehicles run in Germany alone. Moreover, when bioethanol is produced, tonnes of valuable high-protein food and animal feed are yielded as a co-product.

As one of the leading bioethanol producers in Europe, the Südzucker subsidiary CropEnergies currently has an annual production capacity of around 1.2 million m^3 for its main product, bioethanol, and more than 1 million tonnes of high-quality food and animal feed. These products are obtained from the renewable raw materials of feed grain and sugar beets, which are fully utilized.

This leads to savings on several fronts: It saves crude oil, since bioethanol is a sustainable alternative. It also means fewer imports of protein to Europe, since the protein products obtained replace a proportion of the imports of soy, for example. And last but not least, it saves up to 70 % of CO_2 emissions compared to fossil fuels, since bioethanol releases less carbon dioxide across the entire value chain – from farming and highly efficient production plants to engine combustion.

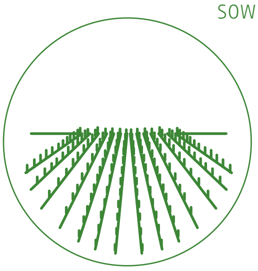
Fermentation is the magic word

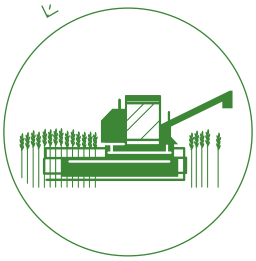
European bioethanol production itself begins with grain, for example, during the harvest in July and August. In Europe, bioethanol is mainly made from feed grain. It has a high starch content, which is then used to produce bioethanol. It is not only for this reason that there is no competition between food and bioenergy production in Europe. Only 3.5 % of the total European grain production in 2012/13 was processed into bioethanol.

Bioethanol facilities use different production processes. The energy stored in each grain is fermented and distilled at the next-generation CropEnergies facilities, such as BioWanze SA in Wanze, Belgium.

1 CULTIVATION

1 A
SOWING





1 B
HARVEST

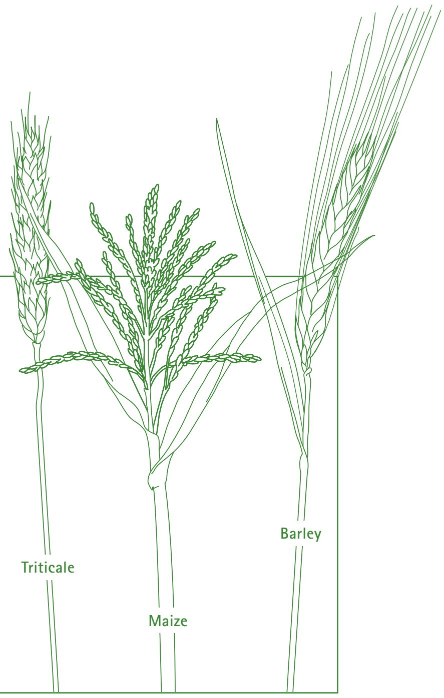
2 A
LOCATIONS IN BELGIUM,
GERMANY AND FRANCE,
AS WELL AS IN GREAT BRITAIN
SINCE 2013

2 BIOETHANOL PRODUCTION

FEED GRAIN

Feed grain belongs to the grass family, grown for their starchy seeds worldwide. As the name indicates, feed grain is specifically used for animal feed.

Typical types of feed grain include triticale, maize and barley. Feed grain is a high-yielding crop that requires less fertilizer. In bioethanol production, feed grain is fully utilized.



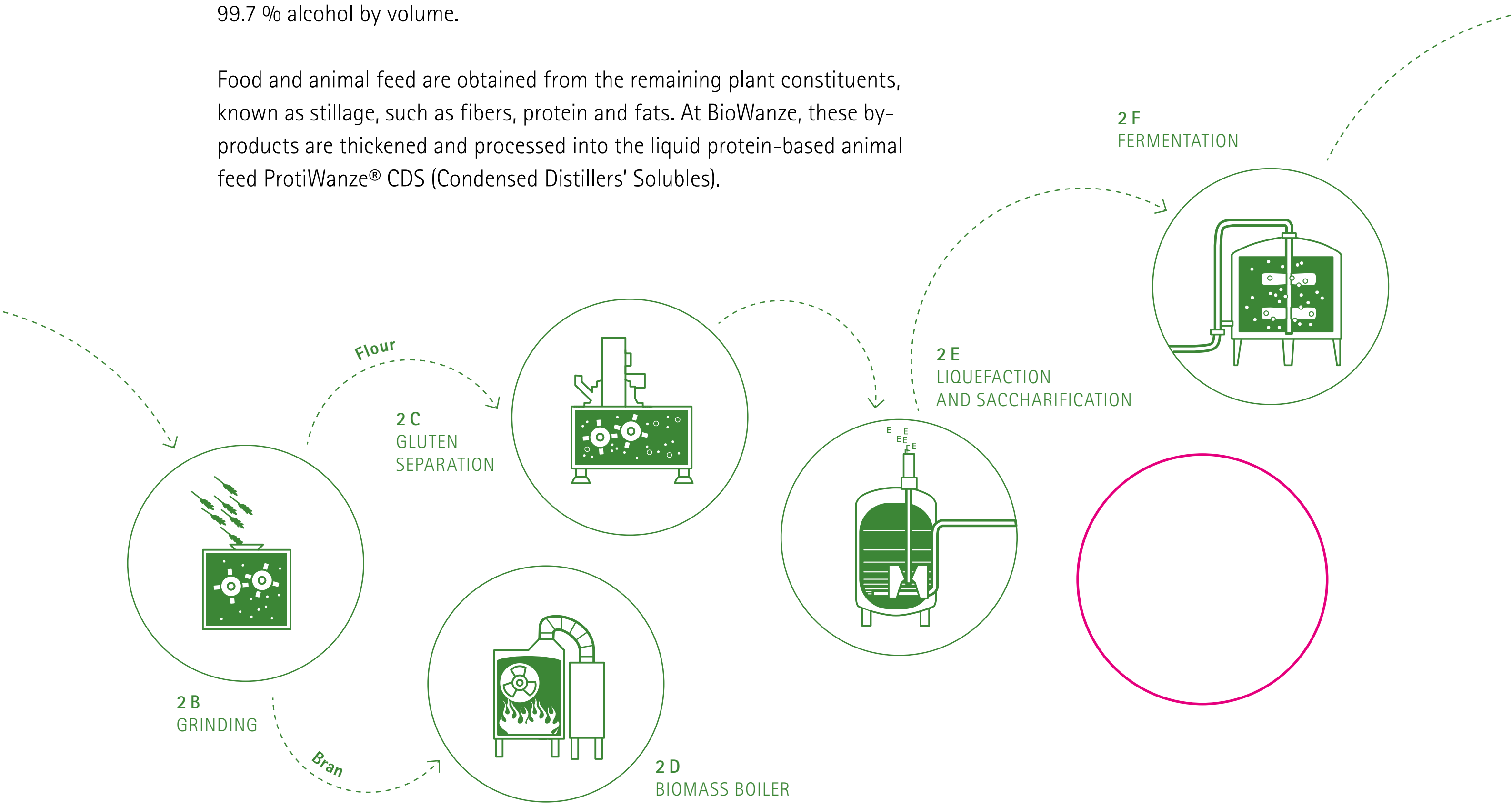
First, the delivered grain has to be cleaned and ground in a mill. The husk of the grain, known as the bran, is separated out and used at the biomass plant as a source of energy for the next processing phase.

In the next step, gluten is separated out from the rest of the grain. Enzymes are then added that convert the starch into fermentable sugars.

The next step is the actual fermentation process in which yeast converts the sugars into alcohol and CO_2. The resulting alcoholic mixture is known as mash.

Distillation then separates the alcohol from the other parts of the mash. This mixture is cleaned again, and the water is almost completely removed in the dehydration process, resulting in very pure bioethanol containing 99.7 % alcohol by volume.

Food and animal feed are obtained from the remaining plant constituents, known as stillage, such as fibers, protein and fats. At BioWanze, these by-products are thickened and processed into the liquid protein-based animal feed ProtiWanze® CDS (Condensed Distillers' Solubles).



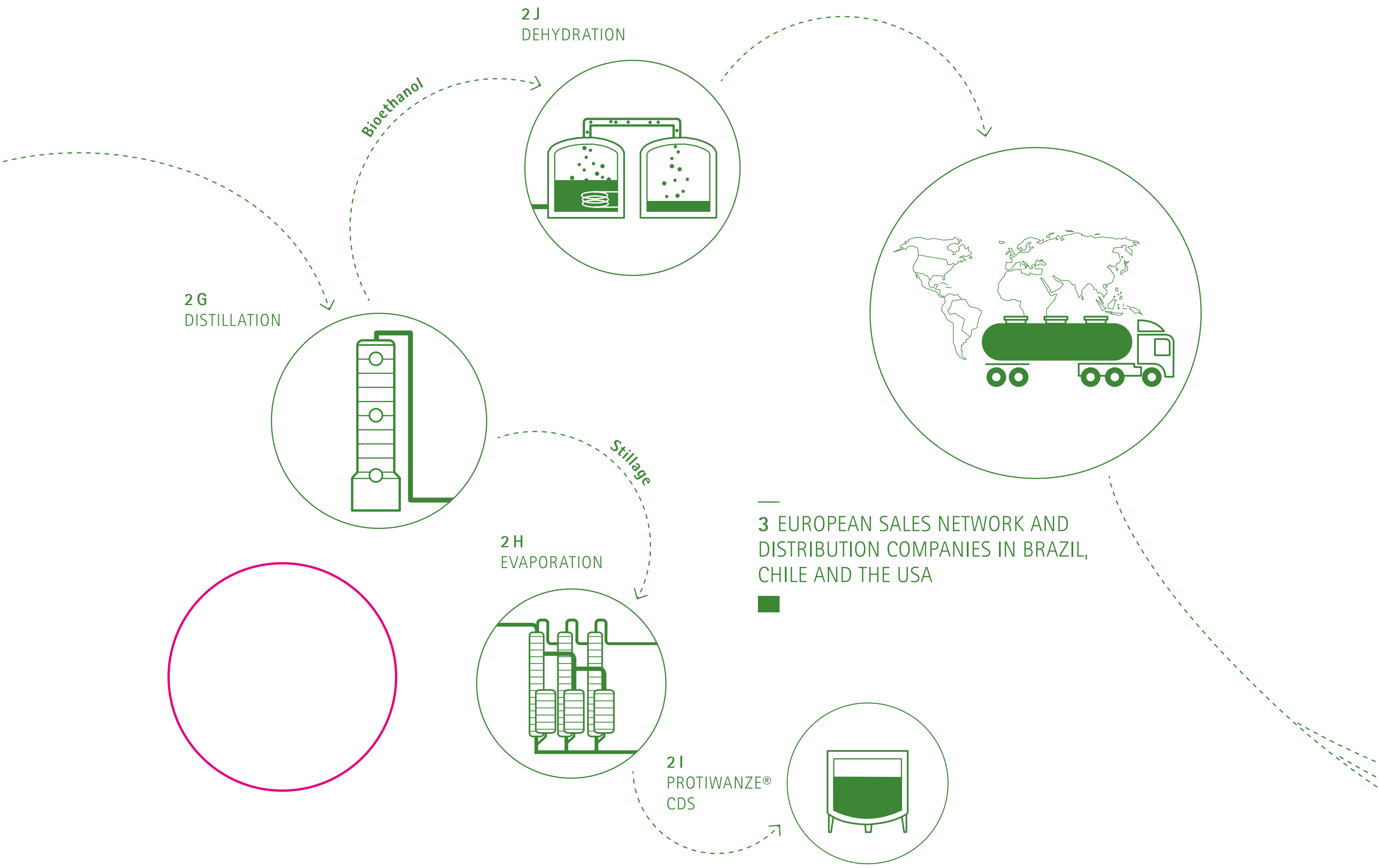
A MARKET IN TRANSITION: CROPENERGIES STRENGTHENS ITS MARKET POSITION

CropEnergies AG continues to see potential in the European bioethanol market. To this end, it significantly expanded its production capacity during the reporting period by acquiring the British bioethanol producer Ensus Limited, based in Yarm, Great Britain. The plant in the northeast of England, which was commissioned in 2010, has an annual capacity of 400,000 m^3 of bioethanol and 350,000 tonnes of dried protein animal feed (DDGS – Distillers' Dried Grains with Solubles), making it one of the largest of its kind in Europe.

Production also emits an annual 250,000 tonnes of CO_2, which is delivered to an adjacent liquefaction plant where it is processed for use in the food and drinks industry.

Own network expanded effectively

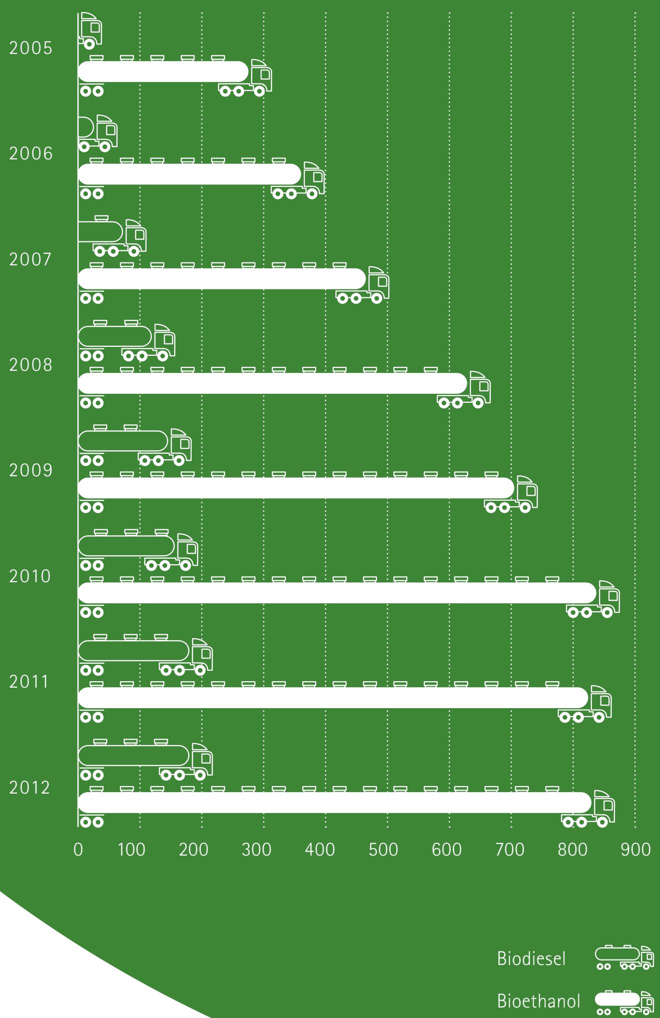
With the acquisition of Ensus, CropEnergies is strengthening its position as one of the three leading bioethanol producers in Europe and is increasing its annual production capacity by 50 % to more than 1.2 million m^3 of bioethanol. The subsidiary in Great Britain enhances CropEnergies' unique European production and logistics network, which already includes bioethanol facilities in Belgium, Germany and France and ranks as one of the top companies in terms of profitability and sustainability aspects. Ensus gives the company direct access to the British market, which is the third-largest market for bioethanol after Germany and France and the fifth-largest market for animal feed in the EU.



GLOBAL MARKET FOR BIOETHANOL

BIOETHANOL PRODUCTION WORLDWIDE

in 100,000 m³



CROPENERGIES BIOETHANOL VOLUME

in million m³

2012/13

0.84

1.00

2013/14

CROPENERGIES PRODUCTION CAPACITY 2013/14

BIOETHANOL

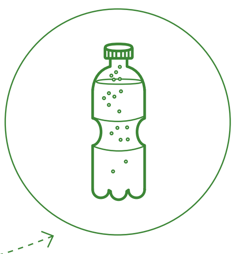
1.2 million m³

FOOD AND ANIMAL FEED

>1 million t

4 FURTHER PROCESSING

4 A
PROTEIN FOR THE FOOD AND ANIMAL FEED INDUSTRY



4 B
CO_2

4 C
GASOLINE SUBSTITUTE

STRAWBERRY FIELDS FOREVER: TURNING RAW FRUIT INTO RED GOLD

Whether in Africa, Europe or South America, strawberries and other fruit are in good hands worldwide with AGRANA, a Südzucker subsidiary.

FRUIT SEGMENT

STRAWBERRY YOGURT WITH FRUIT PREPARATIONS HAS CARVED OUT A PLACE IN REFRIGERATOR CABINETS ALL OVER THE WORLD.

FRUIT PREPARATIONS: SWEET FRUIT FOR THE WORLD

Irrespective of cultural differences, strawberries are favorites all over the world. This puts them at the top of the chain in AGRANA's range of fruit preparations. To get that real strawberry taste for ice cream or yogurt, we develop recipes together with our clients – those insights also flow into our other fruit preparations.

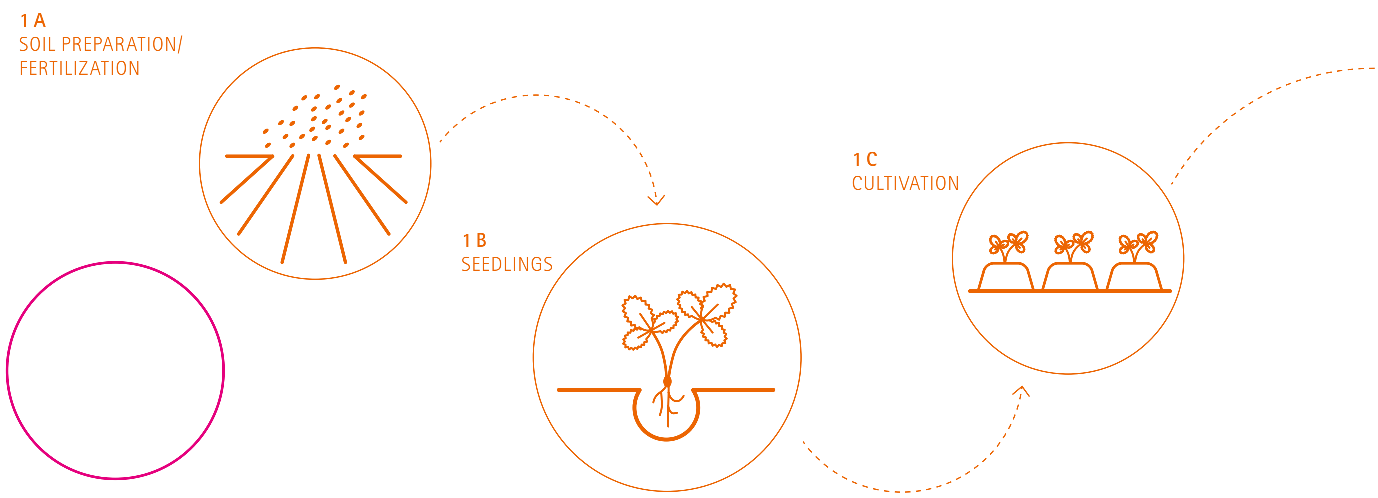
In order to be able to guarantee a broad and continuous supply of these sweet red berries, the worldwide purchasing organization AGRANA Fruit Services keeps track of the different harvesting times in the northern and southern hemispheres. The harvesting cycle, which for strawberries is the same as the purchasing cycle, usually begins in October in Mexico, and then continues in Morocco and Spain in March before moving on to China in May and coming to a close in Poland in July.

AGRANA acquires most of the fruit used in fruit preparations from primary processors who wash, clean and deep freeze the fresh fruit they receive from agricultural producers. In some countries, such as Argentina, Mexico, Morocco, Poland, Serbia and Ukraine, AGRANA operates its own facilities for the first processing stage in which the contract farmers prepare fresh fruits for manufacturing fruit preparations.

AGRANA fruit is found in one-third of fruit yogurts worldwide

In a second phase, varying quantities of frozen fruits are refined at global AGRANA production sites according to the formulation or recipe required by the client and the area of application. Once converted into fruit preparations, they are used by the food processing industry, especially in dairy products, ice creams and baked goods. We also developed fruit preparations

1 STRAWBERRY CULTIVATION



for the ice cream industry which remain liquid even at temperatures below freezing.

Fruity expertise

Either as a liquid or in pieces, AGRANA fruit preparations for the food industry are manufactured according to individual recipes that are developed in collaboration with our clients and draw on our research expertise. Naturally, they are also available in organic quality.

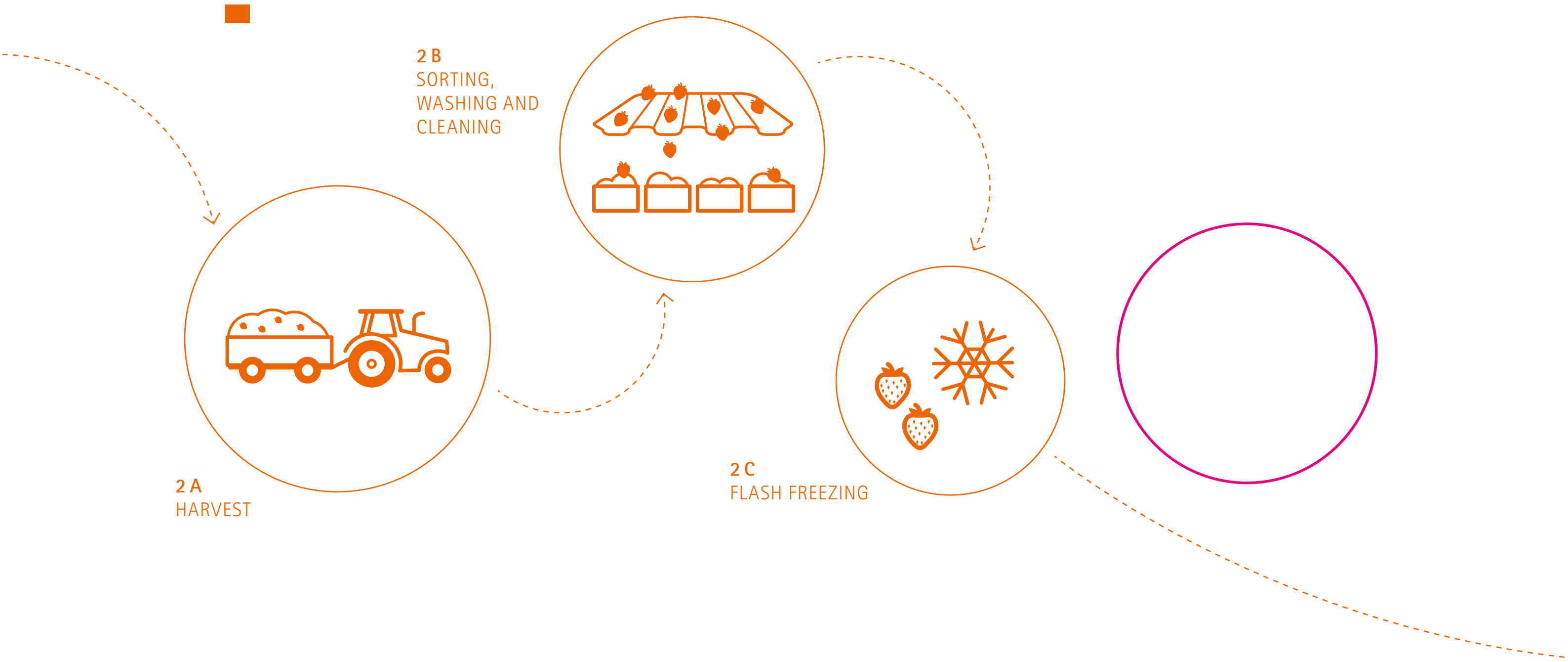
Rigorous quality control from raw fruit to final product

In many countries, AGRANA operates its own processing plants to optimize quality control. This is where freshly harvested fruits are sorted, cleaned and frozen. Around 40 % of fruit processed by AGRANA stem from our own processing plants or exclusive contract partners.

STRAWBERRY

Botanically speaking, strawberries are not berries but are among the pseudo-fruits or nut fruits of perennial plants. The actual fruits are the small yellow grains on the surface. The fleshy part that we eat is a thickened stem. But this fleshy part has it all: Besides having a higher vitamin C content than lemons and oranges, it is high in fiber, folic acid and minerals such as calcium, potassium, iron, zinc and copper.

2 STRAWBERRY HARVEST



INTERNATIONAL SUSTAINABILITY CERTIFICATION: PILOT PROJECT IN MEXICO

Sustainable trading, including compliance with environmental and social criteria, is a core demand on management across the entire value chain – from raw material to finished product. AGRANA procures around 90 % of all its processed agricultural commodities within the EU, where, compared with other regions, strict social and environmental standards apply. For this reason, AGRANA is faced with the challenge of ensuring that sustainable production conditions are upheld and documented in countries outside Europe.

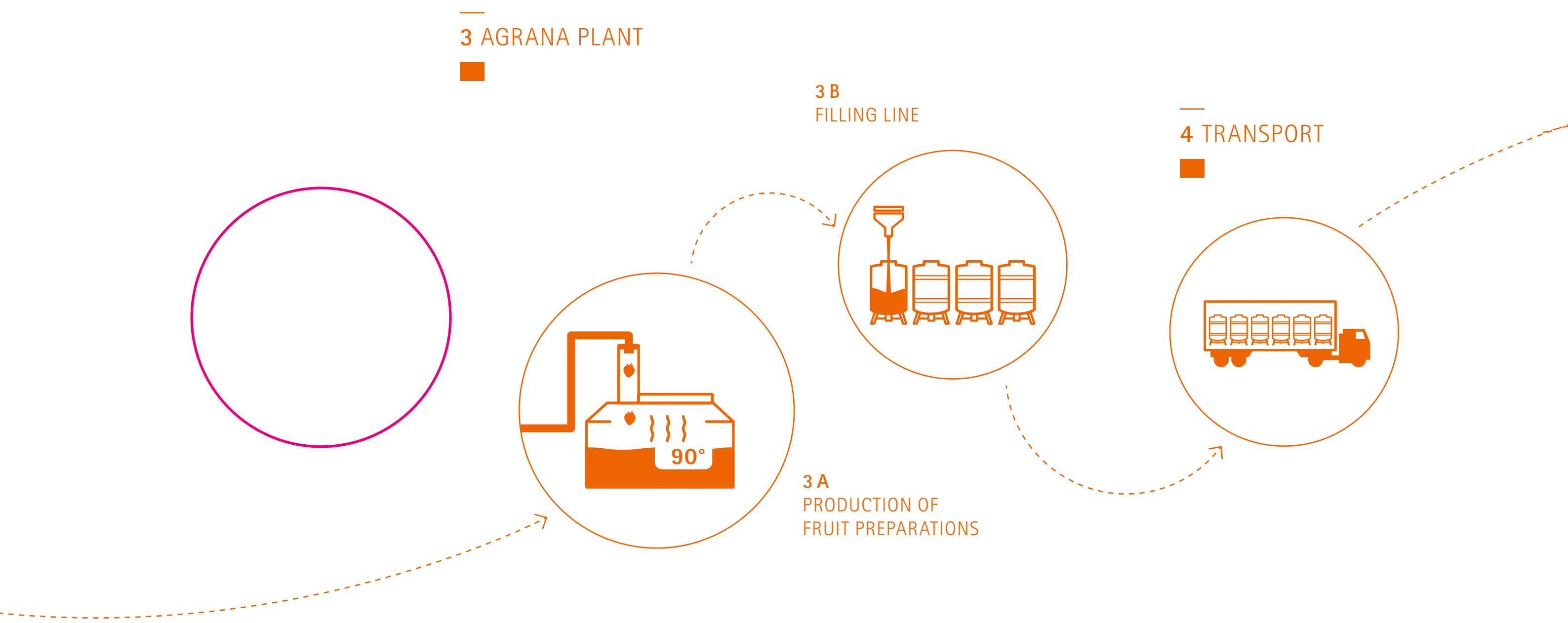
AGRANA can directly influence agricultural production through negotiations with its contracted suppliers. For years, projects to introduce sustainable agricultural practices and working conditions have been rolled out at various locations in emerging markets.

Pilot project in Mexico is a success

In 2012, a survey of current social and environmental standards among strawberry and blackberry suppliers was launched in Mexico. Since then, AGRANA has offered a certification program under the international Rainforest Alliance standards to interested contracting farms. The three-year project is the first of its kind in the Mexican state of Michoacán. Its goal is to prepare the participating twenty strawberry and seven blackberry farms for initial certification and annual recertification and assist them in setting up the necessary infrastructure – the necessary advisory support and training is provided by AGRANA employees. The range of topics is highly diverse, ranging from sustainable agricultural practices such as fertilizers and pesticides, water and waste management, conservation of biodiversity, to labor law aspects and the implementation of health and safety measures, i.e. the use of protective clothing. Also, medical care, showers and bathrooms for the 1,100 farm workers have been discussed.

All farms certified

All strawberry farms that took part had already passed the Rainforest Alliance audit by November 2013. A win-win situation for all stakeholders, this pilot project constitutes an example of sustainability in practice by improving working conditions for workers, protecting the environment and local biodiversity, creating a competitive advantage for participating contract farmers as well as providing a certified sustainable procurement source for AGRANA.



AGRANA FRUIT FACTS

TOP 3 APPLICATIONS OF AGRANA FRUIT PREPARATIONS

FRUIT YOGURTS	YOGURT DRINKS	ICE CREAM, BAKED GOODS, FOOD SERVICES
68 %	15 %	5 %

TOP 5 FRUITS
FRUIT PREPARATIONS

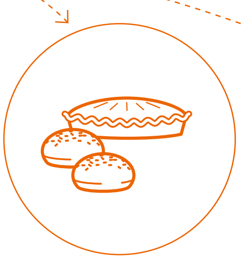
STRAWBERRIES	PEACHES	CHERRIES	BLUEBERRIES	MANGOS
32 %	12 %	7 %	7 %	4 %

TOP 5 FRUITS
FRUIT JUICE CONCENTRATE

APPLES	BLACK CURRANTS	SOUR CHERRIES	STRAWBERRIES	ARONIA BERRIES
92 %	2 %	2 %	1 %	1 %

5 A
ICE CREAM

5 B
BAKED GOODS



5 C
DAIRY

5 FURTHER PROCESSING IN THE FOOD INDUSTRY

TO OUR SHAREHOLDERS

From left:

DR. THOMAS KIRCHBERG
OCHSENFURT

THOMAS KÖLBL
SPEYER

DR. WOLFGANG HEER
LUDWIGSHAFEN
CEO

DR. LUTZ GUDERJAHN
OFFSTEIN

JOHANN MARIHART
LIMBERG, AUSTRIA

MANNHEIM, 22 APRIL 2014

DEAR SHAREHOLDERS,

Without a doubt, fiscal 2013/14 was overshadowed by the outcome of the antitrust case against us. In March 2009, as outlined in previous annual reports, the German Federal Antitrust Authority searched our offices and those of other German sugar companies. The allegations were not specified for a long time. Not until December 2013 did we receive a detailed description of same: The Federal Antitrust Authority, based primarily on statements from a crown witness, alleged that Südzucker contravened antitrust laws prior to 2009. Südzucker was unable to fully refute these claims.

After careful deliberation and weighing of all aspects of the situation, we decided to accept a fine in the amount of € 195.5 million to settle with the German Federal Antitrust Authority. This brought the case, which has been ongoing for five years, to a close. We will now regain planning and legal certainty and have benefited from a considerable reduction in the amount of the fine. Still, the decision was not easy to make and payment of the fine was a hard pill to swallow for the company. In our view, there was really no alternative that was in the best interests of the company, because a court case with all the associated negative implications would have lasted several more years. In addition, there is the risk that ultimately the fine would have been increased considerably, as demonstrated by similar recent cases.

We regret very much that we – according to the Federal Antitrust Authority – were unable to comply with the strict requirements of the antitrust laws despite all of our past efforts. Quite some time ago, we enhanced the compliance program and the associated monitoring mechanisms for the entire Südzucker group in order to avoid contravening laws and regulations – this includes strict adherence to antitrust laws. In our view, proof that we were successful in these efforts is the European Commission Antitrust Authority's February 2014 decision to terminate the Europe-wide court case against European sugar companies, including us, that was launched at the end of April 2013.

Sugar is and will remain our core business. We were therefore disappointed by the EU decision announced in June 2013 to let key rules of the sugar market regulations expire at the end of September 2017. Südzucker and all other stakeholders in the sugar value added chain – from beet farmers through to our customers – must now in a very short time adjust to a situation where the volume and price fluctuations of the world market impact the European sugar market to a much greater extent than they have to date. Still, we are confident that after a period of turmoil, we will be able to successfully compete in this new environment. As we have shown in the past, during the reform of the European sugar policies in 2006, we are able to make radical changes and seize new opportunities. We continue to see our position in the favorable beet growing regions of Europe as excellent. We will take advantage of opportunities to expand this base. For example, we were able to significantly increase our interest in our group subsidiary AGRANA. The company represents a strategic investment for Südzucker and provides us with access to the Southeastern European sugar market. We are confident that AGRANA's businesses hold value: sugar, starch, bioethanol and fruit. We are also taking advantage of opportunities to expand in other segments. For example, in July 2013, CropEnergies acquired British bioethanol producer Ensus Limited, based in Wilton, Great Britain, thereby expanding the group's annual production capacity by 400,000 m^3 of bioethanol and 350,000 tonnes of dry protein-based animal feed (DDGS).

Let us now look at the numbers for the fiscal year just ended. As expected, we were unable to match the extraordinary results of 2012/13. Still, we were able to almost match last year's revenues at € 7.7 (7.9) billion. Here higher contributions from the special products, CropEnergies and fruit segments largely offset the lower numbers from the sugar segment. However, the group's consolidated operating profit dropped sharply as forecast, coming in at € 658 million, which compares to the historic record of € 972 million set last year. Payment of the fine weighed on the result from restructuring and special items. The net charge after consideration of an accrual was about € 155 million. On the other hand, the claim for reimbursement of excess production levies paid from sugar marketing years 2001/02 to 2005/06 resulted in a positive contribution of about € 44 million. Income from operations was thus € 543 (955) million.

It logically follows that jointly we and the supervisory board are recommending to shareholders at the annual general meeting the dividend be reduced to € 0.50 (0.90) per share. When evaluating this recommendation, shareholders should take into consideration that last year the dividend was raised by € 0.20 per share on account of the unusually strong business performance. The current dividend recommendation is based equally on our earnings and cash flow and the expected future development of the company.

Here the sugar segment is of key importance to us; after all, our core segment's revenue and operating profit dominate the results of the group when compared to the other segments. Naturally, expectations were high after the two record years in 2011/12 and 2012/13; however, we already had to dampen these significantly with our forecast at the beginning of the financial year because it was abundantly clear that we would not be able to match the excellent growth of the prior year through fiscal 2013/14. And as projected, revenues fell to € 3,961 (4,232) million. At the same time operating profit fell, especially during the course of the second half of the fiscal year, and ended at € 436 (708) million. It reflected the declining earnings from the sugar markets, driven by falling quota sugar sales revenues and rising raw material costs; in addition, there were charges related to the shorter campaign due to the smaller harvest in 2012. Fixed processing costs could only be spread across lower volumes. Lower export volumes of non-quota sugar at reduced world market prices also had a negative impact on revenues. But it would be wrong to describe the fiscal year as worse than it actually was; after all, the segment was able to generate a high ROCE of 13.6 %.

Both the special products division's products – from functional food ingredients to starch – and its markets – from the processing industry to end users – are very diverse; but to discuss the individual divisions' development at this point would be going too far. Overall, this segment's revenues rose slightly to € 1,882 (1,862) million, with the starch division being the main contributor. Operating profit was lower than last year at € 122 (132) million as forecast. Among other things, this was caused by high raw material costs in all divisions that could not be fully passed on to the market, as well as startup costs for the new wheat starch factory in Pischelsdorf, Austria, which went into operation in June 2013.

The key developments in the CropEnergies segment were the changes in raw material and ethanol prices and the acquisition of British bioethanol producer Ensus. Raw material prices trended higher while European bioethanol prices slumped. Bioethanol imports circumventing current tariff regulations contributed to the downward pressure on prices. The good news is that E10 now holds steady with a market share of 15 % in Germany, which means the toppic of sustainable mobility has finally made it to the fuel pumps.

The CropEnergies segment was able to boost group revenues to € 720 (645) million. The unusually high profits generated last year could not be matched because of higher raw material costs, the startup of Ensus bioethanol plant and impact of the floods at the Zeitz site. Operating profit came in at € 35 (87) million.

The fruit segment's products are a hit with customers: The fruit preparations and fruit juice concentrates units' volumes both rose, as reflected by revenues, which climbed to € 1,172 (1,140) million. The sharply higher operating profit of € 65 (45) million was driven mainly by higher volumes for fruit preparations and the favorable contract situation from the 2012 campaign for fruit juice concentrates. The fruit segment has been able to permanently improve its market and competitive position by continuously making strategic adjustments.

A new fiscal year has already started and we are focusing on further development. It has already become abundantly clear that the economic situation in the European sugar and bioethanol markets has become much more negative than previously assumed. For example, world market prices for sugar have plummeted. In the past four years, harvests around the world were excellent and production thus exceeded consumption. At the same time, further increases in raw material prices are impacting our business in all segments. As a result, we are forecasting consolidated group revenues of € 7.0 (7.5*) billion and an operating profit of only € 200 (622*) million for the current fiscal year, 2014/15.

Our main focus is on the changes in the sugar segment that the expiry of the quota and minimum beet prices in 2017 will bring up. On one hand, we need to continue to optimize the sugar production processes, from cultivation via logistics to customers. On the other hand, we have to develop mechanisms in the sugar segment that will dampen the ever increasing impact of the greater volume and price fluctuations brought on by exposure to the world markets. We also have plans to further expand our business activities outside Europe. British trading house ED&F Man, which conducts business globally and in which we have a participation since 2012, is a promising partner in this respect. In parallel, we have already started to examine our cost structures, especially in the sugar segment, in order to be able to take any necessary steps when required.

Equally, the other segments – special products, CropEnergies and fruit – will be required to demonstrate their performance capabilities more than before.

Overall, we want to further strengthen our core competence, which is large-scale conversion of agricultural products for simply spoken: plates, fuel tanks and feed troughs. We will use this opportunity to

* retroactively adjusted as per IFRS 11; application of the standard to be mandatory in 2014/15

present in this annual report the path from raw material to product for each segment in consideration of various aspects, such as value added or sustainability.

Crises can only be mastered and opportunities seized by a motivated team. We are well aware that the forecast for 2014/15 we released recently, the conclusion of the antitrust case and the magnitude of the fine were a shock for our employees: all the more reason for us to be impressed by the wave of loyalty from our own staff. We thank all of our employees for this loyalty, and especially for the successful and committed work last fiscal year, even when conditions and the outlook were not always easy. But we also thank our customers and suppliers, as well as you, honored shareholders. Please continue to favor us with your company on the road to sustainable corporate growth.

Sincerely,

Südzucker AG Mannheim/Ochsenfurt
Executive board

DR. WOLFGANG HEER
CEO

DR. LUTZ GUDERJAHN

DR. THOMAS KIRCHBERG

THOMAS KÖLBL

JOHANN MARIHART

SUPERVISORY BOARD AND EXECUTIVE BOARD*

Supervisory board

DR. HANS-JÖRG GEBHARD
Chairman
Eppingen
Chairman of the Association of
Süddeutsche Zuckerrübenanbauer e.V.

DR. CHRISTIAN KONRAD
Deputy chairman
Vienna, Austria
Former chairman of Raiffeisen-Holding
Niederösterreich-Wien

FRANZ-JOSEF MÖLLENBERG**
Deputy chairman
Rellingen
Former chairman of the
Food and Catering Union

DR. RALF BETHKE
Deidesheim
Former chairman of the executive board
of K+S Aktiengesellschaft

DR. JOCHEN FENNER
Gelchsheim
Chairman of the Association of
Fränkische Zuckerrübenbauer e.V.

MANFRED FISCHER**
To 31 August 2013
Feldheim

YÜKSEL GEDIAGAC**
Berlin
Chairman of the central works council of
Freiberger Lebensmittel GmbH & Co.
Produktions- und Vertriebs KG

ERWIN HAMESEDER
Mühldorf, Austria
Managing director of Raiffeisen-Holding
Niederösterreich-Wien

HANS HARTL**
To 31 August 2013
Ergolding

RALF HENTZSCHEL
Panschwitz-Kuckau
Chairman of the Association of
Sächsisch-Thüringischer
Zuckerrübenanbauer e.V.

REINHOLD HOFBAUER**
To 15 July 2013
Deggendorf

WOLFGANG KIRSCH
Königstein
Chairman of the executive board
DZ BANK AG

GEORG KOCH
Wabern
Chairman of the Association of
Zuckerrübenanbauer
Kassel e. V.

ERHARD LANDES
Donauwörth
Chairman of the Association of
Bayerische Zuckerrübenanbauer e. V.

GÜNTHER LINK**
Since 15 July 2013
Oberickelsheim
Chairman of the works council
at the Ochsenfurt factory of
Südzucker AG Mannheim/Ochsenfurt

BERND MAIWEG**
Gütersloh
Divisional officer of the
Food and Catering Union

JOACHIM RUKWIED
Eberstadt
Chairman of the
German Farmers´ Association

RONNY SCHREIBER**
Einhausen
Chairman of the works council at the
Mannheim head office of
Südzucker AG Mannheim/Ochsenfurt

PETRA SCHWALBE**
Since 19 September 2013
Berlin
State area chairman
of the Food and Catering Union

NADINE SEIDEMANN**
Since 19 September 2013
Donauwörth
Member of the works council
at the Rain factory of
Südzucker AG Mannheim/Ochsenfurt

FRANZ-RUDOLF VOGEL**
Worms
Chairman of the central works council of
Südzucker AG Mannheim/Ochsenfurt

WOLFGANG VOGL**
Bernried
Manager of the
Plattling and Rain factories of
Südzucker AG Mannheim/Ochsenfurt

ROLF WIEDERHOLD**
Wabern
Chairman of the works council
at the Wabern factory of
Südzucker AG Mannheim/Ochsenfurt

* Other board memberships are listed starting on page 202 of the annual report.
** Employee representative.

Executive board

DR. WOLFGANG HEER
(CEO)
LUDWIGSHAFEN

- Sales
- Corporate development
- Compliance
- Audit
- Public relations
- Human resources
- Organisation/IT
- Food law/consumer policy/quality control
- Personnel and social matters
- Marketing

DR. THOMAS KIRCHBERG
OCHSENFURT

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

PROF. DR. MARKWART KUNZ
WORMS

To 1 August 2013

DR. LUTZ GUDERJAHN
OFFSTEIN

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

THOMAS KÖLBL
SPEYER

- Finance/accounting
- Financial management/controlling
- Operational corporate policy
- Investor relations
- Legal issues
- Taxation
- Procurement of supplies and consumables
- Property/insurance

DIPL.-ING. JOHANN MARIHART
LIMBERG, AUSTRIA

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

DEAR SHAREHOLDERS,

about five years ago, the German Federal Antitrust Authority launched an inquiry into the activities of Südzucker and other German sugar companies, alleging violations of the cartel law. The joint decision by the supervisory and executive boards to accept the Antitrust Authority's fine to settle the issue and thus bring the court case to a close was not an easy one. The case was discussed at length by the supervisory board and lawyers hired to represent Südzucker. Another company that appeared as a key witness had severely incriminated Südzucker. It was a case of one company's word against the other's. The risk of a court case lasting years, the outcome of which would have been totally unpredictable and that would have tied up many company resources, ultimately led us to accept the settlement, after a substantial reduction of the fine, and thus bring the case to a close.

The other investigation into Südzucker launched by the European Union Antitrust Authority in April 2013 was terminated in February 2014 without objections.

Südzucker will now be able to fully concentrate on future challenges: The political decision to let the current quota and minimum sugar beet prices expire in 2017 is an historic turning point for all European sugar companies, including Südzucker. All efforts must now be directed toward utilizing the short time available until then to further develop concepts on conducting business in the future. This topic is the key focus of strategic discussions between the supervisory and executive boards. Together, we strive to define the fundamental direction of the company.

Again in fiscal 2013/14, we continued to work on the basis of mutual trust and in the spirit of a goal-oriented team with the executive board and extensively discussed the general framework, the direction and strategic development of the company. In doing so, we concentrated on the tasks for which we are responsible by law, the company's articles of association and the rules of procedure: to monitor and advise the executive board in the management of the company.

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

The executive board updated the supervisory board at all meetings on the course of business and the company's situation, and in between meetings informed the supervisory board about important business dealings, both verbally and in writing. The reports by the executive board were mainly updates about the company's situation and development, corporate policy and profitability as well as Südzucker AG's and Südzucker Group's corporate, treasury, capital expenditure, research and development and staff budgets. In addition, the supervisory board chairman took part in executive board meetings and was informed by the speaker of the executive board in several working meetings about all important business activities.

SUPERVISORY BOARD MEETINGS AND DECISIONS The supervisory board met with the executive board at four ordinary meetings and one extraordinary meeting in fiscal 2013/14. Two decisions were also adopted via written correspondence. The supervisory board approved all of the executive board's decisions after a thorough review and discussions.

The meeting regarding the balance sheet on 15 May 2013, dealt with the audit and endorsement of Südzucker AG's financial statements and the consolidated financial statements dated 28 February 2013. The auditor reported on the material findings and results of the audit, which included the accounting-system-related internal control systems. The supervisory board approved the annual and consolidated financial statements after discussing them in detail. At this meeting, the supervisory board also approved an amendment to the articles of association and the agenda and proposed resolutions for the 2013 annual general meeting. Elections were held for members of the audit committee and the agricultural committee. The supervisory board extended Mr. Johann Marihart's appointment to the executive board for an additional five years.

At an extraordinary meeting on 9 July 2013, the board discussed the interim report for the first quarter of 2013/14 and approved CropEnergies' acquisition of British bioethanol producer Ensus Limited.

The medium-range plan was presented and discussed in a meeting on 31 July 2013, the day before the annual general meeting. The supervisory board approved the investment plan for 2014/15, the long-range investment program and the extra investments. A further amendment was made to the articles of association. Elections were also held for various committees. The supervisory board extended Mr. Thomas Kölbl's appointment to the executive board for an additional five years.

On 17 September 2013, the supervisory board approved a financing proposal by written correspondence. On 7 November 2013, the supervisory board approved a further financing proposal by written correspondence.

The earnings projections for 2013/14 were presented at the board's 21 November 2013 meeting. Corporate governance was discussed in detail as always during the November meeting. In addition, the board conducted its annual test of its effectiveness and completed the 2013 declaration of compliance. An AGRANA plan to acquire a stake in a company was also approved.

The actual situation and forward plan regarding the German Antitrust Authority case was discussed at the supervisory board meeting on 28 January 2014. The latest earnings projections for 2013/14 were presented. The supervisory board approved the purchase of additional shares of AGRANA Beteiligungs-AG and a property project.

Five members were excused at the extraordinary supervisory board meeting on 9 July 2013. Otherwise, all supervisory board members personally attended the meetings.

SUPERVISORY BOARD COMMITTEES The supervisory board set up five committees to fulfill its duties efficiently (executive committee, mediation committee, audit committee, agricultural committee and economic and social committee), each of which is made up of an equal number of shareholders' and employees' representatives. Some new members were elected to the committees at the supervisory board meetings on 15 May and 31 July 2013. The current members of the committees are presented in the notes under item 37 "Supervisory board and executive board".

In accordance with the recommendations of the German Corporate Governance Code, the chair of the audit committee is not the same person as the chair of the supervisory board.

The supervisory board executive committee met three times in fiscal 2013/14. The board discussed extending the terms of office of executive board members in its meetings on 15 May and 31 July 2013. The actual situation and forward plan regarding the Antitrust Authority case was discussed at the supervisory board meeting on 28 January 2014.

The audit committee convened five times during the year, in four meetings and one telephone conference. At its 6 May 2013 meeting and in the presence of the external auditors it discussed matters relating to the annual financial statements of Südzucker AG and the consolidated financial statements. It prepared the supervisory board financial review meeting - at which the chair of the audit committee reported - and subsequently approved the recommendations of the audit committee. In addition, it discussed the recommendation regarding the appointment of the auditors and checked their independence. At the 1 August 2013 meeting just after the annual general meeting, the audit committee discussed the auditor's quotation for the audit assignment and appointed the auditors. In the 8 October 2013 audit committee meeting, the auditors dealt with monitoring the accounting process, the effectiveness of the internal controlling system, the risk management system and the internal audit system, as instructed by the supervisory board. Another agenda item was the discussion of the half-year report. In the meeting on 9 July 2013, and the telephone conference on 9 January 2014, the audit committee discussed the Q1 and Q3 2013/14 quarterly reports with the executive board.

All members were either present or participating via telephone at the audit committee meetings and telephone conferences.

The agricultural committee met on 21 November 2013. Topics on the agenda included a business update by the agricultural/raw material markets division on the situation in the raw material markets, plus reports and discussions on the Rackwitz biogas project and common market agricultural policy in the EU from 2014 onward.

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

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

SUPERVISORY BOARD EFFECTIVENESS TEST In accordance with paragraph 5.6 of the German Corporate Governance Code, the supervisory board again conducted a test of its effectiveness. This is done annually using a questionnaire, with no outside assistance. Each year, the questionnaire is revised according to the latest changes to the code. The questionnaires were assessed in the meeting on 21 November 2013, at which time the results were discussed and improvement recommendations made. The aim is to continuously improve the work of the supervisory board and its committees.

COMPLIANCE On 21 November 2013, the executive board, external auditor, chairman of the supervisory board and audit committee sat for the regular fraud review meeting. One of the topics addressed at the meeting was the clean-up of the irregularities at AGRANA Fruit Mexico and the steps taken to date, as well as anti-fraud management. These same topics were also tabled at separate supervisory board and audit committee meetings.

CORPORATE GOVERNANCE A detailed description of corporate governance at Südzucker, including the wording of the supervisory board's diversity goals for its future composition and the declaration of compliance for 2013 issued by the executive and supervisory boards, can be reviewed in the corporate governance report. In addition, all relevant information is available on the Internet at www.suedzucker.de/en/Investor-Relations/Corporate-Governance/.

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

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

FINANCIAL STATEMENTS PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft (PwC), Frankfurt am Main, was selected by the shareholders at the annual general meeting at the recommendation of the supervisory board. The auditor has reviewed the financial statements and management report of Südzucker AG for fiscal 2013/14, the recommendation of the executive board for appropriation of retained earnings and the consolidated financial statements and management report for 2013/14, and issued an unqualified audit opinion on each of them. The auditor also confirmed that the executive board suitably complied with its duties as outlined in article 91, paragraph 2 of the German Stock Corporation Act (AktG). In particular, it established an appropriate information and monitoring system that meets the needs of the company and that appears suitable for early detection of developments that may threaten the company's survival.

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

The documents to be audited and the audit reports were sent to each supervisory board member in a timely manner. The auditor participated in the audit committee's 6 May 2014 meeting and in the supervisory board's financial review meeting of 14 May 2014, and provided a detailed report on the proceedings and result of its audit. After carefully reviewing the auditor's reports, the supervisory board agreed with the results of the audit. The results of the preliminary review by the audit committee and the results of its own review are in complete agreement with the results of the external audit. The supervisory board raised no objections to the audit reports submitted. In its meeting of 14 May 2014, it endorsed the financial statements for Südzucker AG and consolidated Südzucker Group financial statements prepared by the executive board. The financial statements of Südzucker AG are thus adopted. The supervisory board concurs with the executive board's recommendation regarding the distribution of a dividend in the amount of € 0.50 per share.

PERSONNEL The following changes occurred on the supervisory board in fiscal 2013/14:

Mr. Reinhold Hofbauer, Deggendorf, took early retirement on 15 July 2013, and resigned from the supervisory board. Mr. Günther Link, Oberickelsheim, chairman of the Works Council of Südzucker AG's Ochsenfurt factory and elected by the employees in 2012, succeeded him on the same day.

Mr. Manfred Fischer, Feldheim, retired on 31 August 2013. Ms. Nadine Seidemann, Donauwörth, member of the Works Council of Südzucker AG's Rain factory and elected by the employees in 2012, succeeded him on 1 September 2013.

Mr. Hans Hartl, Ergolding, resigned for age reasons from the board on 31 August 2013. The employees had not elected a successor during the 2012 elections. By order of the Mannheim registration court dated 19 September 2013, Ms. Petra Schwalbe, Berlin, chair of the eastern state area of the Gewerkschaft Nahrung-Genuss-Gaststätten was appointed as his successor.

The supervisory board sincerely thanks Messrs. Fischer, Hartl and Hofbauer for their long-standing commitment to the company's wellbeing.

Upon adjournment of Südzucker AG's annual general meeting of 1 August 2013, Prof. Dr. Markwart Kunz, who had been a member of the Südzucker executive board since 1 September 2003, retired and stepped down from the executive board. He deserves thanks and recognition for his extraordinary commitment to Südzucker Group.

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

Mannheim, 14 May 2014
On behalf of the supervisory board

DR. HANS-JÖRG GEBHARD
CHAIRMAN

SÜDZUCKER SHARES AND CAPITAL MARKET

Capital market environment

The European Central Bank (ECB) maintained its monetary policy and continued to provide the capital markets and the Eurozone nations with liquidity by keeping interest rates low and especially by purchasing the government bonds of the Euro-periphery states in 2013/14 as the EU debt crisis persisted. The policy to purchase government bonds from the peripheral EU states lowered the risk premiums these countries paid over government bonds with high investment grade credit ratings and thus mitigated their refinancing costs in the capital markets.

Partly due to the ECB's special measures and partly due to nascent economic reforms and the gradual improvement in the competitiveness of the Euro-periphery states, the EU's economic growth in the second quarter of 2013 came in at 0.3 %, expanding slightly for the first time in eighteen months.

In December 2013, the European Council of EU finance ministers reached agreement on the framework for a mechanism leading to an orderly liquidation of the Eurozone's troubled banks, starting in 2016. Thus the ministers added a second pillar to the European banking union, after delegating EU banking supervision to the ECB earlier. These measures significantly defused the confidence crisis in the eurozone and led to an easing of the EU debt crisis.

In line with its low interest rate policy, the ECB cut the European prime rate to a record low of 0.25 % in November 2013, after inflation in the Eurozone in October 2013 had fallen to 0.7 %. The low interest rates in the Eurozone reduced the return on government bonds with high quality credit rating and other assets, making stocks and real estate more attractive in view of their relatively low valuations compared to the beginning of 2013. The higher return expectations for shares caused an overweighting of European and US-American stocks, which was further spurred by the resolution of the US-American budget dispute at the close of October 2013.

The easing of the EU debt crisis also made investors in Germany more confident and, combined with relatively low share valuations, caused surplus liquidity to flow into shares on a broad basis. As a result, on 17 January 2014, the DAX® and MDAX® reached record highs of 9,743 and 16,947 points respectively. Further corporate earnings increases were thus priced into the stock markets before they were even reported.

The DAX® and MDAX® began 2013 at 7,779 and 12,149 respectively and after rallying almost without interruption closed at 9,692 (7,742) and 16,892 (13,301) respectively on Südzucker's balance sheet date 28 February 2014. For calendar 2013, the DAX® and MDAX® were up 26 and 39 %, making them once again among the best performing stock markets in Europe.

The euro benefited both from the confidence building measures of the European Council in charge of forming a banking union and the ECB's special measures and rose from € 1.31 to the US dollar at the beginning of 2013 to 1.38 on 28 February 2014. Please refer to the section "General and industry-specific environments" under the chapter "Business report" in the consolidated management report for further details regarding currency exchange trends.

Südzucker's share price performance

Südzucker's projected record operating profit for fiscal 2012/13 and expectations of a higher dividend drove the company's share price to an all-time high of € 34.01 in XETRA® trading on 8 March 2013. Subsequently external news such as lower world market sugar prices and speculations about the EU sugar market's future in terms of the Common EU agricultural policy (CAP) caused some initial

Südzucker share price movement vs. MDAX®

From 1 March 2013 to 28 February 2014
in €

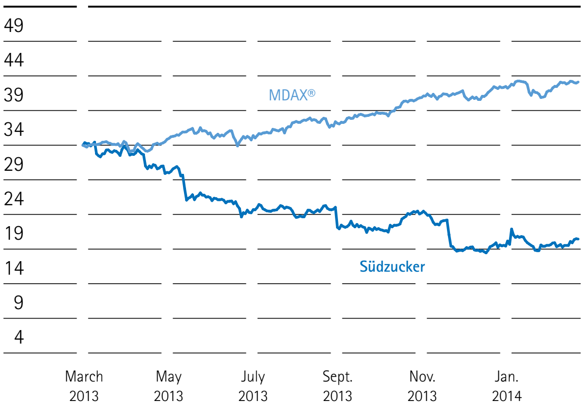


DIAGRAM 01

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

From 1 March 2009 to 28 February 2014
(Indexed) in %

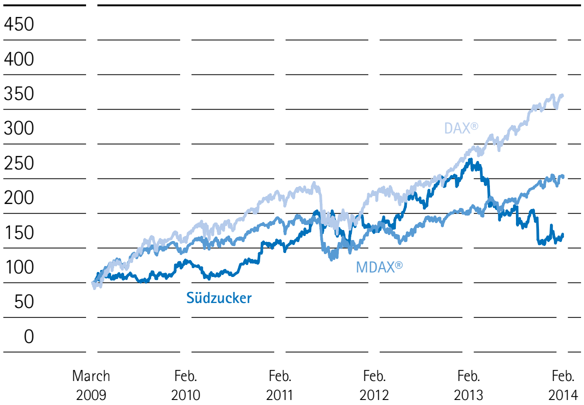


DIAGRAM 02

profit-taking in March and April 2013. At the analysts' conference on 16 May 2013, Südzucker announced that mainly as a result of higher raw material costs, earnings for the new 2013/14 fiscal year were expected to come in at about € 825 million, significantly lower than the record € 972 million earned the year prior. The EU decision on 26 June 2013 to let some of the main sugar market regulations expire at the end of September 2017 exerted further pressure on the stock price. The outlook adaptation on 21 November 2013 to an operating profit of about € 650 million as a result of shrinking EU sugar revenues drove the quotation down further. On 18 December 2013, Südzucker shares reached their lowest price of the financial year, € 18.18.

Confirmation of the forecast for the financial year in conjunction with the publication of the third quarter 2013/14 financial results on 13 January 2014, plus recovering world market sugar prices, strengthened the share price, so that by the end of Südzucker's fiscal year, 28 February 2014, the stock closed at € 20.15 in XETRA® trading. After several years of absolute growth, in fiscal 2013/14 Südzucker shares (taking into account stock price performance and dividends paid) declined 38 % while the DAX® and MDAX® rose 25 and 27 % respectively during the same period. Both indices benefited from the liquidity boom in fiscal 2013. For the first time in several years, the volatility of Südzucker shares increased. The higher volatility in comparison to MDAX® is expressed by the 52-week beta factor of 0.56 (0.27).

Long-term shareholder value

From a long-term perspective, Südzucker shares are still an investment with a high dividend yield, even though there was a correction of the previous year's high valuation in fiscal 2013/14.

The long-term value growth of the shares is demonstrated by the following example: A shareholder with a hypothetical portfolio of 1,020 Südzucker common shares on 1 March 2000 acquired at a price equivalent to € 9.80 per share or € 10,000, who used cash dividends (excluding tax credits) to re-invest in new shares and participated in capital increases by exercising his or her subscription rights; that is, without investing additional cash, would have had a portfolio worth € 37,046 on 28 February 2014, representing a cumulative net worth gain of 271 %. The average annual return of the Südzucker holdings over the entire period is 9.8 %, versus the average return of the MDAX® of 10.4 % and of the DAX® of 1.7 % p.a.

Long-term shareholder value

assuming reinvestment of dividends (excluding tax credit) and subscription rights
value in € thousands

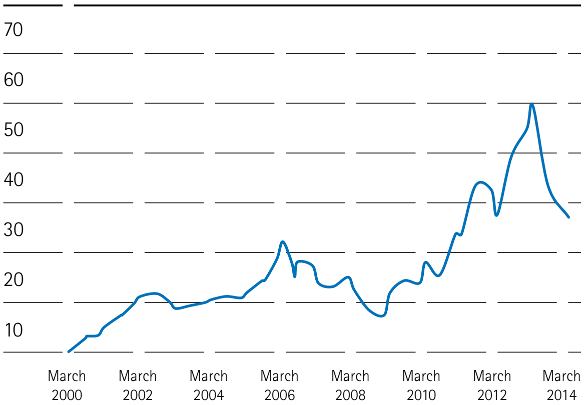


DIAGRAM 03

Market capitalization and indices

At an XETRA® closing price of € 20.15 per share and 204.2 million common shares outstanding, the company's market capitalization on the last trading day of 2013/14 fiscal year reached € 4.1 billion. Based on the free float of 38 %, the free-float market capitalization was € 1.6 billion. Südzucker thus ranked twenty-third on the MDAX®, or twenty-ninth based on free float market capitalization. The weighting on the MDAX® declined from 2.4 to 1.3 % as a result of the share price correction. Südzucker shares were also represented within the following key indices as of balance sheet date: MSCI® Germany/Europe and STOXX® Europe 600, which lists the 600 largest companies in Europe, measured by free float market capitalization.

The average trading volume of Südzucker shares on all German stock exchange rose from about 0.7 million to 1.2 million shares, or € 27.4 (20.2) million per trading day. With the significantly higher number of shares traded and lower average share price, trading volume for the fiscal year went from € 5.1 to 6.9 billion.

Südzucker share data

		2013/14	2012/13
Dividend [1]	€/share	0.50	0.90
Dividend yield	%	2.48	2.68
Average share price	€	24.23	27.39
High for the year	€	34.01	33.55
Low for the year	€	18.18	21.84
cashflow per share	€	20.15	33.55
Average trading volume/day [2]	thousand of shares	1,180	740
Market capitalization as of period end	€ million	4,114	6,850
Number of shares issued at € 1 (common stocks)		204,183,292	204,183,292
Earnings per share	€	1.38	3.08
Cash Flow per share	€	3.37	4.88
Price-earnings ratio [3]		14.6	10.9
Price-cash flow ratio [4]		6.0	6.9

[1] 2013/14: Proposal.
[2] Total daily trading volume on all German stock markets.
[3] Ratio of XETRA® closing price and earnings per share.
[4] Ratio of XETRA® closing price and earnings per share.

TABLE 01

Shareholder structure

The shareholder structure reflects the cooperation between the company and sugar beet farmers, which has been developed over decades. These long-term major investors form the backbone of the company's shareholder base. In fiscal 2013/14, the holdings of Süddeutsche Zuckerrübenverwertungs-Genossenschaft eG (SZVG) in Südzucker AG remained steady at 52 %. The second major shareholder, Zucker Invest GmbH, a subsidiary of Raiffeisen Holding Niederösterreich-Wien reg. Gen.m.b.H., Vienna, Austria continued to hold a share of about 10 %. The free float also remained steady at 38 %.

Investor Relations

In fiscal 2013/14, the investor relations team continued to report Südzucker Group's business performance comprehensively and transparently. One of the major priorities of last year's work was the Common Agricultural Policy from 2014 to 2020 adopted by the EU, which extended EU sugar quotas to 30 September 2017. The team outlined the key points of the EU's sugar policies as of 1 October 2017 and possible ramifications of the expiry of the sugar quotas, as well as Südzucker Group's investments in boosting its competitiveness. The corporate messages were delivered in many one-on-one talks, telephone calls and written correspondence to institutional and private investors, analysts and rating agencies. The communicationprinciples were transparency, balance and timeliness. The executive board and IR team used their own analysts' conference in Frankfurt and road shows in the key financial centers in Europe, the United States and Canada to deliver their presentations. They also held telephone conferences in connection with publication of the quarterly reports, during which the CFO presented the quarterly results and answered any questions posed by analysts and fund managers. Audio recordings of the events were made available to the public in a timely manner on Südzucker's website. Analysts at seventeen leading banks continued to regularly report on Südzucker shares and listed bonds last fiscal year.

Rating

Südzucker has been using Moody's ratings since 1991 with the objective to gain efficient capital market refinancing at risk-adjusted cost of capital .Standard & Poor's (S&P) started

Südzucker AG bonds

Bond	Coupon	Volume	ISIN	Listed on
Hybrid bond 2005 Perpetual NC 10 [1]	5.25 %	€ 700 million	XS0222524372	Luxembourg (official market)
Bond 2011/2018	4.125 %	€ 400 million	XS0606202454	Luxembourg (official market)

[1] Call right for Südzucker at the earliest as of 30 June 2015. This call right is subject to Südzucker having issued, within the twelve month preceding the redemption becoming effective, parity securities and/or junior securities under terms and conditions similar to those of the bonds against issue proceeds at least equal to the amounts payable upon redemption (according to § 6 para. 5 and 6 of terms and conditions).

TABLE 02

covering the company in 2003. Südzucker is thus one of only about forty German companies listed on the stock exchange that has a rating issued by the international rating agencies regarding the creditworthiness of the company as a whole and its listed bonds. In addition to optimized capital market financing, the rating provides Südzucker with financing options other than capital increases and bilateral bank lines of credit. Südzucker has had an investment grade rating since the time its rating was first published, which attests to the company's higher creditworthiness and profitability compared to companies with a non-investment grade rating. Institutional investors such as insurance companies and pension funds are often obligated by law or internal investment rules to only participate in financial instruments of companies with investment grade ratings, as the risk premium paid for these financial instruments and on the capital markets is lower.

Südzucker was again evaluated by Moody's and S&P in fiscal 2013/14. On 28 November 2013, Moody's confirmed the company's investment grade credit rating of Baa1 (company and bond rating) and lowered its outlook from positive to stable. Moody's continues to assess the hybrid bond with an equity credit of 75 %. S&P affirmed the investment grade rating of BBB+ on 24 June 2013, with a positive outlook. S&P continues to assess the hybrid bond with an equity credit of 50 %. The company's BBB+ rating was confirmed on 26 March 2014; however the outlook was lowered from positive to stable.

Dividend for fiscal 2013/14

The executive and supervisory boards will recommend to shareholders at the annual general meeting called for 17 July 2014 to vote on a dividend of € 0.50 per share. Based on 204.2 million shares outstanding, this translates into a distribution of € 102.1 (183.8) million.

Provided shareholders at the annual general meeting on 17 July 2014 vote in favor of the recommended dividend, the yield for Südzucker shares as of the record date 28 February 2014 will be 2.5 %.

Südzucker share stock market data

ISIN	DE 000 729 700 4
WKN	729 700
Stock exchanges	XETRA®, Xetra 2 (formerly floor trading Frankfurt), Stuttgart Munich, Hamburg, Berlin, Düsseldorf, Hanover (over-the-counter)
Ticker symbol	SZU
Reuters ticker symbol	SZUG.DE (XETRA®), SZUG.F (Xetra 2)
Bloomberg ticker symbol	SZU GY (XETRA®)

TABLE 03

CONSOLIDATED MANAGEMENT REPORT

ABOUT THE GROUP

Company profile, guiding principles, sustainability and strategy

Company profile

Südzucker has evolved from a regional sugar producer to an internationally operating company group: We are Europe's leading supplier of sugar products. The company's special products (functional food and animal feed ingredients, starch, chilled/frozen products and portion packs), CropEnergies (bioethanol) and fruit (fruit preparations/fruit juice concentrates) segments have strong market positions in their sectors. Their success is based on our core competencies, above all our broad-based expertise in the large-scale conversion of a wide variety of agricultural raw materials into high-quality products, especially into food for industrial customers and end users. Our marketing focuses on business-to-business clients. A strong ownership structure provides a reliable framework for the company's development.

Our goal is to work in concert with our shareholders, suppliers, customers and employees on responsibly shaping the future, based on a comprehensive vision of continued sustainable, profitable growth, earning a return on our invested capital and steadily improving shareholder value over the long term. At the same time, we want to appropriately consider the interests of future generations.

Our guiding principles

- Our aim is to compete fairly, set benchmarks in our business fields and continue to be successful by innovating, delivering high quality, excellent service and reliability.
- We have a long-standing tradition of conducting business sustainably – from the farming methods we apply to all commodities to our process along the entire value added chain.
- We strive to be a responsible employer helping its employees to fulfill their potential and valuing their individual personalities. The solid experience and expertise in marketing, sales and logistics we gain thereby make us a reliable partner.
- We strengthen Südzucker Group's innovation power with our own research and development and by cooperating with other parties.
- In the capital markets, we stand for transparency and an open dialogue with all stakeholders.

Our strategy

Our strategy continues to aim for sustainable, value oriented growth. To achieve this, we always focus on our core competencies and principles.

A sustainable corporate policy can only be realized by achieving long-term economic success. This is also a prerequisite to forward-looking investments and research projects. It is because of this that Südzucker's strategy is balanced between value-based, profitable growth and being economically, ecologically and socially responsible.

Megatrends driving segments' success

Overall, Südzucker Group's four segments conduct business in sectors that will benefit both in the medium and long term from megatrends such as the expanding world population, rising incomes - especially in the emerging countries – and the increasing demand for food, animal feed and energy. We aligned our business fields early with the greater demand for agricultural raw materials, food, animal feed and energy. Further global population growth and the changing dietary habits in the emerging nations due to rising incomes will continue to drive growth and offer new opportunities.

Seizing business segment opportunities

We want both our traditional sugar division and our other business operations to take advantage of opportunities, either through organic growth, alliances or acquisitions. We aim to be number one or a strong number two in our target markets. Our company's strong cash flow and investment grade rating give us excellent access to international capital markets and are very important to achieving this goal. We maintain a reasonable risk exposure by diversifying our portfolio of products and services and spreading it across a wide range of geographic locations. In doing so, we always focus on having a solid financing strategy.

Personnel development a top priority

The success of our company is embodied and supported by the interdisciplinary competence, experience, social skills and commitment of our 18,500 employees world-wide. Personnel development and continuing education thus take center stage at Südzucker.

Positioning when general industry framework changes as of the 2017/18 sugar marketing year

Südzucker expects to have an excellent starting position after the minimum beet price and quota regulations expire on 30 September 2017. Südzucker is Europe's largest supplier of beet sugar and has high-performance factories in the most competitive beet growing regions of Europe. The main advantages of producing in these European core markets, which are close to industrial customers and the key sugar consumption markets, are logistical. The company's portfolio of sweetener products is complemented by raw and white sugar imports as well as starch saccharification products. Here too, Südzucker enjoys a leading market position in Europe. Long-term partnerships with important sugar producers in the LDCs and ACP countries will also secure a portion of the sugar supplies in future. Südzucker will continue to cut the sugar segment's costs and improve its logistics processes to continually improve its competitiveness.

Growth outside Europe

The export market will in future be a major contributor towards strengthening the company's market position. Elimination of the minimum beet price and quota regulations as of 2017 means that there will no longer be restrictions on exports for European beet sugar, as has been the case to date. In general, global sugar consumption is expected to continue to increase 2 to 3 % per annum – from the current 168 million tonnes to about 200 million tonnes by 2020. Südzucker can take advantage of this additional market potential by increasing the load factor of its existing beet sugar factories and producing more sugar. A key building block of this strategy is the interest acquired in the British trading company ED&F Man, which in addition to having its own production facilities and shares of other companies – especially outside Europe – is a leading trader in global sugar markets.

Sustainability as a competitive advantage

Since its founding in the nineteenth 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 raw materials to produce high quality products for the food industry, end users and industrial applications. That is why sustainability has traditionally been a fixed and practiced component of corporate strategy, in which the environment, social and business needs are in harmony. Sustainability is also an important corporate value among the major food producers, and it is increasingly influencing purchasing decisions related to sugar.

In 2013, Südzucker conducted a status quo analysis on sustainability in the sugar segment. The aim of this analysis was to identify ways to more broadly document the way the company has for decades continuously improved its agricultural sugar beet cultivation methods. Südzucker is in talks with the Sustainable Agriculture Initiative (SAI). One of the first steps was to test practical implementation of SAI guidelines in alliance with a number of farmers that deliver sugar beets to Südzucker companies.

Südzucker's Saint Louis Sucre and Raffinerie Tirlemontoise are also participating in the EcoVadis sustainability initiative. EcoVadis gives Südzucker customers an overview of sustainability parameters such as those relating to the environment, personnel, health and safety on the job, fair business practices and purchasing.

Based on these results further options for a sustainability reporting will be examined.

We create value that generates sustainable, rewarding corporate growth.

SUSTAINABILITY OF EVERYTHING FROM RAW MATERIALS TO FINISHED PRODUCTS HAS TRADITIONALLY BEEN EMBEDDED IN THE COMPANY'S GUIDING PRINCIPLES AND CORPORATE STRATEGY.

Raw materials

When refining raw materials, Südzucker strives to continuously improve the efficiency of the entire value added chain. Conserving natural resources begins with carefully selecting the agricultural raw materials we process, such as sugar beets, grain, chicory and fruits. This is why Südzucker chooses only raw material suppliers that meet high quality standards. Our sugar beet business clearly demonstrates that planting and harvesting methods can be optimized by working with farmers' academic and research associations, our in-house research department, our Bodengesundheitsdienst division and other research institutions such as the Sugar Beet Research Institute in Göttingen and the International Institute for Beet Research. With this background, we are able to provide farmers with comprehensive advisory services on soil treatment, seed selection, fertilization, plant protection, soil fertility and continuously work towards making sugar beet cultivation more sustainable, efficient and competitive.

The agricultural raw materials Südzucker uses come mainly from European fields. They comply with the EU's cross compliance principles and associated constraints on the agricultural industry, which aim to ensure that the cultivation of agricultural raw materials is 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.

Production

Südzucker ensures that methods used to processes agricultural raw materials to make sugar, functional food and animal feed ingredients, bioethanol, starch and fruit products are sustainable and that the company is the quality leader in this field. The focus here is on effectively managing quality and continuously improving our production systems. The goal is to fully utilize the input raw materials. For example, Südzucker reintroduces byproducts of the beet refining process 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. For example, co-generation systems and systems that are suitable for multiple energy sources underlie the company's above-average energy efficiency. In addition, most 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. The company ensures that it produces at least 35 % less greenhouse gases at its bioethanol plants than plants that produce conventional gasoline, rising to 50 % effective 2017, in compliance with biomass sustainability regulations and the RedCert certification system. A second biomass power station is currently being built at BENEO in Chile.

Social responsibility

Another aspect of sustainable business management is accepting social responsibility. Among other things, social responsibility is embedded in Südzucker's code of conduct regarding corporate social responsibility, which it introduced in 2011. 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.

The company's employees are key pillars of its success, and our corporate culture reflects appreciation and respect. Südzucker consistently offers its employees training and continuing education in order to help them realize their career goals throughout the entire organization. Südzucker also strives to cultivate long-term employee retention by offering appropriate social benefits and working conditions. An average length of service of twelve years – almost twenty years at Südzucker AG – is a testament to the success of these policies.

Quality

Sustainability at Südzucker is also demonstrated by the quality and safety of the products the company produces. Südzucker consistently works to high technical standards and complies with internationally recognized quality assurance and quality management systems (ISO 9001: 2008, ISO-22000: 2005, GFSI-equivalent standards, GMP + International, quality and safety).

Group structure and corporate management

Sugar segment

SÜDZUCKER	• Belgium: 2 sugar factories
	• Germany: 9 sugar factories
	• France: 4 sugar factories, 1 refinery
	• Poland: 5 sugar factories
	• Moldova: 2 sugar factories
	• Agriculture
AGRANA	• Bosnia: 1 refinery • Austria: 2 sugar factories • Romania: 1 sugar factory, 1 refinery • Slovakia: 1 sugar factory • Czech Republic: 2 sugar factories • Hungary: 1 sugar factory

Special products segment

beneo	• Functional ingredients for food: inulin, oligofructose, Isomat, Palatinose™, rice derivatives and wheat gluten • Ingredients for animal food • Ingredients for non food and pharmaceutical sectors • 5 production locations around the world
Freiberger	• Frozen and chilled pizza as well as frozen pasta dishes and snacks • 5 production locations in Europe
PortionPack Europe	• Portion packs • 6 production locations
AGRANA	• Starch for food and non-food sectors as well as bioethanol • 5 production locations in Europe

CropEnergies segment

crop. energies	• One of the leading European manufactors of sustainably produced bioethanol, predominantly for the fuel sector • 4 production locations in Europe

Fruit segment

AGRANA	Fruit preparations (AGRANA Fruit) • Fruit preparations for international food companies • 26 production locations around the world
AUSTRIA JUICE	Fruit juice concentrates (AUSTRIA JUICE) • Fruit juice concentrates, fruit purees, natural flavors, beverage ingredients and pure juice for the fruit juice industry • 14 production locations in Europe and China

Group structure
Südzucker AG Mannheim/Ochsenfurt, a German Stock Corporation based in Mannheim, is the parent company of Südzucker Group and also its largest operating company. The consolidated financial statements include the parent company Südzucker AG and 159 (158) other entities, of which Südzucker AG is directly or indirectly the majority shareholder. Proportionate consolidation was applied to 13 (eight) companies and the equity method continues to be applied to two (two) companies. For additional details about Südzucker's share ownership in other companies, please see the list of shareholdings in item 38 "Significant investments" in the notes to this annual report.

Südzucker Group comprises four segments: sugar, special products, CropEnergies and fruit. The sugar, special products and fruit segments are further subdivided into 13 divisions that manage the operating businesses. The CropEnergies segment is managed as an independent corporate entity.

The group's business units and central departments engage in the following activities: business administration/controlling, purchase of operating supplies, purchase of maintenance supplies and services, finance and accounting, research/development/services, animal feed/byproducts, engineering, investor relations, food law/consumer policies/quality assurance, properties/insurance, public relations, organization/IT, personnel, legal, audit, taxes, strategic corporate planning/group development/shareholdings, sugar/sales, sugar/production and sugar/beets. Administrative tasks are handled at shared finance centers and research activities at several research centers.

SUGAR SEGMENT The sugar segment comprises the sugar business unit with four divisions; in Belgium (Raffinerie Tirlemontoise S.A., Tienen), Germany (Südzucker AG, Mannheim/Ochsenfurt), France (Saint Louis Sucre S.A., Paris) and Poland (Südzucker Polska S.A., Wroclaw) and distributors in Greece, Great Britain, Italy and Spain. The AGRANA sugar division's production operations are located in Bosnia, Austria, Romania, Slovakia, the Czech Republic and Hungary.

There is also a sugar production division in Moldova (Südzucker Moldova S.A., Chisinau) and an agricultural division (Südzucker AG, agricultural/commodity markets division and Agrar und Umwelt AG Loberaue, Rackwitz).

SPECIAL PRODUCTS SEGMENT The special products segment is comprised of four divisions: BENEO, Freiberger, PortionPack Europe and AGRANA's starch and bioethanol businesses. BENEO produces and sells functional food additives made from natural raw materials. The products have dietary and technology benefits when used in food and animal feed. Freiberger Group produces deep-frozen and chilled pizzas, as well as deep-frozen pasta dishes and snacks and focuses strongly on the private label business. PortionPack Europe specializes in developing, packaging and marketing portion packs. The starch division comprises starch companies in Hungary and Romania, bioethanol producers in Austria and Hungary, as well as Austrian potato and corn starch producers.

CROPENERGIES SEGMENT Südzucker Group's bioethanol business is managed by its CropEnergies segment and includes four production sites – in Germany, Belgium, France and Great Britain – and trading activities in Brazil, Chile and the United States. CropEnergies AG, a listed company, is a leading European manufacturer of sustainably produced bioethanol for the fuel sector. CropEnergies owns 50 % of CT Biocarbonic GmbH, which has been operating a food-grade CO2 liquification plant in Zeitz since 2010. In fiscal 2013/14, CropEnergies bought British bioethanol producer Ensus, thereby boosting its annual production capacity from 0.8 to 1.2 million m^3 of bioethanol.

FRUIT SEGMENT The fruit segment is comprised of the fruit preparations division (AGRANA Fruit) and the fruit concentrates division (AUSTRIA JUICE). The fruit segment's companies conduct business around the globe and supply international food companies, especially in the dairy, baked goods, ice cream and soft drinks industries.

Group management
Südzucker AG's executive board independently manages the businesses and is supervised and guided by the supervisory board. The executive board is bound to work in the corporation's interests and is responsible for increasing long-term shareholder value. The executive board members are jointly and severally responsible for managing the entire company. Notwithstanding the overall responsibility of all executive board members, individual board members bear sole responsibility for decisions made concerning the portfolios they handle. The executive board's rules of procedure outline the details of the board's work. Südzucker AG's articles of association stipulate that important business transactions are subject to agreement by the supervisory board.

The executive board is responsible for appropriate risk monitoring and management at the company and ensures that the law, regulatory codes and internal corporate guidelines (compliance) are adhered to. It also makes sure that executive management positions are appropriately filled.

The segments'/divisions' management organizations manage the business in accordance with national laws and Südzucker's internal rules and procedures. The company uses a matrix organizational structure, whereby the line functions are supported and advised by central departments, which are authorized to issue directives for certain tasks.

VALUE BASED MANAGEMENT The corporation's policies focus on steadily improving shareholder value. Südzucker's value based management system aims to earn a higher return on capital employed than the cost of capital in each segment and division and thus generate added value for the company's shareholders.

Südzucker uses a consistent group-wide reporting and budgeting system together with centrally defined key indicators such as operating profit and return on capital employed to achieve this value based corporate management.

When calculating operating profit, earnings from ordinary activities reported in the income statement are adjusted to exclude any special items. Capital employed comprises tangible fixed assets owned by the company, plus acquired goodwill and working capital as of the record date. Return on capital employed, or ROCE, is the ratio of operating profit to capital employed. Südzucker calculates the cost of capital for the operational assets as the average cost of equity and debt capital. The costs of equity are specified for the segments and divisions taking into account the respective country and business risks. Südzucker Group currently uses no non-financial performance indicators to manage its businesses; only the aforementioned financial performance indicators are considered relevant.

FINANCING MANAGEMENT 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 financing basis is the company's investment grade rating, which secures the company's access to equity and loan financing instruments. Südzucker an optimal mix of financial instruments, taking into consideration terms to maturity and interest rates, including hybrid equity capital, bonds, promissory notes and bilateral bank credit lines. The specific 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. Südzucker uses mainly commercial papers in the amount of € 600 million and syndicated loans to satisfy these current financing needs.

The capital structure is managed based on a long-term outlook and focuses on the factors associated with an investment grade rating. The key indicators Südzucker uses to manage 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).

Additional information on operating profit per segment and key indicators related to capital structure are outlined in the "Business report" section. Item 21, "Intangible assets" in the notes to the annual report outlines in detail how the costs of equity are derived. Additional information regarding financing management and details about the financial instruments used are provided in the notes to the financial statements under item 30, "Financial liabilities, securities and cash and cash equivalents (net financial debt)".

RESEARCH AND DEVELOPMENT, PRODUCT SAFETY, QUALITY MANAGEMENT

Major projects/overview

Südzucker AG's research, development and technical services department is a central unit that offers services to all of the various segments and divisions of the group's companies, no matter in what country they are based. The scope of work encompasses the entire value chain, from agricultural production-related activities to development in the various product areas. These include sugar and sugary specialty products, functional carbohydrates, rice-based products, wheat proteins, fruit preparations, fruit juice concentrates, starch and bioethanol.

Its core mandate includes developing new food industry products, as well as creating concepts for food ingredients produced by Südzucker Group in order to successfully introduce them to the market. Additional priorities include optimizing product quality and improving production process energy efficiency. R&D analyzes production processes and takes into consideration new technologies in order to continually expand and improve the company's product lines. It develops and prepares custom product solutions based on carbohydrates for the non-food sector. It is also charged with developing product concepts for animal feed and nutrients using byproducts of the primary production streams. The unit also has the mandate to directly support production, sales, marketing, procurement and business development.

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

The research, development and technical services work is carried out by 405 (374) employees, and total expenditures for research, development and technical services in 2013/14 were € 42,5 (41.6) million. In fiscal 2013/14, the company filed ten patent applications to protect its expertise and strengthen its market position, particularly in the field of functional food ingredients and starch derivatives.

The key work being done in the various areas is summarized below.

Sugar and sugary specialties

PROCESS TECHNOLOGY Process technology activities continue to focus on increasingly strict product quality specifications and systematic optimization of the energy consumed at various stages of the existing processes. In addition to providing ongoing services to the sugar factories during the campaign, R&D is responsible for all phases of the investment projects for new process optimization systems, from design to commissioning, through testing and analysis. Last fiscal year there was a particular focus on installing low-temperature drying systems, the objective being to save energy and cut emissions. An additional priority was to investigate the extraction systems in an effort to boost sugar yield.

FONDANT The recipes for fondant are being adjusted to meet the market requirements of international customers. By adding allergen-free ingredients, R&D created fondant varieties with functional attributes such as color, aromatic flavors and freeze/thaw stability that meet the demand for clean labeling. In addition, developers further optimized the production process to improve especially the consistency and the shelf life of the fondant products.

CARAMEL The product range has been expanded thanks to newly installed combustion technology. The main application areas in the food sector continue to be baked goods and beverages.

COMPRI-SUGAR R&D was able to adjust the product properties by varying the process parameters in order to meet customer specifications in the confectionery and pharmaceutical industries.

RETAIL PRODUCTS The department develops retail products throughout the group for both brand-name and brand-labeled products. The range was extended by introducing new types of sugar cubes; for example, smaller ones, as well as icing sugar for different types of fruit.

Functional ingredients for food and animal feed

Dietary and physiological aspects
The objective of conducting scientific dietary research is to reinforce the physiological properties and health-related statements for BENEO Group's products.

PALATINOSE™ Extensive studies on the impact of Palatinose™ on metabolic regulation, fat metabolism and body weight were continued.

INULIN The European authority for food safety (EFSA) endorsed a health claim application on the reduced blood glucose effect of inulin products. This paves the way for approval of a claim to this effect and clears the path for new applications of inulin products and foods. Other important projects included scientific dietary studies on the positive impact of inulin and fructooligosaccharides on intestinal activity, weight loss and obesity-associated diseases.

Application technology/ product and process development
GALENIQ™ Scientific studies aiming to support the sensory profile of galenIQ™ continued. GalenIQ™ properties are particularly advantageous for use in tablets, coated products and syrups.

INULIN The department further developed product concepts for using inulin in baked goods, dairy products and cereals. The recipes were optimized with a view toward texture, taste profile and appearance. Recipes in which rice starches improving texture are used in addition to inulin are especially important.

ISOMALT Further work was done on establishing the technological advantages of isomalt when used as a sweetener in chewing gums. A changed approach allows the use of isomalt in the chewing gum base of coated, strip and liquid-filled chewing gums.

PALATINOSE™ Developers continued to focus on soft caramels and baked goods applications for Palatinose™. Work continued on enhancing non-adhesive, transparent glazings based on Palatinose™ and sugar for packaged baked goods.

RICE STARCH Development work continued on the production of functional rice starches and flours. When native rice starches and flours were treated by exclusively physical means, their properties were improved to such an extent that their application profile compares to that of chemically modified starches. This makes the starches of interest for clean label products.

Special rice starches that impart structural characteristics were developed for dairy products, baked goods and meats. Rice starches can be used to improve the texture and taste of increasingly popular gluten-free baked goods.

GLUTEN The gluten production process was further enhanced. The goals were to increase protein yields and product quality.

Starch

The focus in the starch division continues to be on developing product concepts for various applications in the food sector and technical areas.

FOOD Expanding application-related expertise is the main focus in the food starch area. The development of products customers are demanding is being accelerated using new analysis and testing methods. For example, developers were able to expand the organic starches product portfolio. The organic delicatessen industry prefers the newly developed organic starches.

Research also focused on developing soluble dietary fibers made from potato and corn starches. The products, called transglycosylated dextrins, were produced on a pilot project and the dietary and technology benefits investigated in a joint study with the veterinary university in Vienna. Tests to decolorize and dry these products and adjust the process parameters to increase the amount of dietary fibers are pending.

NON-FOOD In the technical starch applications sector, the trend to substitute synthetic products with renewable starch continues. This is being driven not only by sustainability and environmental concerns, but also economic benefits that favor the use of these products in the market.

The almost complete replacement of synthetic latex by special modified starch products is happening above all in the paper industry, especially in the surface treatment area. The idea is also gaining momentum in application areas such as textiles and construction. Starch properties, particularly the high solubility and binding strength, are key competitive advantages.

The market is increasingly calling for starch-based adhesives that have the potential to replace synthetic components. Newly developed starches have been used to create safe everyday products such as craft glues and glue sticks for do-it-yourselfers. Newly developed starches have also been used to formulate ready mixed glues and pastes for mechanically processing paper products. These "green glues" have impressive ecological advantages and excellent properties for use in a variety of applications.

Biodegradable organic materials are becoming increasingly popular with consumers. Specially modified thermoplastic starches have been developed to create products used in large volumes to produce cast iron materials for products used by farmers, gardeners and vintners. New thermoplastic starches with special features are also being developed to facilitate entry into other bioplastics markets.

Bioethanol

Developers were able to optimize enzyme use at all CropEnergies production sites and thereby boost bioethanol yield. The department also focused on identifying and executing projects with the potential to save energy. The molecular sieve systems at all of the factories were also analyzed and optimized. This substantially boosted bioethanol production in Wanze, Belgium.

The recommended process and technical modifications for energy savings programs for the raw material digestion, thick stillage and distillers grain pelletization areas were successfully implemented in Zeitz. Work continues on the concept of producing taste- and odor-neutral potable alcohol by connecting the syrup plant to the new starch system. In Wanze, developers confirmed that the steps to boost production capacity during continuous operation have been successfully implemented. The project to optimize small grain milling to reduce contaminant input was also completed. Following the takeover of Ensus, the department has been helping with commissioning at the site in Great Britain. Work has commenced on validating and modifying the processes to bring them in line with CropEnergies standards. After making various process and technical adjustments, the production system was quickly restarted. There is further potential for optimization and work is continuing on identifying process and technical modifications that will bring the system in line with the standards implemented at CropEnergies production sites. Developers identified and implemented measures to directly track quality related parameters of the process in Loon-Plage, France.

R&D also handled process-related questions to support sales in connection with ethanol quality and standardization. In Germany and Europe, the department also helped with the ethanol and ethanol-based fuels standardization process.

Research is also big conducted on producing C4 elements using biochemical and chemical-catalytic methods. The research work is focused on converting ethanol to butyl alcohol by chemical-catalytic means and fermentation processes that generate the desired C4 products directly from biomass. The material is being proposed as a starting compound for fuel additives and can also be used as chemical feedstock. Thanks to the development of new catalysts in combination with an optimized process, it appears that it will be possible to economically implement this process in future.

Fruit

Work at AGRANA's center of innovation and expertise is focused on a multi-year project to continuously improve the quality of fruit preparations. The aim is to achieve and guarantee the best possible natural textures of the pieces of fruit, while at the same time maintaining the fruits' flavors. A system has been developed that enables researchers to identify improvement potential in the various areas of the refining process and take appropriate actions. Some of the key fiscal 2013/14 projects included optimizing the raw materials in Morocco, especially strawberries, testing various post-harvest treatments, identifying significant process parameters, evaluating innovative cauldrons, introducing innovative stabilization systems and working with systems integrators of filling and dosing equipment for the dairy and beverage industries.

New technologies

BIOENERGY/BIOGAS Biogas is an important component of bioenergy supplies. To achieve the German Federal Government's climate targets, it will be necessary to feed biomethane; that is, treated biogas, into the natural gas network. Appropriately sized industrial biogas plants are being used with increasing success in this area. In conjunction with the startup of new Südzucker Group biogas plants in Poland, Moldova and Germany, the department examined substrate quality and the impact of trace elements and installed the associated analytical systems.

PROTEINS Research and development work is focused on extracting valuable functional proteins from the bioethanol plant process streams. The products exhibit interesting technical properties, such as outstanding solubility in water. Work is continuing on preparing further plant-based proteins for the market.

ALGAE BIOTECHNOLOGY Südzucker is participating in a study sponsored by the Federal Ministry of Food and Agriculture (BMEL) on the use of the pure biogenic CO_2 produced during ethanol fermentation to grow algae. Joint research is being conducted with scientific institutes and partners on algae biomass containing starch in closed photobioreactors. The focus is on using starch as the main component for producing ethanol and evaluating the properties of the algae proteins that collect in parallel. The lab results on the work conducted so far have proved so promising that a pilot plant consisting of twenty-four photobioreactors with a volume of 180 liters each will be started up in 2014. Using fermentation CO2 for making algae biomass is an ideal complement to the closed loops used in biorefinery designs and supports political greenhouse gas emission reduction goals.

Product safety and specification management

The project in the sugar segment and at BENEO and CropEnergies to harmonize the criteria for purchased additives, packaging and materials that come into contact with products was completed. From now on, packaging materials used throughout the group will be documented in order to gain insight into the materials, how and where they are used and which approvals apply. The aim is to utilize synergies and offer our European and international customers identical standards.

Work continued on harmonizing the specifications for BENEO Group. A modular information package consisting of process and product specific information, as well as quality information that exceeds specifications was also prepared. It continues to be updated. The department also reviews customer questions and prepares appropriate answers that can be used throughout the group.

R&D continuously keeps on top of product safety laws. They are evaluated for their impact on the food and animal feed products produced by the sugar segment, BENEO and CropEnergies and any changes are implemented as required.

Quality management

IFS FOOD SAFETY STANDARD Version 6 of the IFS food standard, which includes the new chapter on food defense, has been in force since 1 July 2012. It summarizes all preventive measures necessary to avoid intentional adulteration of foods; for example, its deliberate contamination. The food defense programs required by the IFS standards have been implemented successfully at all Südzucker AG sugar factory sites and their effectiveness endorsed by auditors.

QM AND HACCP HARMONIZATION Work on harmonizing the sugar segment's quality management systems continued in fiscal 2013/14. This included standardizing the test programs and specifying the requirements for transporting sugar.

EMPLOYEES

In fiscal 2013/14, the average number of employees rose by just under 3 % to 18,459 (17,940). About 110 former British-based Ensus Ltd. people were added to CropEnergies' payroll, raising the total from 321 to 430 employees. There were also slight increases in the sugar, special products and fruit segments.

Employees by segment

	2013/14	2012/13	+/– in %
Sugar	8,173	8,034	1.7
Special products	4,485	4,401	1.9
CropEnergies	430	321	34.0
Fruit	5,371	5,184	3.6
Group	**18,459**	**17,940**	**2.9**

TABLE 04

Employees by geographic areas

	2013/14	2012/13	+/– in %
Germany	4,056	4,099	– 1.0
Other EU	9,758	9,410	3.7
Other countries	4,645	4,431	4.8
	18,459	**17,940**	**2.9**

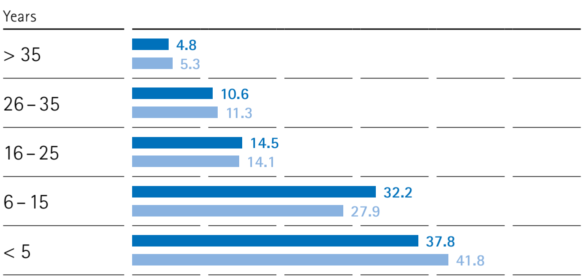
TABLE 05

As before, almost one-quarter of all employees work in Germany; slightly more than half in other EU countries. Just under 10 % work in the Eastern European countries and some 15 % in other countries around the world. This international composition gives us a diverse workforce that contributes significantly to the company's success and brings with it a very wide range of expertise, experience and ideas. The increased interaction between regional and functional responsibilities resulting from the introduction of a matrix organization at Südzucker ten years ago further accelerated this internationality. The success of the teamwork depends largely on how well the international partners and colleagues communicate. To ensure good communications, employees have to be sensitized to potential differences in communications cultures and agree on a common set of rules and values. After this, the positive effects of diversity might unfold and set the stage for creativity and innovation. As such, seminars and workshops on intercultural teamwork and communications are essential elements of Südzucker Group's international personnel development programs. For example, the fourteenth international "On-Boarding" program, which serves as a venue where employees who have been with the company from two to five years can share experiences and develop a sense of bonding in the spirit of acting transnationally, was held last fiscal year.

The company expects diversity to evolve independent of affirmative action policies by governments. Südzucker hires its employees solely on the basis of their qualifications, performance and willingness to learn.

The number of women in the workforce and all segments is about 34 %, comparable to last year. Given the technical nature of the work, the percentage of women has settled at a relatively satisfactory level. At Südzucker, women always have the same opportunities as men. Vacancies are filled according to suitability and qualifications. Strongly promoting one gender would necessarily discriminate against the other to some extent. Our long-term goal for the future is to increase the number of women holding management positions, but we will not establish a quota. The share of women participating in our international "On-Boarding" programs for management recruits is 35 %.

Length of service in years in %



As of 31 January 2014

DIAGRAM 04

Employees according to age group in %

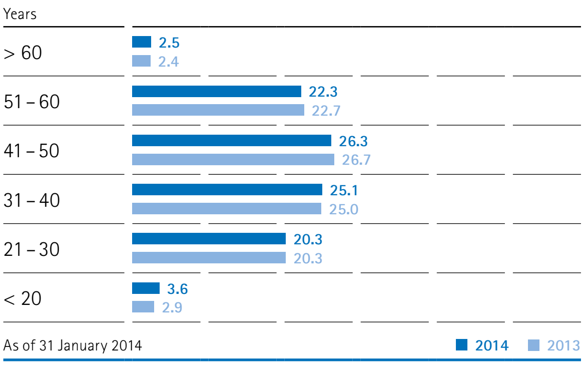


DIAGRAM 05

EMPLOYEE AGE STRUCTURE There were only minor changes in the employee age structure compared to last year. The workforce is almost equally distributed across the relevant age groups.

PERSONNEL DEVELOPMENT AND HEALTH MANAGEMENT Südzucker offers its employees a wide range of excellent training courses and seminars. In addition to technical training, programs to improve soft skills play an especially important role. The activities range from special coaching for managers to time and conflict management seminars. Südzucker thus encourages its employees' personal growth and creates a basis for career development at Südzucker Group.

Ideally, work should generate self-affirmation and recognition and bring structure to daily activities – two important elements of good mental health. Here Südzucker focuses on avoiding or reducing negative stress in the workplace. The key approach is to encourage employees to manage themselves and show them opportunities and tools, recognize, use and develop their own resources, in order to achieve a sensible and productive work-life balance. The group companies also meet their obligations toward employees by offering various health-related projects and programs.

EMPLOYEE QUALIFICATIONS Südzucker continues to have a high percentage of apprentices – over 9 % in Germany – and now trains young people for ten different types of jobs. The dual education system provides a solid foundation for being able to fill future vacancies in both trades and administration with qualified recruits, in spite of the difficulties arising from the changed demographic framework. The first steps for providing similar basic training for young people after finishing school are now being taken in Belgium, where Südzucker subsidiary Raffinerie Tirlemontoise is pioneering a new program.

Südzucker continues to offer international training programs to university graduates in the field of raw materials and engineering, which very effectively prepare them for the many fields of activity within the group and give them an excellent footing for a career at the company.

IMPROVING EMPLOYER APPEAL Südzucker offers a wide variety of prospects at the company and the ability to work under conditions that offer a balance between work and career as part of its policy to boost its appeal as an employer. The company takes advantage of the changing media culture to interactively communicate with potential applicants emphasizes the use of social media to communicate these policies to the outside world, and especially to address potential recruits. Here Südzucker presents itself as an authentic and open employer that employees, interns and external people might assess via various media platforms. Special blogs are available for apprentices, trainees, employees and managers to share their impressions of working at Südzucker and offer others a picture of what goes on behind the scenes.

OCCUPATIONAL HEALTH AND SAFETY Occupational health and safety programs and initiatives are a high priority at Südzucker Group. The number of work accidents has declined steadily over the past few years and the statistics are very solid compared with other industry sectors. The severity of accidents has also been reduced, so that accident-related lost work hours are also at a very low level overall. This speaks to the success of all those who for many years have worked diligently on dealing with such issues and continuously brought potential hazards to the attention of employees.

Südzucker is never satisfied with the status quo. Both employees and managers are closely integrated into the countless preventive measures. This includes systematically assessing health and safety hazards in the workplace, regularly inspecting equipment and tools, preparing operating instructions and repeatedly training employees. In parallel, the processes at the plants are evaluated from a safety perspective, which also provides valuable information related to optimizing the plants' technology and processes.

Regular campaign days are conducted at the various sites to make employees aware of health and work safety issues, point out potential hazards and give them food for thought. Every month, a particular theme is highlighted in detail and presented in various ways.

EMPLOYEE SUGGESTION PROGRAM The number of improvement suggestions submitted at Südzucker AG, CropEnergies AG and BENEO Palatinit GmbH in Germany in fiscal 2013/14 again rose slightly. This together with the continuously high premiums paid out are a testament to the quality of the suggestions and to how strongly the employees are motivated to share their specialized expertise and improve the company's processes.

EUROPEAN WORKS COUNCIL The annual meeting of the European Works Council, a panel of representatives from the group's companies in Germany, Austria, Belgium, France, Poland, Hungary and the Czech Republic, was held in Salzburg, Austria in July 2013. The focus was on transnational topics, and a comprehensive overview of AGRANA Group's activities was presented as well.

THANK YOU FROM THE EXECUTIVE BOARD The executive board thanks all Südzucker Group employees, whose commitment, expertise and motivation contributed to the success of the company last fiscal year. We are especially thankful for the loyalty and attachment the employees demonstrated toward the company during this time of change. We overcame the past challenges as a team and together we will also overcome all future challenges. We thank the employee representatives for their always constructive cooperation in the interests of the employees and the company.

CORPORATE GOVERNANCE

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 website (www.suedzucker.de/en/Investor-Relations/Corporate-Governance/Corporate-Governance-Bericht_Erklaerung_zur_Unternehmensfuehrung/).

Supervisory board and executive board operating procedures

The following summary outlines the operating procedures of the executive and supervisory boards in accordance with article 289a, paragraph 2, item 3 of the German Commercial Code (HGB).

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 29 January 2013.

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, Limberg, Austria, is also a member of Südzucker AG's executive board and the CFO of Südzucker AG. Mr. Thomas Kölbl, Speyer, 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 reports regarding planning, business developments and the group's situation to the supervisory board – in writing and at regular meetings. Risk management and compliance are additional key reporting topics. If necessary, extraordinary meetings are held with the supervisory board to discuss important issues. The supervisory board has established rules of procedure for its work, which are in force as per the version dated 26 November 2009. The shareholder representatives and employee representatives always meet separately to prepare the supervisory board 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. The term of office of all supervisory board members runs until the adjournment of the annual general meeting in 2017, at which shareholders will vote on ratifying the board's actions for fiscal 2016/17. Mr. Erwin Hameseder, Mühldorf, Austria, is the supervisory board's and audit committee's financial expert with specialized expertise and experience in the use of accounting principles and internal control procedures. There are no former Südzucker AG executive board members on the supervisory board.

DIVERSITY GOALS As per a resolution passed on 25 November 2010, which was confirmed by the newly constituted supervisory board on 20 November 2012, the supervisory board will aim for the following diversity targets in its future 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 especially 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.

The degree to which these goals have been achieved as of the time of this report are as follows: Voters at the 2012 annual general meeting reelected the current shareholder representatives. The supervisory board currently has at least two independent members, which satisfies code requirements ("not independent" as per item 5.4.2 of the German Corporate Governance Code is anyone who has a personal or business relationship with the company, its organs, a controlling shareholder or company associated with these, which could result in a material and not merely temporary conflict of interest). At least two members especially meet the criterion of "internationality". The supervisory board has two women members as of 1 and 19 September 2013.

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 version dated 26 November 2009. In addition, the audit committee's rules of procedure version dated 21 July 2009 apply to the audit committee.

The current members of the committees are presented in the notes under item 37 "Supervisory board and executive board".

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, having 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.

2014 ANNUAL GENERAL MEETING The invitation to the annual general meeting scheduled for 17 July 2014, 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 website (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 process.

Details regarding risk management are outlined in the risk 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. The audit committee reviews the executive board's interim and the half-year reports together with the board members prior to publication. They are not audited or reviewed by external auditors.

The consolidated financial statements and Südzucker AG's financial statements were audited by Pricewaterhouse-Coopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Frankfurt/Main, the accounting firm elected by shareholders at the 2013 annual general meeting. The audit was carried out in accordance with the International Standards on Auditing (as applicable to the consolidated financial statements), German audit procedures and in consideration of the principles of proper auditing as outlined by Germany's Institute of Public Auditors. It also included an audit of the early warning system for risks.

As part of the agreement with the auditor, the supervisory board instructed the auditors to immediately report to the supervisory board concerning any possible disqualification or bias issues encountered during the audit, as well as any material findings or events arising during the course of the audit. There was no need to report to the supervisory board in this regard during the audit for the 2013/14 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 mid-year 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 and annual reports. An audio recording of the telephone conferences (including the associated presentations) is posted shortly afterwards for all investors to download from Südzucker's website, 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 website, www.suedzucker.de, also offers extensive information about Südzucker Group and Südzucker shares and corporate bonds.

FINANCIAL CALENDAR The scheduled dates of key recurring events and publications, such as the annual general meeting, financial statements press conference, analysts' conference and interim reports, are summarized in a financial calendar. The calendar is published well in advance and is always available at Südzucker AG's website. It is printed on the cover pages of this annual report.

Corporate governance report

Corporate governance aims to ensure that companies are managed and controlled responsibly and that they provide long-term shareholder value. The following corporate governance report is prepared in accordance with article 289a, paragraph 2, item 1 of the German Commercial Code (HGB). Effective and efficient cooperation between the executive and supervisory boards ensures transparency and fulfills the need to keep shareholders and the public fully informed in a timely manner. The corporate governance report published here by Südzucker AG complies with legal requirements and the German Corporate Governance Code rules as per the 2013 amendment.

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

Südzucker regards the current version of the German Corporate Governance Code dated 13 May 2013 as largely balanced, practical and of a high standard when compared internationally. As in previous years, we did not feel the need 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.

2013 Declaration of Compliance

The mutual declaration of compliance by the executive board and supervisory board for 2013 and prior years is posted on Südzucker's website (www.suedzucker.de/en/Investor-Relations/Corporate-Governance/Entsprechenserklaerung/). The current declaration reads as follows:

"The executive board and the supervisory board of Südzucker AG Mannheim/Ochsenfurt adopted the resolution on 21 November 2013 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 complied with the version of the Government Commission German Corporate Governance Code dated 15 May 2012, and will in future comply with the recommendations in the version dated 13 May 2013, with the following exceptions:

ITEM 4.2.2 – VERTICAL COMPARISON OF EXECUTIVE BOARD REMUNERATION The supervisory board is charged with assessing the appropriateness of the executive board's remuneration. In doing so, it takes into consideration the company's salary and wage structure. The supervisory board's view is that the formal procedure recommended in item 4.2.2, paragraph 2, clause 3 is unnecessary, since it would not improve the quality of any decisions.

ITEM 4.2.3 – CONTENTS OF EXECUTIVE BOARD CONTRACTS None of the executive board contracts include any caps on variable compensation (see item 4.2.3, paragraph 2, clauses 6 and 7). As we read the code, it does not require retroactive amendment of existing contracts. Furthermore, it would not be feasible to engage in any such unilateral action, nor would it be appropriate. Neither does the supervisory board intend to institute caps in future, since they would impair the company's ability to respond flexibly to unforeseeable future developments and to reward extraordinary performance.

The agreements with the executive board members include a company pension, which is calculated mainly as a fixed percentage of their fixed remuneration. The right to future pension benefits and the associated payments are therefore not derived from a predefined benefit, which is why the company currently does not comply with the recommendations in item 4.2.3, paragraph 3. Neither is there any intent to change the existing pension system, which the supervisory board considers equitable.

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.

ITEM 4.2.4 – INDIVIDUAL EXECUTIVE REMUNERATION
Shareholders at the annual general meeting of Südzucker AG Mannheim/Ochsenfurt resolved on 20 July 2010 to waive disclosure of individual remuneration of executive board members for five years. The company therefore does not disclose executive's individual remuneration in its compensation report.

ITEM 5.3.2 PARAGRAPH 3 – INDEPENDENCE OF THE CHAIR OF THE AUDIT COMMITTEE Dr. Jochen Fenner is chairman of the audit committee. He is also CEO of Süddeutsche Zuckerrübenverwertungs-Genossenschaft eG (SZVG), a majority shareholder of the company. We consider it reasonable that a majority shareholder be represented on the supervisory board of the company and its committees. It is our opinion that having Dr. Jochen Fenner act as chair of the audit committee is in the best interests of the company and all its shareholders.

ITEM 5.3.3 – SUPERVISORY BOARD NOMINATION 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.

ITEM 5.4.1 – DIVERSITY GOALS, COMPOSITION OF THE SUPERVISORY BOARD The supervisory board endeavors to achieve satisfactory 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.

ITEM 5.4.6 – INDIVIDUAL SUPERVISORY BOARD REMUNERATION Our company's articles of incorporation stipulate that supervisory board members receive performance-based pay tied to the dividend. In our view, this policy aligns the supervisory board's interests with those of the shareholders.

We report the total remuneration of the supervisory board. In our view, the benefits of reporting individual board members' remuneration bear no reasonable relation to the associated invasion of the individuals' privacy. Neither does a breakdown of fixed and performance-related components provide any additional useful information because of the transparent nature of the company's remuneration policies. As a result, neither the corporate governance report, nor the notes nor the management report contain information about individual supervisory board members' compensation. Neither is a breakdown of fixed and performance related components reported."

Remuneration
Südzucker AG's executive board compensation consists of a fixed annual base salary, variable incentive components and a company pension plan, which are mainly based on a fixed percentage of the annual base salary, plus 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 statutory requirement regarding a term longer than one year is met by basing the variable component on the average dividend of the three previous fiscal years, starting sequentially with the dividend for 2011/12. The total remuneration of executive board members is presented under item 36 "Related parties" of the notes to the annual report.

The supervisory board is compensated in accordance with article 12 of Südzucker AG's articles of incorporation, which states that each member of the supervisory board be paid a fixed annual salary of € 1,000 and a variable annual salary of € 1,000 per € 0.01 of distributed dividend above € 0.04. Reimbursement for expenses and statutory value-added tax are additional. 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 provided the respective committee has convened during the financial year. The total compensation for the services of the supervisory board members is presented under item 36 "Related parties" of the notes to the annual report.

As discussed in detail in the declaration of compliance, Südzucker AG does not disclose the level of compensation of individual executive and supervisory board members because the benefits of such information bear no reasonable relation to the associated invasion of their privacy. The same applies to a breakdown of the fixed and performance related components of their pay.

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 (AktG) 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. The D&O insurance deductibles for the executive and supervisory board members have been adjusted accordingly.

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

In fiscal 2013/14, a member of the supervisory board sold 200 Südzucker shares at an average price of € 32.79 per share.

Compliance – corporate policy

The following summary relates to disclosures about corporate policy regarding compliance in accordance with article 289a, paragraph 2, clause 2 of the German Commercial Code (HGB).

Compliance
For Südzucker, compliance; that is, operation in accordance with laws and company policies, is a standard part of good corporate management. At Südzucker, practicing compliance is not merely the responsibility of the executive board, but also the managers of all of the group departments, divisions and subsidiaries or companies in which Südzucker Group holds an interest. The purpose of the compliance management program is to ensure that the company, its management bodies and employees conduct themselves in accordance with applicable laws. The goal is to prevent employees from breaking any laws and to help them apply laws and corporate guidelines properly and professionally. Accordingly, the program is continuously enhanced and regularly checked against current requirements.

Existing Südzucker Group corporate rules were incorporated into the compliance management system policies and various compliance-critical company departments and activities were integrated into the program. The compliance management system is based on the principles of "knowledge" (informing and training), "compliance" (verifying and documenting) and "improvement" (reporting and acting). Violations of external and internal rules are not tolerated. Any indication of wrongdoing is investigated.

Compliance activities and the compliance organization were again enhanced last fiscal year. The management culture focus on transparency and corporate principles in particular was continuously enhanced to strengthen the compliance culture.

Südzucker's group-wide compliance principles as outlined below 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. Concrete examples of how these principles apply, especially with respect to antitrust laws and corruption prevention, are continuously distributed to provide additional confidence about proper dealings with competitors and proper handling of gifts and invitations.

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. The corporate compliance principles serve as a guideline. They highlight key issues that are very important in day-to-day practice. The corporate compliance principles are published at Südzucker's website at www.suedzucker.de/en/Investor-Relations/Corporate-Governance/Compliance-Unternehmensgrundsaetze/.

Südzucker applies the laws currently in force and expects no less from its employees and business partners. The corporate principles list key items that are particularly important in practice:

- *Compete fairly*
  Südzucker is fully committed to competing fairly, and especially to complying 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 protective rights granted to 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 open and cooperative relationship with all governing authorities. Information shall be provided completely, correctly, in a timely manner and in a comprehensible form.

Südzucker provides its employees with the necessary information sources and advice to enable them 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 representatives 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 to the compliance officer, the compliance representatives and the executive board immediately.

Antitrust case

After the launch of the antitrust investigations by the Federal Antitrust Authority in March 2009, Südzucker further strengthened its compliance program. Training courses are being conducted to avoid violation of antitrust laws and competitor contacts are subject to approval by the executive board. The program is being intensively pursued, with due consideration of the knowledge acquired due to the antitrust case.

Disclosures on takeovers

The following disclosures provide further details in accordance with articles 289, paragraph 4, 315, paragraph 4 of the German Commercial Code (HGB) and an explanatory report as per article 176, paragraph 1, clause 1 of the German Stock Corporation Act (AktG); they form part of the audited group management report.

COMPOSITION OF SUBSCRIBED CAPITAL AND VOTING RIGHTS As of 28 February 2014, Südzucker's subscribed capital is amounting to € 204,183,292 million and consists of 204,183,292 bearer shares, each of which represents a notional holding of € 1 per share. The company held no treasury shares as of the period end.

VOTING RIGHTS, SHARE TRANSFERS All shares entitle holders to the same rights and each share is worth one vote at the annual general meeting. Voting rights for the shares may be restricted as per German Stock Corporation Act regulations. Under certain conditions, shareholders may not be entitled to vote (article 136 of the German Stock Corporation Act (AktG)).

A voting agreement exists between Süddeutsche Zuckerrübenverwertungs-Genossenschaft eG (SZVG), Stuttgart, and Zucker Invest GmbH (Zucker Invest), Vienna/Austria, one of the companies of the registered Raiffeisen Holding Niederösterreich-Wien cooperative with limited liability (Raiffeisen-Holding), Vienna/Austria. Additional voting agreements exist between companies of the Raiffeisen group. Furthermore, SZVG has an option to buy 18,797,796 of Zucker Invest's Südzucker shares and Zucker Invest has an option to buy 246,368 of the Südzucker shares held by SZVG.

SÜDZUCKER AG SHAREHOLDINGS EXCEEDING 10 % The company knows of two direct equity investments in the company that exceed 10 %: SZVG owns about 52 % of total share capital and Zucker Invest about 10 %. Raiffeisen-Holding and its associated companies hold a direct interest via Zucker Invest. The shareholdings are reciprocally attributed to the companies, so that each hold a share of about 62 % of total share capital, according to the German Securities Trading Act.

SHARES WITH SPECIAL RIGHTS, VOTING RIGHTS CONTROL FOR SHARES HELD BY EMPLOYEES 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.

APPOINTMENT AND DISMISSAL OF EXECUTIVE BOARD MEMBERS Executive board members are appointed and dismissed by the supervisory board in accordance with articles 84 and 85 of the German Stock Corporation Act (AktG) and article 31 of the German Codetermination Act (MitbestG). In accordance with article 5, item 2 of Südzucker AG Mannheim/Ochsenfurt's articles of incorporation in the current version dated 25 September 2013, the supervisory board determines the number of executive board members and the supervisory board has the authority to appoint deputy members.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION Amendments to the articles of association are governed by articles 179 and following of the German Stock Corporation Act (AktG). Article 22 of the articles of incorporation authorizes the supervisory board to make amendments to the company's articles of association that only affect the wording.

AUTHORITY OF THE EXECUTIVE BOARD, ESPECIALLY AS RELATES TO ISSUING AND BUYING BACK SHARES Subject to approval by the supervisory board, the executive board is authorized to increase the company's share capital once or several times up until 31 July 2018 by up to € 12,000,000 by issuing new no-par value bearer shares in exchange for cash contributions and/or contributions in kind, for the entire amount or in tranches (Authorized Capital 2013). Subject to approval by the supervisory board and according to article 4, paragraph 4 of the articles of incorporation, the executive board may exclude subscription rights of shareholders in certain cases, provided the shares issued under exclusion of the subscription rights do not exceed 3 % of total share capital, neither at the time of the coming into force of this authorization, nor at the time of exercising same. Details are outlined in article 4, paragraph 4 of the articles of association. Authorized Capital 2013 has not been utilized to date.

Shareholders at the 20 July 2010 annual general meeting authorized the executive board to buy back up to 10 % of the company's total share capital existing at that time until 19 July 2015 in accordance with article 71, paragraph 1, item 8 of the German Stock Corporation Act (AktG). 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 be charged against net retained earnings or other revenue reserves. The executive board was also authorized, subject to approval by the supervisory board, to sell the shares 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. Details are provided in the authorization approved at the annual general meeting on 20 July 2010.

CHANGE OF CONTROL AND COMPENSATION AGREEMENTS Südzucker AG Mannheim/Ochsenfurt has signed an agreement with a bank consortium giving it access to a line of credit in the amount of € 600,000,000. In the event of a change of control, each member of the bank consortium would under certain conditions have the right to terminate the line of credit and its share of the outstanding loans, and demand immediate repayment of same, including interest. Other than that, there are no material agreements pursuant to article 315, paragraph 4, clause 1, item 8 of the German Commercial Code (HGB) that would be affected by a change of control resulting from a takeover offer. Compensation agreements with members of the executive board or in favor of employees that would come into effect in the event of a change of control do not exist either.

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

BUSINESS REPORT

General and industry-specific environments

In 2013, global economic growth was quite moderate at about 2 %, just under that recorded for 2012. Overall, Europe's growth lagged in view of the pressure to consolidate government finances in conjunction with moderate consumer demand. Growth varied from region to region. While Western Europe was stagnant overall, Germany's gross domestic product expanded by 0.4 %. The economies in the Central and Eastern European countries grew 1.3 %. Potential growth in the United States was not fully tapped due to the repeated budget disputes and the associated automatic expenditure cuts. Still, the United States contributed to an increase in the NAFTA region's economic growth of 1.7 %. Because of weak growth in the industrialized countries, the emerging nations also reported relatively weaker growth rates. Still, the Chinese economy again expanded by a robust 7.3 %, although this growth was supported by government funding aimed at dampening the effects of a temporary weak period in the second quarter. Growth in India lost momentum due to weaker consumption and dwindling business confidence, but still came in at 4.6 %. In Brazil, the economy grew 2.5 %, driven by rising investments, as consumer spending grew only moderately.

Exchange rate fluctuations between the euro and the US dollar were less severe over the course of 2013 than in the previous year. This is attributable to the easing of the confidence crisis in the Eurozone, spurred by the founding of the European banking union, economic reforms and special monetary measures by the central bank. The European Central Bank maintained its low interest policy and cut the European prime rate to a record low of 0.25 %. The euro started the year at a USD 1.30/€ and by mid-year was trading in a range between USD 1.28 and 1.33/€. Thanks to the first successes from economic reforms in the peripheral EU nations, the Eurozone's economy grew at 0.3 % for the first time after eighteen months of recession. As a result, the euro began rising steadily in the second half of the year. At the end of the fiscal year, one euro was worth 1.38 US dollars, representing an increase of about 6 % in fiscal 2013/14. The average for the year was USD 1.33/€, higher than the prior year's USD 1.29/€.

The Chilean and BRIC nations' (Brazil, Russia, India and China) currencies depreciated sharply. One of the reasons was the tapering announced by the US Federal Reserve in midyear 2013, which signaled rising prime and bond interest rates in the United States. Weak fundamentals added to the selloff of emerging nations' currencies. The devaluation of the Brazilian real was mainly due to the increase in the current account deficit driven by weaker economic growth and high inflation. Efforts by the Brazilian central bank to stem the tide by raising the prime rate were unsuccessful. Weak economic data and a rising current account deficit were also the main reason for devaluation of the Chilean peso. Chile, an important raw material export nation, is particularly dependent on the price of copper, which dropped sharply over the course of last year. During the period covered by Südzucker's fiscal year, the value of the Chilean peso compared to the US dollar plunged 18 %.

The world market price for sugar also slid sharply over the course of the fiscal year. Due to extraordinary market interventions by the EU commission, quota sugar inventories in the EU sugar market rose.

Expectations of an improved global grain harvest caused wheat prices to drop. European bioethanol prices nosedived at the end of 2013.

While the market for fruit preparations shrank in the EU, it grew in other parts of the world, especially North America. The market for beverages with a high fruit juice concentration again shrank slightly in Western Europe.

For details about industry-specific business conditions please refer to the information in the various segment reports.

Südzucker Group business performance – earnings

Revenues and operating profit

		2013/14	2012/13	Change %
Revenues	**€ million**	**7,735**	**7,879**	**– 1.8**
EBITDA	€ million	933	1,246	– 25.1
Depreciation on fixed assets and intangible assets	€ million	– 275	– 274	0.3
Operating profit	**€ million**	**658**	**972**	**– 32.3**
Restructuring costs/ special items	€ million	– 115	– 17	> 100
Income from operations	**€ million**	**543**	**955**	**– 43.2**
EBITDA margin	%	12.1	15.8	
Operating margin	%	8.5	12.3	
Investments in fixed assets	€ million	383	338	13.3
Investments in financial assets/acquisitions	€ million	22	183	– 87.8
Total investments	**€ million**	**405**	**521**	**– 22.1**
Capital Employed	€ million	5,975	5,950	0.4
Return on Capital Employed	%	11.0	16.3	
Employees		18,459	17,940	2.9

TABLE 06

REVENUES AND OPERATING PROFIT Group consolidated revenues for fiscal 2013/14 just ended came in at € 7,735 (7,879) million, not quite matching last year's result. Higher revenues in the special products, CropEnergies and fruit segments were offset by lower numbers in the sugar segment. On the heels of a record result in 2012/13, group consolidated operating profit dropped sharply in fiscal 2013/14 as forecast to € 658 (972) million, driven mainly by the significantly lower numbers reported by the sugar segment. Earnings contributions from the CropEnergies and special products segments were also below last year's, while the fruit segment's contribution grew.

CAPITAL EMPLOYED AND RETURN ON CAPITAL EMPLOYED (ROCE) Capital employed came in at € 5,975 (5,950) million, the same as last year. Here the decline in the special product's and fruit segment's numbers were offset by an increase in the sugar segment and CropEnergies. Due to the lower operating profit of € 658 (972) million, ROCE was down sharply to 11.0 (16.3) %.

Income statement

€ million	2013/14	2012/13	Change %
Revenues	**7,735**	**7,879**	**– 1.8**
Operating profit	658	972	– 32.3
Restructuring costs and special items	– 115	– 17	> 100
Income from operations	**543**	**955**	**– 43.2**
Income from companies consolidated at equity	20	13	54.2
Financial result	– 61	– 102	– 40.2
Earnings before income taxes	**502**	**866**	**– 42.0**
Taxes on income	– 112	– 132	– 14.8
Net earnings	**390**	**734**	**– 46.9**
of which attributable to Südzucker AG shareholders	282	592	– 52.5
of which attributable to hybrid capital	26	26	0.0
of which attributable to minority interests	82	116	– 29.0
Earnings per share (€)	**1.38**	**3.08**	**– 55.2**

TABLE 07

INCOME FROM OPERATIONS Income from operations of € 543 (955) million for fiscal 2013/14 breaks down into the reduced operating profit of € 658 (972) million plus the results of restructuring and special items of € – 115 million (-17) million.

RESULT FROM RESTRUCTURING AND SPECIAL ITEMS The result from restructuring and special items was posted at € – 115 (– 17) million. Of the total, € 155 million is attributable to the antitrust fine levied on the sugar segment. This was offset by € 44 million, which amount was a reimbursement for excess production levies paid during the 2001/02 to 2005/06 sugar marketing years. Included also are expenses of € 6 million that were incurred in the CropEnergies segment before the Ensus bioethanol plant was started up in fall 2013. CropEnergies acquired British bioethanol producer Ensus Limited, based in Wilton, Great Britain in July 2013, thereby expanding the group's annual production capacity by 400,000 m3 of bioethanol and 350,000 tonnes of protein-based animal feed (DDGS). The special products segment reported insurance claim settlements related to the explosion of a spray dryer at the BENEO-Orafti inulin factory in Chile. Last year, the result from restructuring and special items included among other things € 6 million in the sugar segment in connection with its successfully concluded legal case related to market regulation risks in 1995 and expenses of € – 19 million in the fruit segment related to irregularities at the AGRANA Fruit Mexico subsidiary and reorganization of the European fruit preparations business.

INCOME FROM COMPANIES CONSOLIDATED AT EQUITY Income of € 20 (13) million from companies consolidated at equity includes the company's share of earnings from London-based British trading house ED&F Man Holdings Ltd. and a joint-venture distributor.Last year, the prorated share of earnings from ED&F Man was reported for the first time as of the second quarter of 2012/13.

FINANCIAL RESULT The financial result improved to € – 61 (– 102) million in fiscal 2013/14. Interest expense dropped markedly, going from € – 52 million to € – 39 million as average debt declined year-over-year and interest rates also retreated. The cost of other financing activities totaled € – 22 (– 50) million. Financing of subsidiaries in the emerging nations and Eastern Europe and a stronger euro compared to the US dollar had a negative impact. Since the 2009/2016 convertible bond was redeemed in fiscal 2012/13, there were neither option premium expenses during fiscal 2013/14, nor any charges related to the early redemption of the convertible bond in November 2012.

TAXES ON INCOME Earnings before taxes were down to € 502 (866) million and as a result taxes on income declined to € – 112 (– 132) million. A one-time tax yield of € 76 million resulting from the successful conclusion of a long-standing appeal before the financial courts regarding taxation issues surrounding the Foreign Tax Act was included last year. As a result, the comparable tax expense last year was € – 208 million. The group's tax rate was 22 % versus an adjusted rate of 24 % during the same period last year.

CONSOLIDATED NET EARNINGS Of the consolidated net earnings of € 390 (734) million, € 282 (592) million were allocated to Südzucker AG shareholders, € 26 (26) million to hybrid bondholders and € 82 (116) million to other minority interests, mainly the co-owners of AGRANA Group and CropEnergies Group.

EARNINGS PER SHARE Earnings per share came in at € 1.38. Last year, earnings per share of € 3.08 reflected the aforementioned one-time tax yield of € 76 million or € 0.40 per share resulting from the successful conclusion of a tax appeal. The adjusted earnings per share for the same period last year were € 2.68. The calculation is based on the time-weighted average of 204.2 (192.6) million shares outstanding.

Investments and financing – financial position

Cash flow statement

€ million	2013/14	2012/13	+/- in %
Cash flow	689	996	– 30.9
Increase (–)/decrease (+) in working capital	24	– 220	-
Investments in fixed assets			
Sugar segment	197	203	– 3.3
Special products segment	116	89	30.9
CropEnergies segment	18	11	65.8
Fruit segment	52	35	48.4
Total investments in fixed assets	383	338	13.3
Investments in financial assets/ acquisitions	22	183	– 87.8
Total investments	405	521	– 22.3
Increases in stakes held in subsidiaries	193	0	-
Capital increase/decrease	62	291	– 78.7
Dividends paid	– 259	– 208	24.6

TABLE 08

CASH FLOW Cash flow reached € 689 (996) million, down from last year, as was net earnings following the record result of 2012/13.

WORKING CAPITAL The improved cash availability resulting from a reduction of € 24 million in working capital compares to tied up funds of € – 220 million last year and was primarily driven by lower inventory prices and volumes and lower trade receivables.

INVESTMENTS IN FIXED ASSETS Investments in fixed assets (including intangible assets) totaled € 383 (338) million. The sugar segment's investments of € 197 (203) million were mainly for replacements and process, energy efficiency and logistics improvements. The increase in the special products segment's investments to € 116 (89) million was driven primarily by the construction of the wheat starch factory in Pischelsdorf, Austria and energy efficiency improvement programs. The CropEnergies segment invested € 18 (11) million, largely to improve production systems and efficiencies. The fruit segment invested € 52 (35) million, mainly in fruit preparations, especially the construction of a fruit preparations factory in Lysander, New York.

INVESTMENTS IN FINANCIAL ASSETS Investments in financial assets totaled € 22 (183) million. The reported number relates primarily to additional monies paid for the achievement of earnings targets defined during the acquisition negotiations for British trading company ED&F Man Holdings Ltd., based in London, Great Britain. CropEnergies' purchase of Ensus was financed by issuing new shares of CropEnergies AG, which is why there was no cash outflow to the vendor. Last year, investments in financial assets of € 181 million were for the acquisition of an 25 % minus one share interest in ED&F Man.

ADDITIONAL SUBSIDIARY SHARE PURCHASES AND CAPITAL INCREASE The additional subsidiary share purchases relate primarily to shares of AGRANA Beteiligungs-AG, Vienna, Austria, where Südzucker's interest went from 38.3 to 49.6 %. The cash injection from the capital increase totaling € 62 million was primarily from share acquisitions by an Austrian shareholder in AGRANA. The year prior the cash injection of € 291 million was from the Südzucker AG capital increase associated with the buyback of the convertible bond.

PROFIT DISTRIBUTION Profit distributions throughout the group in the fiscal year just ended totaled € 259 (208) million and included € 184 (132) million paid out to Südzucker AG's shareholders and € 75 (76) million to other shareholders.

DEVELOPMENT OF NET FINANCIAL DEBT The cash inflow from operating activities of € 714 million, comprised of the cash flow of € 689 million and the freed up working capital was greater than the € 405 million required to finance investments. The free cash flow of € 309 million was used for profit distribution of € 259 million within the group and the purchase of AGRANA shares. The net result was a € 97 million increase in net financial debt, which ended at € 561 (464) million. The ratio of net financial debt to cash flow as of the record date was 0.8, a number that continues to be seen by the capital markets as a very solid financial indicator.

Balance sheet – assets

Balance sheet

€ million	28 February 2014	28 February 2013	+/– in %
Current assets			
Intangible assets	1,193	1,189	0.3
Fixed assets	2,729	2,633	3.6
Remaining assets	506	492	2.8
Non-current assets	**4,428**	**4,314**	**2.6**
Inventories	2,387	2,568	– 7.1
Trade receivables	931	1,026	– 9.2
Remaining assets	982	898	9.4
Current assets	**4,300**	**4,492**	**– 4.3**
Total assets	**8,728**	**8,806**	**– 0.9**
Liabilities and shareholders' equity			
Equity attributable to shareholders of Südzucker AG	3,305	3,264	1.3
Hybrid capital	684	684	0.0
Other minority interests	674	783	– 13.9
Shareholders' equity	**4,663**	**4,731**	**– 1.4**
Provisions for pensions and similar obligations	658	688	– 4.4
Financial liabilities	687	808	– 15.0
Remaining liabilities	282	287	– 1.7
Non-current liabilities	**1,627**	**1,783**	**– 8.8**
Financial liabilities	531	287	84.8
Trade payables	1,160	1,317	– 11.9
Remaining liabilities	747	688	8.6
Current liabilities	**2,438**	**2,292**	**6.4**
Total liabilities and shareholders' equity	**8,728**	**8,806**	**– 0.9**
Net financial debt	561	464	20.9
Equity ratio in %	53	54	0.0
Net financial debt as % of equity (gearing)	12	10	0.0

TABLE 09

NON-CURRENT ASSETS Non-current assets rose € 114 million to € 4,428 (4,314) million. This was mainly due to the € 96 million that were added to fixed assets when CropEnergies acquired British-based Ensus, bringing the total to € 2,729 (2,633) million. Also included here are the investments of € 383 (338) million last fiscal year in fixed assets. Depreciation remained almost constant at € 275 (274) million. The € 14 million increase in other assets sums the total up to € 506 (492) million, mainly because of the increase in the book value of € 36 million for companies consolidated at equity, bringing that total to € 226 (190) million. Intangible assets rose slightly to € 1,193 (1,189) million, while goodwill came in almost unchanged.

CURRENT ASSETS Current assets declined by € 192 million to € 4,300 (4,492) million. The main reason is the reduction of € 181 million in inventories to € 2,387 (2,568) million resulting from lower prices and volumes, particularly in the sugar segment. In addition, trade receivables were down € 95 million to € 931 (1,026) million due to lower prices, whereas other assets rose by € 84 million to € 982 (898) million. The latter include EU receivables totaling € 103 (1) million for reimbursement of excess production levies that were paid during sugar marketing years 2001/02 to 2005/06. The reimbursement includes the claims filed by beet farmers.

SHAREHOLDERS' EQUITY Shareholders' equity declined € 68 million to € 4,663 (4,731) million; the equity ratio was slightly less than last year at 53 (54) % as total assets contracted. The higher equity of Südzucker AG shareholders of € 3,305 (3,264) million was partially offset by the € 109 million decline in other non-controlling interests, which ended at € 674 (783) million, mainly because of the additional interest acquired in AGRANA Beteiligungs-AG.

NON-CURRENT LIABILITIES Non-current liabilities fell € 156 million to € 1,627 (1,783) million. The € 121 million decline in non-current financial liabilities to € 687 (808) million results mainly from repayment of long-term bank loans, which ended at € 279 (402) million. Provisions for pensions and similar obligations were reduced by € 30 million to € 658 (688) million, especially as a result of valuation adjustments. Other liabilities declined € 5 million to € 282 (287) million. This includes tax liabilities totaling € 75 (95) million.

CURRENT LIABILITIES Current liabilities rose € 146 million to € 2,438 (2,292) million. This item includes an increase in current financial liabilities of € 244 million, bringing the total to € 531 (287) million. Bank loans were higher at € 414 (260) million and € 90 (0) million were borrowed via the commercial paper program.Other liabilities rose € 59 million to € 747 (688) million. These relate to reimbursing beet farmers for excess production levies collected during sugar marketing years 2001/02 to 2005/06. The EU is obliged to reimburse the funds to the sugar industry no later than September 2014, which in turn will reimburse the beet farmers. The cost of acquiring the minority shares in AGRANA Bioethanol GmbH by AGRANA Stärke GmbH is also contained therein. On the other side of the balance sheet, trade payables fell € 157 million to € 1,160 (1,317) million, € 693 (860) million of which consists of liabilities to beet growers for beets delivered during the 2013 campaign. These expenses were lower because of the smaller harvest.

NET FINANCIAL DEBT Net financial debt rose € 97 million to € 561 (464) million as of 28 February 2014. The ratio of net financial debt to equity reached 12 (10) %.

The group's long-term financing requirements as of 28 February 2014 were covered by € 408 (406) million in bonds, € 110 (156) million in promissory notes and € 169 (246) million in long-term bank loans.

Short-term financing as of the record date was in the form of short-term bonds totaling € 117 (27) million, of which € 90 (0) million attributed to commercial papers with one to two-month maturities. Südzucker did not draw on its syndicated credit line of € 600 million. AGRANA borrowed € 77 (10) million against its credit line of € 450 million. As of the record date, Südzucker Group had access to adequate liquidity reserves of € 1.4 billion, consisting of non-utilized syndicated credit lines and other bilateral bank credit lines.

Value added, capital structure and dividend

Value added

€ million	2013/14	2012/13	2011/12	2010/11	2009/10
Operating profit	**658**	**972**	**751**	**521**	**403**
Capital employed	5.975	5,950	5,707	5,314	5,374
Return on Capital employed (ROCE)	11,0 %	16.3 %	13.2 %	9.8 %	7.5 %

TABLE 10

In 2013/14, return on capital employed (ROCE) fell to 11.0 % from 16.3 % following last year's record result, driven by the sharply lower operating profit of € 658 (972) million. Capital employed was comparable to last year at € 5,975 (5,950) million. Fixed assets increased, mainly because of the incorporation of the Ensus bioethanol plant and higher investments, which at € 383 (338) million exceeded depreciation of € 275 (274) million. This was partially offset by a reduction in working capital, mainly in the sugar segment, as a result of lower inventories driven by lower prices and volumes, as well as reduced trade receivables. The fully consolidated acquisition in fiscal 2013/14 had no impact on the book value of goodwill.

Capital structure

		2013/14	2012/13	2011/12	2010/11	2009/10
Debt factor						
Net financial debt	€ million	561	464	791	854	1.065
Cash flow	€ million	689	996	823	606	553
Net financial debt to cash flow ratio		0,8	0,5	1,0	1,4	1,9
Debt equity ratio						
Net financial debt	€ million	561	464	791	854	1.065
Shareholders' equity	€ million	4.663	4.731	3.969	3.687	3.443
Net financial debt as % of equity (Gearing)	%	12,0	9,8	19,9	23,2	30,9
Equity ratio						
Shareholders' equity	€ million	4.663	4.731	3.969	3.687	3.443
Total assets	€ million	8.728	8.806	8.289	7.260	7.398
Equity ratio	%	53,4	53,7	47,9	50,8	46,5

TABLE 11

Net financial debt as of the record date came in at € 561 million, less than the fiscal 2013/14 cash flow of € 689 million. The debt ratio (ratio of net financial debt to cash flow) has fallen from 1.9 in fiscal 2009/10 to 0.8 in 2013/14. Net financial debt as of 28 February 2014 was 12 % in relation to shareholder's equity of € 4,663 million. In fiscal 2012/13, the company repurchased its 2.5 % convertible bond and at the same time increased shareholders' equity by € 260 million to further pay down debt. Most of the cash used for repurchase originated from the capital increase.

For years, Südzucker's dividend policy has been transparent and commensurate with the group's profit and debt situation, at the same time orientated toward continuity. Distributions are based above all on the group's operating earnings development. The historic dividend per share payments in relation to earnings numbers are shown below.

Dividend

		2013/14	2012/13	2011/12	2010/11	2009/10
Operating profit	€ million	658	972	751	521	403
Cash flow	€ million	689	996	823	606	553
Earnings per share	€	1.38	3.08	1.99	1.33	1.06
Dividend per share [1]	€	0.50	0.90	0.70	0.55	0.45
Payout ratio	%	36.2	29.2	35.2	41.4	42.6

[1] 2013/14: Proposal.

TABLE 12

The executive and supervisory boards' recommended dividend of € 0.50 (0.90)/share reflects the lower earnings. Based on the 204.2 million shares outstanding, the total dividend distribution will be € 102.1 million. Last year the total distribution was € 183.8 million.

Sugar segment

Market developments, economic environment, general conditions

WORLD SUGAR MARKET German market analyst F. O. Licht released its second estimate of the world sugar balance in February 2014, wherein it forecasts that sugar production in 2013/14 will decline to 181.0 (184.0) million tonnes and consumption rise further to 175.8 (172.3) million tonnes. Inventories are projected to rise to 76.2 (72.6) million tonnes of sugar, or 43.3 (42.1) % of one year's consumption.

Global sugar balance

Million of tonnes	2013/14	2012/13	2011/12	2010/11	2009/10
Opening balance	**72.6**	**64.9**	**58.7**	**57.1**	**60.3**
Production	181.0	184.0	174.9	165.4	159.0
Consumption	175.8	172.3	167.8	162.3	161.7
Volume adjustments	– 1.6	– 4.0	– 0.9	– 1.5	– 0.5
Closing balance	**76.2**	**72.6**	**64.9**	**58.7**	**57.1**
In % of consumption	43.3	42.1	38.7	36.2	35.3

Source: F. O. Licht. World sugar balance estimate, February 2014.

TABLE 13

World market prices for sugar rose slightly at the beginning of the fiscal year, with white sugar trading at just over 400 € per tonne, but then fell and held steady starting in mid-May 2013 at between 350 €/t and 400 €/t. At the beginning of November 2013, world market prices slid further and reached a low of just under 300 €/t of white sugar at the end of January 2014. World market prices had recovered by the end of the fiscal year-end. At the end of February 2014, the world market price for white sugar was quoted at 476 USD/t or 345 €/t.

Global market sugar prices

1 March 2011 to 31 March 2014
London, nearest forward trading month

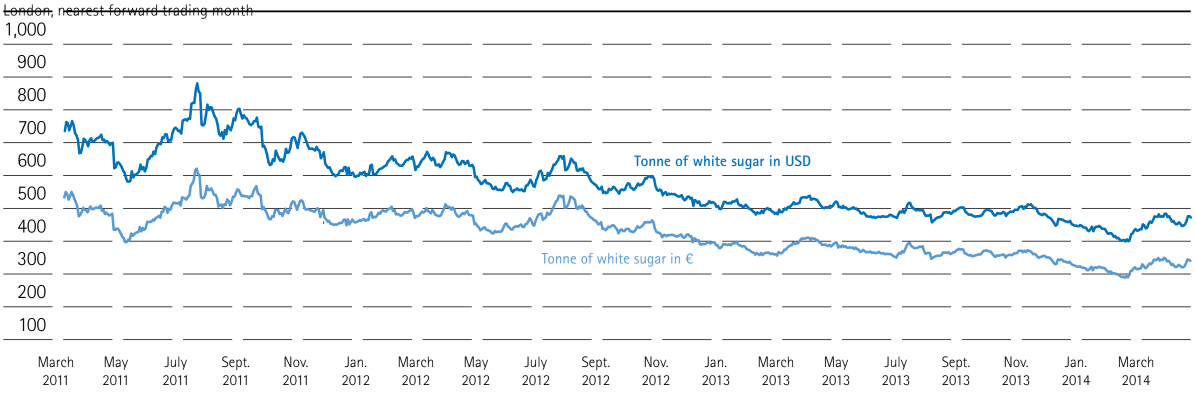


DIAGRAM 06

EU 2012/13 SUGAR MARKETING YEAR European beet sugar producers again met their quotas for the sugar marketing year 2012/13 just ended (1 October to 30 September). In addition, imports from preferred nations (ACP and LDC) climbed from 1.9 million tonnes to 2.1 million tonnes. In spite of this, in December 2012, the EU Commission again decided to increase the quota sugar availability in the EU by granting extra licenses. The Commission launched a tender offering imports at reduced duties between January and June 2013, and granted import licenses for about 0.55 million tonnes of sugar in total. In addition, it allowed 0.60 million tonnes of non-quota sugar to be sold in the EU food market. Overall, these market interventions led to significantly higher quota sugar inventories in the EU.

Furthermore, toward the end of the 2012/13 sugar marketing year we saw the first imports under the terms of the new free trade agreements with the Central American nations Costa Rica, Guatemala, Honduras, Nicaragua, Panama and El Salvador, as well as the Andean nations Colombia and Peru. All of the participating nations have now ratified the free trade agreement and are thus now able to export 0.3 million tonnes of sugar and sugary products to the EU annually duty-free starting in 2014.

Croatia joined the EU on 1 July 2013. Croatia was granted a beet sugar quota of 0.19 million tonnes as of the beginning of the 2013/14 sugar marketing year and a reduced duty import quota of 0.04 million tonnes. The combined total corresponds approximately to Croatia's net consumption.

EU 2013/2014 SUGAR MARKETING YEAR For the current 2013/14 sugar marketing year, we expect total sugar production to reach 16.0 (17.2) million tonnes, with stable quota sugar production and preferential imports rising further; as a result, sugar supply and demand is expected to be balanced in the 2013/14 sugar marketing year without further intervention by the EU Commission.

A duty-free world market import volume of 0.4 million tonnes per annum has been regularly granted for non-quota sugar for use by the chemical, pharmaceutical and fermentation industries, as well as for bioethanol production, since the 2008/09 sugar marketing year. The same applies for the 2013/14 sugar marketing year. However, in previous years, this import quota was little used.

Export licenses for 1.35 million tonnes of non-quota sugar were granted for the 2013/14 sugar marketing year, the same as last year. The licenses were granted in October and December 2013.

FUTURE EU SUGAR POLICY In the course of trilateral negotiations, the EU Parliament and the EU Council of Agricultural Ministers revised the EU Commission's recommendation to let the current sugar beet quotas and minimum price regulations expire following the 2014/15 sugar marketing year, and agreed to extend the regulations until the end of the 2016/17 sugar marketing year. The result of these intensive discussions between the three European institutions is a political compromise. Not much consideration was given to logical arguments, which clearly favored extending the current sugar policies until the 2019/20 sugar marketing year.

After expiry of the minimum beet price and quota rules as of 30 September 2017, the new regulations for the EU market provide for – in addition to a reference threshold for white sugar of 404 €/t - a contractual obligation between beet farmers and the sugar industry and the option of a government-funded private warehouse. As a result of these policies, all stakeholders in the sugar value added chain should expect the greater volume and price volatility of the world market to have a stronger impact on the EU sugar market than previously. When the current regulations expire, effective safety nets should be installed to combat market crises. Similar crisis management mechanisms are available to other agricultural sectors and experience there has shown the necessity to install defined crisis management tools before crises actually occur.

The protection mechanisms concerning the EU sugar market and non-EU countries remain unchanged. It is also expected that there will be in future no volume restriction related to sugar exports.

WTO-II NEGOTIATIONS WTO-II negotiations (Doha round, aiming to improve the trade perspective of developing countries) have been ongoing since 2001 and to date have not been concluded.

The ninth WTO ministers' conference was held in Bali from 3 December to 6 December, 2013. Export subsidies around the world were one of the agricultural issues discussed. However, the final statement contains no legally binding obligations in this regard; only declarations of intent that will have no impact on the EU sugar market. The revitalization of the process is unlikely to lead to a quick conclusion to the Doha round.

FREE TRADE AGREEMENTS In parallel with the ongoing WTO-II round, the EU Commission is also negotiating potential free trade agreements with various nations and communities, such as MERCOSUR and South Africa. In the event sugar and sugary products are not defined as sensitive products – contrary to current trade practice – substantial additional duty-free sugar volumes could in future be imported into the European Union.

A free trade agreement was concluded with Canada in October 2013, which to date has not been ratified. Under the terms of the agreement, duties for raw and white sugar will be eliminated bilaterally within seven years and duties for sugary products will immediately be reduced to zero. This impacts 120,000 tonnes of white sugar that Canada produced locally during the 2013/14 sugar marketing year. Annual Canadian consumption of sugar was 1.4 million tonnes. However, refined raw sugar in excess of this amount imported from other countries is still not eligible for duty-free import into the EU. The only exception is sugar imports in the form of refined products to a maximum of 75,000 tonnes per year.

The aim of free trade discussions between the United States and the European Union that began in July 2013 is broad-based market deregulation. Only about 10 % of the traded goods are to be defined as sensitive products and either treated as exceptions or be completely excluded. The question of original rules will also be especially important here, because the United States is able to import sugar from Mexico without duties or quota restrictions as part of the North American Free Trade Agreement (NAFTA) agreement and it also exports isoglucose to Mexico.

Due to the changed political conditions in the Ukraine in spring of 2014, the EU adopted a regulation on an accelerated and unilateral application of the trading section of the association agreement with Ukraine, which came into force on April 23, 2014. The impact on the EU sugar market will be duty-free import quotas totaling 34,070 tonnes per annum. If the association agreement is applied by both parties in fall 2014 as planned, the EU would be free to import 30,000 tonnes per year of sugar into the Ukraine, rising linearly to 40,000 tonnes per year over the course of five years.

ENERGY Energy markets were again strongly affected by geopolitical factors in fiscal 2013/14. The price of Brent crude traded in a range between about 100 and 120 USD/barrel during the year, with some brief interim fluctuations. On the one hand, strong demand driven by the severe winter initially drove Brent crude oil prices to a high of 120 USD/barrel in February 2013. On the other, easing of the geopolitical risks in Syria and Iran along with the sustained global oversupply of oil, in part due to the further increase of U.S. oil production to a twenty-four year high and the associated substantial buildup of American oil inventories caused Brent crude prices to correct to 103 USD/barrel in mid-November 2013. Toward the end of fiscal 2013/14, Brent crude climbed back to 110 USD/barrel driven by strong economic data.

At the beginning of 2013, the price of natural gas in Europe was high, driven by the long, cold winter. As the year progressed, the price of natural gas dropped to a low level because of weak demand during the summer months and the mild winter in 2013/14, plus substantial gas inventories. The temporary cold snap in December 2013 triggered a brief rise in international gas prices. In January and February 2014, spot prices dropped sharply due to mild temperatures.

EMISSIONS TRADING Due to the difficult economic situation faced by producers in the EU and the resulting oversupply of CO_2 certificates in the market, CO_2 certificate prices dropped to an historic low of 2.85 € per tonne in April 2013. In order to spur emission trading, the European Parliament endorsed the European Commission's backloading recommendation to withdraw 900 million certificates from the market. Since then, certificate prices have been trending steadily higher and at the beginning of 2014, EU emission certificates were trading at a spot price of over 6 € per tonne.

Business performance

The sugar segment's numbers relate to Südzucker AG, Südzucker Polska, Südzucker Moldova, Raffinerie Tirlemontoise, Saint Louis Sucre and AGRANA. These companies produced 4.7 (4.9) million tonnes of sugar in twenty-nine sugar factories and three refineries. The plants are located in Germany, Belgium, Bosnia, France, Moldova, Poland, Austria, Romania, Slovakia, the Czech Republic and Hungary. The agriculture, animal feed and Bodengesundheitsdienst divisions are some of the other business units attached to the segment.

Sugar segment business performance

		2013/14	2012/13	+/– in %
Revenues	€ million	**3,961**	**4,232**	**– 6.4**
EBITDA	€ million	559	830	– 32.5
Depreciation on fixed assets and intangible assets	€ million	– 123	– 122	0.7
Operating profit	€ million	**436**	**708**	**– 38.2**
Restructuring costs/ special items	€ million	– 110	6	–
Income from operations	€ million	**326**	**714**	**– 54.4**
EBITDA margin	%	14.1	19.6	
Operating margin	%	11.0	16.7	
Investments in fixed assets	€ million	197	203	– 3.3
Investments in financial assets/ acquisitions	€ million	22	181	– 87.7
Total investments	€ million	**219**	**384**	**– 43.0**
Capital Employed	€ million	3,222	3,158	2.0
Return on Capital Employed	%	13,6	22.4	
Employees		8,173	8,034	1.7

TABLE 14

REVENUES AND OPERATING PROFIT The sugar segment's business performance was impacted by increasingly lower sales revenues for quota sugar due to high EU inventories, especially in the second half of the fiscal year. While quota sugar volumes remained at the same level as last year, volumes for non-quota sugar fell. In parallel, sales revenues for exports were also lower due to world market price levels. Consequently revenues were lower than last year at € 3,961 (4,232) million. As projected, operating profit was also substantially lower than the record set in 2012/13, coming in at € 436 (708) million. Also weighing on operating profit in the first half of the fiscal year were the higher raw material costs from the 2012 campaign and charges related to the shorter campaign due to the smaller harvest in 2012.

CAPITAL EMPLOYED AND RETURN ON CAPITAL EMPLOYED (ROCE) Capital employed rose to € 3,222 (3,158) million, driven mainly by higher investments. Because operating profit fell to € 436 (708) million, ROCE was also down sharply and was posted at 13.6 (22.4) %.

Sugar production

CULTIVATION AREA Südzucker Group's total beet cultivation area shrank about 6 % in 2013 compared to 2012, bringing the total to 396,000 (422,000) ha. Most companies actually reduced their cultivation areas because of last year's excellent harvest and the not yet sold sugar volumes. AGRANA and Südzucker Moldova further expanded their cultivation areas.

PLANTING Seeding began early in 2013 as usual, during the first ten days of March in Cagny, France, and in the Offstein and Offenau sugar factories' fields. The main beet planting was on average one to two weeks later than in the two previous years because of cooler temperatures, some heavy rain and the temporary return of winter in some areas. By mid-April, only half the planned beet cultivation area had been seeded, but Südzucker Group did complete most of its planting by the end of April. For the group overall, some quite large beet cultivation areas had to be plowed under and reseeded because of the impact of bad weather. Most of this occurred in Germany, Austria, Poland and Romania.

SUBSEQUENT BEET DEVELOPMENT On account of the late planting and low temperatures in May 2013, beet development throughout the group was ten to fourteen days later than last year. The cool, damp spring was followed by a summer of weather extremes, especially in Eastern and Southern Germany, Austria and the Czech Republic. Flooding, some of it substantial, followed by record heat and drought were hard on the beets in many areas. A long dry spell during summer, especially in Germany and Poland, was followed in September by above-average rain in some areas, which significantly boosted beet yields here just before the campaign.

Sugar production

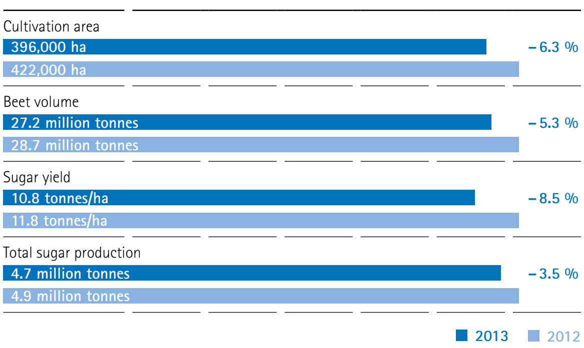


DIAGRAM 07

Sugar production by country

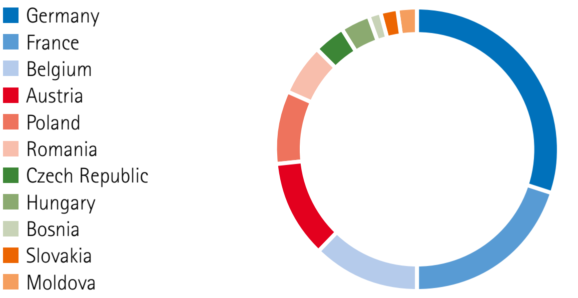


DIAGRAM 08

YIELDS Yields in the different regions fluctuated considerably because of the widely varying weather conditions during the gestation period and the campaign. Although beet yields in Germany were slightly below average, they were average in almost all other countries represented by the group. Südzucker Moldova was even able to report a record yield. The yield for Südzucker Group overall was average at 68.9 (68.1) t/ha.

CAMPAIGN Harvest conditions at the beginning of the campaign varied greatly. While in Belgium and France drought was a challenge for beet harvesters, steady, sometimes strong rains in the rest of Südzucker Group's regions shortly after the start of the campaign and during the entire campaign made for difficult conditions that demanded significant beet logistics flexibility. In some areas, the last beets were not harvested until mid-December 2013.

Overall, the winter was mild and brief periods of subzero temperatures were addressed by systematically protecting the beet piles and adjusting warehouse management. This kept the quality of the beets high and allowed steady processing until the end of the campaign. The campaign proceeded without a hitch in almost all of Südzucker Group's factories. Power and operating supply consumption was comparable to last year.

CAMPAIGN DURATION The reduced cultivation area and sharply lower yield due to weather conditions resulted in a lower total beet volume and reduced sugar production. As a result, the average campaign duration was also shorter at 102 (112) days. The total duration ranged from 81 days in Romania to 138 days in Austria.

ORGANIC BEET CAMPAIGN The organic beets planted for Südzucker Group were converted to organic sugar and biomass in Warburg, Germany and in Hrušovany, Czech Republic. Here too, beet volume was lower overall than last year.

2013 SYRUP CAMPAIGN The first syrup campaign started at Raffinerie Tirlemontoise in Tienen directly following the beet campaign. Almost all syrup campaigns were completed by the end of July 2013. Only at two factories stored beet syrup was still being processed directly before the start of the beet campaign. There were no syrup campaigns at the Zeitz and Eppeville sugar factories in 2013. Most of the Zeitz factory's syrup was transferred to CropEnergies Bioethanol GmbH.

Sugar volume

Sugar volume down slightly

Consolidated total volume for all group companies, including non-quota sugar exports and shipments to the non-food industry, declined slightly to 5.1 (5.3) million tonnes in fiscal 2013/14. The EU companies' volume slid to 4.9 (5.0) million tonnes overall. Volume at the two companies in Moldova and Bosnia was the same as last year at 0.3 (0.3) million tonnes.

EU market in surplus – prices decline

There was and is a surplus of quota sugar for the EU market. The regular tenders issued by the EU Commission, which allowed conversion of non-quota sugar to quota sugar and imports at reduced duties, have a lot to do with this situation. As a result, prices within the EU started falling from the middle of last year. Prices declined further during contract negotiations that started in October 2013, especially in Western European countries. In the months following, the slide continued, particularly in the spot markets in Southern and Eastern Europe.

Quota sugar volume same as last year

The quota sugar volume of 4.0 (4.0) million tonnes was the same as last year. Because of the ongoing diverse economic situations in the various EU countries, the shifts within Südzucker's markets continued.

In the countries in which the group has its own production facilities, volumes rose 1.9 %. Retail volumes in particular rose 7.3 %. Shipments to the sugar processing industry held steady. The difference between the world market price and the EU price was still relatively high last fiscal year, which caused buyers to look increasingly for alternatives, especially those in the secondary processing industry. Imports of fruit juice concentrates and other sugary blends gained renewed attention.

Volumes in the EU countries in which Südzucker Group has established a good market position over the past few years through its own distributors or key account management fell 8.5 %. The reasons here were optimization of deliveries between countries within Südzucker group and the increasing importance of creditworthiness.

Non-quota sugar shortage due to non-availability

Non-quota sugar sales were reported at 0.9 (1.0) million tonnes, down 10.6 % overall. Exports to non-EU countries fell 15.1 %. The consumption of non-quota sugar within the EU, and thus in the non-food industry, was 8 % below last year's record level. The smaller harvest, particularly in Germany, resulted in lower volumes to the ethanol industry. There is an adequate supply of non-quota sugar within the EU. It is thus unlikely that there will be imports in the future.

Animal feed

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

MOLASSES PULP AND MOLASSES PULP PELLETS Forecasts of large grain harvests around the world for fiscal 2013/14 were accurate, causing prices to drop dramatically. But unusually high export demand for grain and the reduced sugar beet harvest caused by weather conditions, especially in Germany and Poland, stabilized markets, which ultimately led to overall excellent demand for molasses pulp pellets.

In contrast to declining agricultural product prices, all of the group's foreign pellet-producing subsidiaries were able to generate excellent sales revenues.

BEET MOLASSES Overall, general conditions in the molasses market were stable over the course of the fiscal year. The main reason is that despite large cane sugar harvests in the Far East and a corresponding high availability of cane molasses, the excess was not exported to Europe, but used to serve demand in the originating countries from the local bioethanol and mixed feed industries. In addition, cultivation area restrictions in a number of EU countries, as well as varying beet yields by region, led to a lower availability of molasses. The contracts that had already been signed in spring 2013 with traders and the mixed feed industry also had a positive impact on subsequent negotiations with the fermentation industry. Most of the group's foreign subsidiaries were thus again able to match the previous year's excellent sales revenues for molasses, and in some cases even exceed them, not only in Germany but almost all of the group's foreign subsidiaries.

Investments

The sugar segment's investments were sharply down last fiscal year at € 219 (384) million.

This total includes the line item investments in financial assets in the amount of € 22 (181) million. The reported number relates to additional monies paid for the achievement of earnings targets defined during the acquisition negotiations for British trading company ED&F Man, London, Great Britain. Last year, the line item included the cost of acquiring 25 % minus one share in the company.

Investments in fixed assets and intangible assets were nearly the same at € 197 (203) million. Various energy saving projects were a top priority in fiscal 2013/14, including major projects such as the installation of low temperature dryers and biogas plants in Germany, Belgium, Poland and Moldova. Several process improvement projects were undertaken in the extraction, juice purification and crystallization areas; for example, in France, Belgium, Poland, Germany and the Czech Republic. The following is an overview of the key projects in the various countries.

GERMANY Low temperature dryers are being acquired for the Ochsenfurt, Rain and Offstein factories to cut energy consumption and costs in the animal feed drying area. The dryer in Ochsenfurt was installed at the end of 2013 and installation and optimization of the ones in Offstein and Rain is planned for the coming campaign.

The centrifuges at the Ochsenfurt, Offenau, Offstein and Rain factories were upgraded to comply with Südzucker safety standards. A new byproduct centrifuge station at the Offstein factory will reduce maintenance costs and improve the production processes.

A new loading hall was built in Plattling as a first step toward improving logistics processes. Work has started in the track area of the Zeitz factory as part of plans to increase rail transport capacities. The headquarters building in Mannheim is being renovated and expanded.

FRANCE An extraction system and associated cutting machines and press stations were successfully started up as part of the "Roye 2020" project. The next step is to modify the evaporator station in time for the 2014/15 campaign. A new pre-evaporator is already on order. Also at the Roye factory, work has started on adding three additional cube sugar lines to the existing two. Scheduled for startup in 2014, they are part of the "Europac" project. After acceptance of the high bay storage warehouse, deliveries from Eppeville have been gradually shifted to the new distribution center in Roye.

BELGIUM Two new white sugar centrifuges were successfully started up in Wanze. The power supply and processes in the juice purification area of the Longchamps factory were upgraded and the stage set for additional process improvements. The new production equipment in the sugar candy area in Merksem was started up in spring 2014. The new anaerobic wastewater treatment system in Tienen reached full capacity shortly after startup. The use of the biogas generated in the steam generating system has measurably reduced primary energy costs.

AUSTRIA The expansion of the sugar research building in Tulln has been completed. Furnishings and lab equipment are presently being installed. The new sugar cooling system was started up in conjunction with the sugar syrup campaign. The capacity of the sugar conditioning system has thus now been suitably adjusted.

POLAND The projects to expand the capacity in Swidnica were completed according to plan and the equipment started up. Construction of the 40,000 m^3 beet syrup tank and the installations required for the 2014/15 beet syrup campaign were completed at the Strzelin sugar factory. A one-kilogram packaging line has also been operating there since December 2013. Acceptance tests of the Strzelin biogas plant and associated power equipment in January 2014 were successful. Dust collection equipment was installed on the steam generators at the Ropczyce factory.

ROMANIA, CZECH REPUBLIC, HUNGARY The new wastewater treatment system at the Roman factory in Romania was successfully started up at the beginning of December 2013. A thin juice softening system was installed at each of the Opava and Hrušovany factories in the Czech Republic to improve the production processes. The new 60,000-tonne sugar silo in Kaposvár, Hungary, was inaugurated and filled for the first time in November 2013.

MOLDOVA An environmentally friendly system to produce biogas from press pellets was built in Drochia. The sustainably produced biogas is being successfully used to replace some of the natural gas consumed by both the steam and power generation systems. This has already led to noticeable savings in production system energy costs.

Agriculture/commodity markets

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

GRAIN The weather in spring 2013 was exceptionally cold, with an unusually long period of wintery, snowy conditions. As a result, emergence of the winter seeds was delayed considerably and summer seeds could not be sowed until very late. The delay in development was largely offset by a cool and very wet June, with flooding in some areas. Overall, grain volume was thus quite good, although the raw protein content was slightly lower than last year.

At the beginning of May 2013, forecasts for a large worldwide grain and oilseed harvest proved to be accurate, and prices subsequently declined very quickly and steadily to an average level. Not until the end of September did they stabilize slightly. Since a major share of the grain harvest volume from Südzucker farms had already been sold via forward contracts, overall sales revenues were above average. At the present time, few forward contracts are being signed for the 2014 harvest because of current price levels.

FARMING OPERATIONS Enhancement of the farming operations acquired by Südzucker Polska in fiscal 2012/13 continued with the construction of a new grain silo and a new machine shop.

BIOGAS PLANT The new biogas plant in Rackwitz reached full output already in October 2013, earlier than expected. As a result, significantly more biomethane was produced and sold in fiscal 2013 than originally budgeted.

RAW MATERIAL MARKETS The business unit again prepared numerous analyses and estimates for the various segments related to developments in the key agricultural raw material markets and for the purpose of raw material purchasing. But issues related to the European farming community's contribution to safeguarding world food supplies continue to become increasingly important.

Bodengesundheitsdienst

BGD-Bodengesundheitsdienst GmbH (BGD) is a service company whose primary mandate is to conduct soil tests using electro-ultrafiltration (EUF) and offer advisory services on fertilizer for all farmed crops. The company also conducts analyses on humus content, does nutrient comparisons in accordance with the German fertilizer ordinance, analyzes organic fertilizers and beet nematodes in soils, bacteria in seed potatoes and viruses on vine cuttings. The findings from these analyses help farmers make decisions that enable them to operate modern, sustainable farms. Over the years, more and more vintners and garden plot holders have also started to use the services. Additional services offered include investigation of dry solids content in vegetation for biogas system operators, specific soil analyses and fertilization of plots of land and analyzing corn and grass silaging for ingredients that would be relevant for animal feed. The goal is to further optimize operational nutrient cycles. Basic feed investigations supplement soil investigations and the investigation of plant nutrients in organic fertilizers produced by the farms themselves.

Bodengesundheitsdienst's new image

Over the past twenty-five years, Bodengesundheitsdienst has continuously entered new business fields. This is why the unit's logo required a makeover. The strategic direction of the business unit is now clearly visible in its new logo, its new website and the slogan "Growing together".

ED&F Man

Südzucker has had a stake of 25 % minus one share in the British trading company ED&F Man Holdings Ltd., London, Great Britain, since May 2012. The results of the 2012/13 fiscal year, which ended on 30 September 2013, were satisfactory.

The sugar, coffee and molasses business units' growth continued to be excellent and sales volumes of all three product groups were up. Earnings from trading and sales of sugar worldwide were also excellent despite low prices, especially in the NAFTA region. Even though the market price for coffee declined steadily, and both Brazil and Vietnam reported record harvests, the coffee business operating under the name Volcafe was able to again expand its volume and report excellent earnings. ED&F Man's position in the international molasses market is very strong. Because prices remained relatively stable over the course of the year, the company was extremely profitable.

The brokerage business, ED&F Man Capital Markets, has developed into a reputable entity in the financial services sector and is presently licensed to operate in the United States, the United Kingdom, Singapore and Hong Kong. Expansion of the brokerage business allows ED&F Man Group to effectively control its risk, because this sector is not directly tied to the traditional core business of the company, which is based on physical goods.

Special products segment

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

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

Special products segment business performance

		2013/14	2012/13	+/– in %
Revenues	€ million	**1,882**	**1,862**	**1.1**
EBITDA	€ million	199	214	– 7.0
Depreciation on fixed assets and intangible assets	€ million	– 77	– 82	– 5.5
Operating profit	€ million	**122**	**132**	**– 7.9**
Restructuring costs/ special items	€ million	3	– 4	–
Income from operations	€ million	**125**	**128**	**– 2.5**
EBITDA margin	%	10.6	11.5	
Operating margin	%	6.5	7.1	
Investments in fixed assets	€ million	116	89	30.9
Investments in financial assets/ acquisitions	€ million	0	2	– 100.0
Total investments	€ million	**116**	**91**	**28.3**
Capital Employed	€ million	1,403	1,390	0.9
Return on Capital Employed	%	8,7	9,5	
Employees		4,485	4,401	1.9

TABLE 15

REVENUES AND OPERATING PROFIT The special product segment's fiscal 2013/14 revenues were posted at € 1,882 (1,862) million, slightly higher than last year. The growth was driven by higher volumes, among other things thanks to the startup of the wheat starch facility in Pischelsdorf, Austria, in June 2013. Toward the end of the fiscal year, the starch division began reporting sharply lower and ever declining sales revenues, particularly for bioethanol and sweeteners.

The drop in operating profit in the first half of the fiscal year due to higher raw material prices that could not be fully passed on to the market could not be completely offset in the second half of the year. As a result, operating profit was lower than last year as projected, coming in at € 122 (132) million. The startup costs of the wheat starch factory in Pischelsdorf and temporary capacity bottlenecks at the isoglucose and bioethanol plants at Hungrana in Hungary caused by a dust explosion also weighed on operating profit.

CAPITAL EMPLOYED AND RETURN ON CAPITAL EMPLOYED (ROCE) Capital employed held steady at € 1,403 (1,390) million while ROCE mirrored the decline in operating profit and fell to 8.7 (9.5) %.

BENEO

BENEO's core business is functional ingredients for food and animal feed. These ingredients are made from plants such as chicory root, beet sugar, rice and wheat and are marketed world-wide. BENEO employs about 900 persons and operates production facilities in Belgium, Chile, Germany and Italy. It also sells its products via its own distributors in Belgium, Brazil, Germany, Spain, Singapore and the United States.

Economic environment, general conditions

The connection between nutrition and health has been confirmed by the medical and nutritional science communities. An unbalanced diet increases the risk of modern societal illnesses such as diabetes, obesity and cardiovascular disease. Various campaigns and educational programs present these research findings in an effort to improve eating habits in order to reduce the cost of health care and thereby limit the associated societal risks. The growing numbers and increasing revenues from products with added health benefits in fact demonstrate that consumers increasingly have a better understanding of the connection between diet and good health.

BENEO helps its international customers improve the technical and dietary value of products and successfully position them in the market by conducting research on the complex interactions between healthy eating and the dietary aspects of food ingredients. The company's sound understanding of application processes and food law and the market and consumer research it conducts also support its customers' needs.

Although this is fundamentally a positive environment, high energy and raw material costs and increasing competition continue to present challenges. Greater regulation of food law requirements in many countries around the world is increasing the complexity of the food market and slowing the development of innovative products. For example, the European Health Claims Regulation, originally introduced to benefit consumers, is still causing uncertainty in the industry and among consumer associations.

Over 80 % of claims submitted are rejected. Given this situation, the fact that BENEO was able to have its claims regarding the blood sugar lowering effects of inulin and oligofructose approved in 2013 - in addition to its previously accepted claims for isomalt and Palatinose™ - is considered a great success. To achieve further growth in Europe, the company has to continuously invest in studies that support additional claims.

Business performance

In fiscal 2013/14, BENEO Group was able to successfully defend its market share with regards to revenues and profits, in spite of very diverse economic situations in the various countries. Additional internal optimizations offset the continued high cost of energy and raw materials.

PRODUCTS AND MARKETS The potential for the functional dietary fibers **inulin** and **oligofructose**, which are made from chicory root, is supported by dietary research related to bowel health. This research is continuously being expanded for various claims dossiers, which are very likely to be approved by the European food safety authority. BENEO is engaged in international scientific and food law studies aimed at developing a concept for healthy intestinal flora. The prebiotic effect is recognized as beneficial to the healthy development of babies in the internationally growing baby food segment. Development work in the food technology area is focused on dairy products, baked goods and cereals.

Demand for the technologically functional wheat protein **BENEO Pro VWG** continues to be strong; for example, as a source of protein for fish farms. It is increasingly used in the food sector to improve the quality of bread.

Isomalt continues to be the market leader in the sugar-free candies and chewing gum segment. Despite renewed rationalization in the confectionery industry and strong competition, the company was able to expand its already high volume slightly. The market for **GalenIQ™**, the pharmaceutical equivalent of isomalt, as a transmitter medium for over-the-counter medications expanded further.

Product developments and research activities by national and international food companies with **Palatinose™** confirm the trend toward using functional carbohydrates. Growth was stronger in Asia's beverage, specialty and sports nutrition markets. In Europe on the other hand, **Palatinose™** was caught between food laws and product innovation. Sweetener concepts for Stevia are being developed in accordance with the generally moderate market interest in Stevia.

Rice derivatives are meeting the needs of consumers searching for natural, plant-based raw materials with clean label, gluten-free, lactose-free and allergen-free properties. BENEO's competitive advantages are its ability to offer customized blends and its many years of experience producing baby food ingredients in a market that demands natural products and has especially strict cleanliness and quality specifications.

All of BENEO's rice starches can be produced to conform to baby food specifications and are in demand the world over for product developments with functional rice-based food ingredients.

Investments

Investments are focused on process and production cost improvement, as well as capacity expansion. An important investment is the construction of a biomass boiler to improve energy efficiency at the Pemuco, Chile site. The first phase of a comprehensive project aimed at improving energy efficiency was successfully completed in Oreye, Belgium. The expanded rice starch production facility in Wijgmaal, Belgium reached its target capacity. Guidelines to continuously improve work and health safety were rolled out and implemented at all sites.

Freiberger

Freiberger Group is one of the leading producers of frozen pizza in Europe and delivers to food retailers in over thirty European countries, the United States and Canada. Although frozen pizzas are its core business, the group also markets chilled pizzas, frozen baguettes, snacks and pasta dishes. An average of 2.5 million products is produced at five facilities in Germany, Austria and England every day. Freiberger Group employs about 2,000 people.

Freiberger Group was able to hold its own in fiscal 2013/14 despite a difficult business environment. Rising raw material prices were a major factor in this market. Many years of experience in raw material procurement, international supply sources and effective high-performance production systems along with the successful market launch of innovative products all contributed to the success.

MARKET GROWTH The overall market for frozen pizza expanded 1.8 % in Germany in fiscal 2013/14. Here Freiberger was able to capture a greater share of the new business than its competitors. Freiberger subsidiary Stateside Foods successfully participated in the significant growth of the chilled pizza market in Great Britain.

The company was accredited for importing German-made products into the United States, thereby setting the stage for long-term penetration of the North American market. The product range was completely revamped to meet the needs of North American consumers and win new customers.

INVESTMENTS Two projects stand out especially in last year's investment program: At the Osterweddingen site, a pizza toppings and packaging line was completely upgraded and made to comply with current technical standards, and at Stateside Foods Ltd., an additional system for making pizza dough is being added to keep pace with the growth in the chilled pizza market. Freiberger Group continues to have a long-term investment strategy and will continue to prioritize investing in new product concepts.

PortionPack Europe

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

In fiscal 2013/14, the contraction of the food service markets accelerated further in most European countries and the trend toward cheaper products with lower gross margins continued.

Given this situation, PortionPack Europe Group's revenues declined and cost cuts were only partially able to offset the lower numbers. Despite these difficult conditions, the group was able to generate a very satisfactory operating profit.

The investment budget was significantly reduced in 2013/14 in response to the shrinking market. The focus was on programs to improve quality assurance, maintain existing equipment and revamp existing systems to meet changing customer demands.

Starch

The starch division comprises AGRANA Stärke GmbH with Austrian factories in Aschach (corn starch), Gmünd (potato starch) und Pischelsdorf (combined wheat starch and bioethanol plant). The wheat starch plant started up at the site of the existing bioethanol plant in June 2013 has added wheat starch to the existing product portfolio of corn and potato starch and improved resource efficiency. The company also manages and coordinates the international starch and bioethanol companies in which Südzucker holds an interest in Hungary and Romania.

Economic environment, general conditions

Please refer to the CropEnergies segment report for details about developments in the international grain markets, as well as the developments and political framework for bioethanol.

Business performance

In fiscal 2013/14, AGRANA Stärke GmbH's revenue grew about 13 %, mainly due to higher volumes and slightly higher selling prices for its main products and byproducts. Here raw material prices fell, and as a result the revenue growth also drove operating profit higher. Strong market demand and systematic market development, plus additional volumes from the wheat starch factory in Pischelsdorf, Austria, enabled the company to significantly expand the volumes of its main products and byproducts compared to the year prior.

Revenues at HUNGRANA, the Hungarian company in which AGRANA holds an interest, fell 7 %. This was mainly due to declining selling prices for its main products – especially bioethanol and isoglucose – but also lower sales of its main products and byproducts. Lower raw material costs were not enough to offset declining selling prices and volumes and as a result HUNGRANA's operating profit last fiscal year was lower than the year before.

Despite lower selling prices for its main products and byproducts, the Romanian company in which AGRANA holds an interest was the same as last year. However, operating profit was sharply lower.

POTATO STARCH The Austrian starch factory in Gmünd converted about 160,200 (217,900) tonnes of industrial starch potatoes during the 2013/14 campaign. The organic share was 4 (6) % lower. About 4,300 (4,400) tonnes of potato staple products were produced from about 23,000 (24,000) tonnes of food industry potatoes. The organic share was about 19 (29) %. For the 2014 season, AGRANA has budgeted for starch potato contract volumes of about 220,000 tonnes.

CORNSTARCH The total volume of corn processed (excluding bioethanol production) at the AGRANA starch factories in Austria, Hungary (50 %) and Romania rose to about 805,000 (791,000) tonnes in fiscal 2013/14.

WHEAT STARCH About 66,500 tonnes of wheat were used to produce wheat starch at the new wheat starch plant that was started up in June 2013 at the Pischelsdorf site. Thanks to the close integration of the wheat starch production system and the existing bioethanol plant, the grain used for input materials is 100 % utilized.

BIOETHANOL AGRANA operates a bioethanol plant in Pischelsdorf, Austria. In addition, it holds a 50 % stake in Hungrana Kft., which operates a combined starch and bioethanol production plant in Szabadegyháza, Hungary. The total bioethanol production capacity for the two plants is about 400,000 m^3.

Volumes of bioethanol (consolidated Austria and 50 % Hungarian share, excluding industrial alcohol) reached 336,100 (331,500) m^3, slightly higher than last year. However, bioethanol selling prices were 7 % lower than the year prior.

Investments

The starch division's investments totaled € 40.3 (59.1) million, most of which was for the construction of the wheat starch factory at the Pischelsdorf, Austria site. Efficiency at the Pischelsdorf site was improved thanks to the installation of a heat recovery system in the animal feed drying area. Investments at the partly owned HUNGRANA subsidiary were for the anhydrous ethanol project and a new gas turbine. Production capacity for wheat starch derivatives was expanded at the Aschach factory in Austria. A new syrup loading lane was also installed. A new roll drying system was added among other things at the Gmünd, Austria site.

CropEnergies segment[1]

Market developments, economic environment, general conditions

BIOETHANOL MARKET GROWTH In 2013, 1.5 % more bioethanol was produced worldwide than the year prior, with total volume reaching 104.0 (102.5) million m^3. Of this total, 87.2 (83.6) million m^3, or 84 (82) %, was destined for the fuel sector. In the United States, ethanol production in 2013 was reported at 51.8 (51.8) million m^3, the same as the year before. In Brazil, bioethanol production is expected to jump 17.9 % to 27.7 (23.5) million m^3 in view of the significantly improved cane sugar harvest during the 2013/14 sugar marketing year. Ethanol production in the EU came in at 6.7 (6.6) million m^3, slightly higher than last year. Of the total, 4.5 (4.5) m^3 or 68 % was fuel grade ethanol.

Initial estimates predict that global bioethanol production will grow 5 % to 108.9 (104.0) million m^3 in 2014. Growth is expected especially from Brazil, the United States and the EU, where total bioethanol production is expected to rise 6.4 % to about 7.1 million m^3.

EU bioethanol volume balance

million m^3	2014	2013	2012
Opening balance	**1.7**	**2.0**	**2.3**
Production	7.1	6.7	6.7
Import	1.1	1.0	1.2
Consumption	8.0	7.9	8.1
Export	− 0.1	− 0.1	− 0.1
Closing balance	**1.8**	**1.7**	**2.0**

Source: F. O. Licht. Data estimated of EU biothanol volume balance, February 2014.

TABLE 16

BIOETHANOL PRICES In Brazil, ethanol was trading at USD 695/m^3 FOB Santos at the end of February 2014, about USD 20 less than at the beginning of March 2013. One-month futures for ethanol fluctuated between USD 1.60 and 2.75 over the course of the year, starting from USD 2.40/gallon[2] at the beginning of March 2013 and ending at USD 2.30/gallon at end of February 2014. The lower price is

[1] Further details can be found in CropEnergies AG current 2013/14 annual report.
[2] One US gallon is equal to 3.7854 liters.

mainly due to considerably weaker raw material prices. The US environmental authority's announcement that it wanted to reduce the mandatory blend ratio in 2014 also exerted downward pressure on prices.

In Europe, prices declined sharply in fiscal 2013/14. At the beginning of March 2013, bioethanol was trading at 630 €/m^3 FOB Rotterdam, but by the end of February 2014 the price had dropped to 480 €/m^3. The price drop is due to lower raw material prices in line with the reduced cost of grain and the high availability of bioethanol in the EU. Demand remained steady.

MARKET PROJECTIONS FOR GRAIN In its 9 April 2014 estimate, the US Department of Agriculture forecast that the global grain harvest will come in at a record high 1,977 (1,793) million tonnes for the 2013/14 grain marketing year, 10.3 % higher than for the 2012/13 grain marketing year. Due to only a moderate 6.7 % increase in grain consumption to 1,939 (1,817) million tonnes, inventories are expected to rise 11 % to 379 (341) million tonnes.

The EU Commission is expecting the EU's grain harvest for the 2013/14 grain marketing year to rise 9.1 % to 302 (276) million tonnes. Grain consumption is only expected to increase 1.0 % to 274 (271) million tonnes, significantly less than the volume produced. Expectations of an excellent grain harvest caused one-month futures prices for milling wheat to decline on the NYSE Liffe in Paris. In March 2013, wheat was trading at € 250 per tonne. It had fallen to about € 200 per tonne at the end of February 2014.

LEGAL FRAMEWORK IN THE EU The renewable energy directive and revised fuel quality directive have established the legal basis for promoting the use of renewable energies in the transport sector in the EU. The key element is the binding blend ratio target of 10 % renewable energies in this sector by 2020. An important component of the renewable energy guideline is sustainability criteria, which specify among other things that biofuels must generate at least 35 % by weight lower greenhouse gas emissions than fossil fuels, rising to 50 % by weight by 2017. For biofuels from new plants constructed after 1 January 2017, greenhouse gas emissions must be at least 60 % by weight lower as of 2018. Global environmental and social standards specify that raw materials for biofuel production may not be cultivated in areas worth protecting, such as forests and or regions with a high degree of biological diversity.

Even though the European fuel directive, which allows a blend of 10 % by volume of bioethanol has now been ratified by all EU member states, E10 continues to be only available in Germany, France and Finland. The member states are thus by far not tapping the potential to reduce greenhouse gas emissions by using bioethanol.

EU COMMISSION RECOMMENDS AMENDMENTS TO AVOID INDIRECT LAND USE CHANGES (ILUC) On 17 October 2012, the EU Commission presented draft amendments to the renewable energy and fuel quality directives to the European Parliament and the European Council, which include the introduction of iLUC factors meant to capture greenhouse gas emissions from theoretical indirect land-use changes in non-EU countries. Initially, EU member states will be obliged to report these iLUC factors.

In addition, the draft calls for limiting conventional biofuels; that is, biofuels produced from normal crops, to only 5 % of the overall target of 10 % of renewable energies in the transportation sector by the year 2020, and multiple allocation of biofuels from waste and scrap materials. The EU Commission further recommends that conventional biofuels no longer receive government subsidies as of 2021.

The draft directive was tabled for a first reading in the European Parliament on 11 September 2013. In view of the contradictory results of scientific studies to date and numerous reservations about iLUC factors, these factors will continue to be reported by member states as part of greenhouse gas emissions development reporting. But at the same time, the European Parliament called for further analyses regarding this complex issue, and recommended among other things to increase the share of conventional biofuels to 6 % and to introduce a separate minimum blend ratio of 7.5 % of renewable energies in normal gasoline.

Because the European Parliament did not issue a mandate for so-called trilateral negotiations with the European Parliament and the EU Commission, a decision about the amended regulations draft will not be reached until the second reading in the Parliament. A prerequisite for a second reading is agreement on a common position by member states and thus conclusion of the first reading in the European Council. In view of the European Parliamentary re-elections to be held in May 2014, the legislation will not be ratified until the next legislative period.

The European bioethanol industry sees the EU Commission's original draft legislation, as well as the European Parliament's and European Council's recommended changes, as a serious step backwards for the EU's energy and climate protection policies. Although multiple allocation of biofuels from waste and scrap – and electricity in the transportation sector – appears to raise the share of renewable energies, it actually reduces the achievable greenhouse gas emission savings and generates a significant number of counterproductive incentives. Multiple allocation would significantly increase consumption of fossil fuels again. In addition, multiple allocation would lead to the "production" of waste and import of waste from around the world. Limiting bioethanol produced from grains and sugar syrups originating in sustainable European agricultural regions as called for both in the draft legislation and the discussed recommended changes ignores the integrated production of biofuels and protein-rich food and animal feed as is commonly practiced in the EU today. Furthermore, the already existing protein deficit in the EU would increase further, driving soya imports from South America higher.

EU COMMISSION RECOMMENDATIONS FOR THE 2030 CLIMATE AND ENERGY PACKAGE The EU Commission released its recommendations for the 2020 to 2030 energy package on 22 January 2014. The recommendation includes obligations for total greenhouse gas emission reductions of 40 % from levels in 1990 and a binding share of renewable energies of 27 % for all sectors in the EU. Contrary to the Renewable Energy Directive specifications, the recommendation contains no mandatory blend ratio targets for renewable energies in the transportation sector. Neither are the fuel quality directive specifications to reduce greenhouse gas emissions from fuels to 2020 to be continued. On 5 February 2014, the European Parliament announced in a resolution on climate and energy policies to 2030 that it was in favor of a special framework for the transportation sector in view of rising greenhouse gas emissions and the further massive dependence on oil in the transportation sector. It also recognized that innovative biofuels play an important role in cutting greenhouse gas emissions that originate in the transportation sector. The European Parliament also emphasized that cutting life-cycle-related greenhouse gas emissions from fuels covered by the fuel quality directive also plays an important role in climate and energy policies to 2030.

EU TRADE POLICY MEASURES On 22 February 2013, the European Parliament imposed an additional antidumping duty in the amount of 49 €/m^3 for a period of five years for bioethanol imports from the United States as part of the antidumping case against bioethanol imports from the United States. Although initially there was a considerable drop in direct imports from the United States in the EU, bioethanol exports from the United States to Norway have multiplied severalfold since August 2013. At the same time, imports of E48 from Norway into the EU rose dramatically. E48 is an ethanol-gasoline blend with a bioethanol component of just under 50 %. Because it is classified as a chemical product, E48 can be imported duty-free from Norway into the EU.

It is suspected that American bioethanol suppliers are hereby circumventing current EU tariff regulations. In January 2014, the association of European bioethanol producers ePURE thus complained to the EU Commission and asked that further illegal imports of E48 be prevented by expanding the anti-dumping duty to include Norway.

TAX BREAKS FOR BIOFUELS IN BELGIUM After the existing biofuel directive in Belgium expired on 30 September 2013, a transitional directive was published on 29 November 2013, which states that for biofuels produced by the biofuel producers selected in a 2006 tender, the current tax breaks will continue to apply until 31 May 2014. The government of Belgium plans shortly to present to the EU Commission the conditions of the new subvention scheme that will apply effective October 2014 and is meant to support the use of especially sustainable biofuels.

Business performance

CropEnergies Group is responsible for the bioethanol business in Germany, Belgium, France and Great Britain. The company is a leading producer of sustainably produced bioethanol in Europe and has a total annual production capacity of over 1.2 million m^3 of bioethanol and over 1 million tonnes of food and animal. CropEnergies also holds a 50 % interest in CT Biocarbonic GmbH, which operates a food-grade CO_2 liquification plant in Zeitz with an annual production capacity of 100,000 tonnes.

In July 2013, CropEnergies acquired British bioethanol producer Ensus Limited, based in Wilton, Great Britain. Ensus operates one of the largest bioethanol plants in Europe in the northeast of England. It has an annual capacity of 400,000 m^3 of bioethanol and 350,000 tonnes of protein-based animal feed (DDGS). In addition, carbon dioxide is fed to a nearby liquification system that prepares CO_2 for use in the food and beverage industry. The bioethanol plant was started up at the beginning of 2010 and employs about 100 people. CropEnergies intends to invest more than fifty million British pounds to significantly improve the competitiveness of the company. The acquisition of Ensus has strengthened CropEnergies' position as a leading European bioethanol producer. At the same time, CropEnergies has gained direct access to the British bioethanol market, the third-largest in the EU after Germany and France. This acquisition and the rectified spirit production plant that will be built at the Zeitz site by 2015 represent a total investment of € 27 million and are a continuation of the expansion plan CropEnergies has followed over the past few years.

CropEnergies segment business performance

		2013/14	2012/13	+/– in %
Revenues	€ million	**720**	**645**	**11.7**
EBITDA	€ million	69	119	– 42.6
Depreciation on fixed assets and intangible assets	€ million	– 34	– 32	5.6
Operating profit	€ million	**35**	**87**	**– 60.3**
Restructuring costs/ special items	€ million	– 7	0	–
Income from operations	€ million	**28**	**87**	**– 67.6**
EBITDA margin	%	9.5	18.5	
Operating margin	%	4.8	13.5	
Investments in fixed assets	€ million	18	11	65.8
Investments in financial assets/ acquisitions	€ million	0	0	–
Total investments	€ million	**18**	**11**	**65.8**
Capital Employed	€ million	549	502	9.5
Return on Capital Employed	%	6.3	17.3	
Employees		430	321	34.0

TABLE 17

REVENUES AND OPERATING PROFIT CropEnergies' revenues grew satisfactorily, reaching € 720 (645) million. Higher sales revenues for food and animal feed, and especially higher ethanol volumes, more than offset the shortfall caused by increasingly declining sales revenues from ethanol in the second half of the fiscal year. In addition to larger trading volumes, the higher volumes were driven by further improvement in existing plant loading and the first-time consolidation of Ensus, Wilton, Great Britain.

Operating profit on the other hand came in at € 35 (87) million, down sharply from the record result posted in 2012/13, as forecast. This drop was due to lower margins because of higher net raw material costs, as well as sharply lower ethanol sales revenues, especially in the last quarter. The costs of starting up the Ensus bioethanol plant and charges from the flooding in Zeitz in June 2013 also impacted operating profit. Last year's unusually high operating profit was due to sales revenue growth combined with early raw material price hedging.

CAPITAL EMPLOYED AND RETURN ON CAPITAL EMPLOYED (ROCE) Capital employed rose to € 549 (502) million as of the record date, driven mainly by the acquisition of Ensus. This and the significantly lower operating profit caused ROCE to drop to 6.3 % from last year's 17.3 %.

RAW MATERIALS Agricultural commodities originating in Europe were processed in Zeitz, Wanze, Belgium and Wilton, Great Britain, mainly grain and sugar syrup. CropEnergies' purchasers focused on sourcing raw materials locally in an effort to minimize freight charges. CropEnergies used fixed-price contracts supplemented by derivative instruments to mitigate the price risk for grain. CropEnergies found additional raw alcohol suppliers for the plant in Loon-Plage, France, to further widen its choice of suppliers and improve the flexibility of its raw material sourcing.

PRODUCTION In fiscal 2013/14, CropEnergies' bioethanol production rose 9 % to 884,000 (808,000) m^3 – driven especially by the Ensus acquisition. As a result of the Ensus takeover, optimization of the raw material mix and programs to improve yield, the production capacity for dried food and animal feed also rose substantially and ended at 413,000 (314,000) tonnes. CropEnergies also produced liquid protein-based animal feed and biogenic carbon dioxide.

In Zeitz, bioethanol production remained steady despite the shutdown in June 2013 due to flooding. Improvements made in Wanze allowed the plant to operate continuously at a higher capacity utilization. Comprehensive inspections, maintenance work and improvements were carried out in Wilton prior to the startup in September 2013. After a successful startup, the plant's daily capacity utilization very quickly reached a high level. In Loon-Plage, raw alcohol was converted to bioethanol for the fuel sector and custom high quality alcohols for traditional and technical applications were produced for customers.

All of these bioethanol plants are permanently certified to meet at least one of the EU Commission's recognized certification systems. The certifications prove that the bioethanol CropEnergies produces fulfills the sustainability criteria of the renewable energy directive. The production system in Wanze operates with greenhouse gas savings of over 60 % by weight, thereby already fulfilling today EU specifications that will come into force in 2017. The plants in Zeitz and Wilton also significantly exceed minimum requirements.

BIOETHANOL VOLUME Bioethanol volume was 20 % higher than last year at 1,012,000 (840,000) m^3. Of the total, 150,000 (86,000) m^3 consisted of trading goods. Last fiscal year, CropEnergies continued to focus on minimizing freight charges to EU common market destinations. The most important market is still Germany, but the company also has significant market shares in Belgium and Eastern Europe. CropEnergies has successfully expanded its production and logistics network with the takeover of Ensus, as well as gaining direct access to the British bioethanol market.

CropEnergies also participates in the non-fuel market through its Ryssen arm. The high-quality products produced by this entity are bought by some of the biggest names in the beverage, cosmetics, pharmaceutical and chemical industries. Ryssen also sold fuel grade ethanol made from raw alcohol from Saint Louis Sucre's Loon-Plage facility. Ryssen further expanded its South American market position with the founding of Ryssen Chile SpA, Santiago de Chile, Chile, and the takeover of a Chilean alcohol distributor. CropEnergies is represented in the world's largest bioethanol market by its sales subsidiary CropEnergies Inc., Houston, Texas. However, after the EU imposed antidumping duties in February 2013, direct bioethanol imports from the United States dropped dramatically. CropEnergies thus restricted its activities in this market to observing further market developments in the United States.

FOOD AND ANIMAL FEED VOLUMES CropEnergies Group's product portfolio includes dried, protein-based animal feed (ProtiGrain®, DDGS), the liquid protein-based animal feed ProtiWanze®, bran and gluten for food and animal feed applications.

Volumes of dried food and animal feed rose 36 % to 413,000 (303,000) tonnes due to higher production volumes. Despite expectations of an excellent oilseed harvest, prices for plant-based proteins remained attractive due to the continuous high demand for protein-based food and animal feed.

The high-grade protein-based animal feed ProtiGrain® produced in Zeitz is a competitive alternative to rapeseed meal and other animal feed in the quality-driven European animal feed market, both price and quality-wise. In addition to Germany, the main markets continued to be other major animal feed markets, including the Netherlands and France. After the takeover of Ensus, CropEnergies was also able to serve the British animal feed market with DDGS produced in that country. CropEnergies produces bioethanol, protein-rich gluten, CDS (Condensed Distillers' Solubles) and bran at the Wanze site. Due to its dietary and technological properties, gluten is also used in other areas, especially the food industry and for specialty animal feeds. The proteins and other elements of the fermented wheat grains contained in CDS extracted after distillation is marketed under the brand name ProtiWanze® and sold to livestock farmers, especially in the Benelux countries. Since June 2013, premium grade bran from the wheat used in Wanze, certified to be in compliance with the GMP+ quality assurance system, has also been marketed as a component for animal feed.

Investments

The CropEnergies segment invested € 18 (11) million, mainly to further improve production systems and efficiencies.

WANZE Investments in Wanze, Belgium were primarily to improve value added and yield. For example, a picking and packing facility for gluten was installed to reduce product losses, improve quality monitoring and cut logistics costs. Bran certified to be compliant with the GMP+ quality assurance system was added to the product portfolio. The performance of the biomass boiler was improved by investing in optimizing the scrubbing processes in the exhaust gas system. Further process optimizations were carried out in the distillation area.

ZEITZ The new finishing system for making rectified spirit was the top priority in Zeitz. The approval processes were prepared during the fiscal year and contracts awarded for construction and the required expansion of the infrastructure. Plans call for the construction of an additional fermenter that is designed to improve alcohol yield. Two new grain silos were started up to improve input raw material flexibility.

LOON-PLAGE A new loading and unloading facility was built at the Dunkirk harbor in Loon-Plage to optimize logistics. Newly added denaturing options increased the product diversity and opened up new market segments.

WILTON The focus at Ensus was initially on extensive maintenance and repair work, investing in new lab equipment and modernizing the IT infrastructure. Investment plans were also firmed up. A comprehensive program has been agreed to sequentially improve the uptime, flexibility and efficiency of the plant over the course of the next few years.

Fruit segment[1]

Market developments, economic environment, general conditions

Global demand for fruit preparations for yogurt, ice cream and food services continues to grow at a rate of about 3 % per annum. In a number of non-EU countries where per capita consumption is relatively low, market growth is in fact quite strong.

The latest data for fruit yogurt in the American market indicates that both volume and total market value are growing strongly. The demand for fruit preparations is growing even faster, because the amount of fruit preparations added to the strongly growing "Greek yogurts" product category is higher than for "normal" yogurts.

Other regions with growth rates up to 10 % continued to be Brazil, North Africa, the Ukraine, China and Southeast Asia. Countries in which the market is quite mature, such as South Korea and Australia, have lower growth rates of about 3 %. The same rate applies to countries in which the general economy has weakened, such as Russia, Mexico and South Africa.

In Europe (EU excluding Eastern Europe) the overall demand for fruit preparations continues to shrink about 1.5 % annually. As before, the reasons are that consumers are buying less due to the overall economic situation and there is a slight trend toward reaching for natural yogurts without fruit preparations.

The trend toward fruit juice drinks with low juice concentrations continues in the fruit concentrations business. Consumption of juices with high concentrations of fruit continues to decline slightly in Western Europe. The price of fruit juice concentrates stabilized at a low level in Europe because of residual inventories from the excellent 2012 harvest, the average processing volumes in the key growing regions of Europe (Poland, Italy, Hungary) during the 2013 processing season and the above-average harvest in Turkey.

[1] Further details can be found in AGRANA's current 2013/14 annual report.

Business performance

AGRANA J&F Holding GmbH is the fruit segment's holding company. The fruit preparations division is coordinated and operationally managed by a holding company, AGRANA Fruit S.A.S, based in Mitry-Mory, France. Since the merger of AGRANA Juice and Ybbstaler, AUSTRIA JUICE GmbH, headquartered in Kröllendorf, Austria, has been in charge of the fruit concentrates division. The integration of the two companies is on track. Harmonization of the business models and systems will likely be completed this fiscal year and synergies should be fully utilized starting in fiscal 2015/16.

Fruit segment business performance

		2013/14	2012/13	+/– in %
Revenues	€ million	**1,172**	**1,140**	**2.8**
EBITDA	€ million	106	83	26.4
Depreciation on fixed assets and intangible assets	€ million	– 41	– 38	6.8
Operating profit	€ million	**65**	**45**	**42.9**
Restructuring costs/ special items	€ million	– 1	– 19	– 96.3
Income from operations	€ million	**64**	**26**	**> 100**
EBITDA margin	%	9.0	7.3	
Operating margin	%	5.5	4.0	
Investments in fixed assets	€ million	52	35	48.4
Investments in financial assets/ acquisitions	€ million	0	0	–
Total investments	€ million	**52**	**35**	**48.4**
Capital Employed	€ million	801	900	– 11.0
Return on Capital Employed	%	8.1	5.0	
Employees		5,371	5,184	3.6

TABLE 18

REVENUES AND OPERATING PROFIT The fruit segment's overall revenues rose to € 1,172 (1,140) million in spite of lower sales revenues in the second half of the fiscal year. Operating profit was also up sharply, to € 65 (45) million. The results were driven by higher volumes in the fruit juice concentrates division due to the first-time consolidation for the entire fiscal year of AUSTRIA JUICE GmbH, as well as strong volume growth in all key regions in the fruit preparations division.

CAPITAL EMPLOYED AND RETURN ON CAPITAL EMPLOYED (ROCE) The substantial decline in capital employed to € 801 (900) million is due to lower inventory values because of lower raw material prices, as well as reduced trade receivables. This together with the sharp improvement in operating profit led to a significant increase in ROCE: It went from 5.0 % to 8.1 %.

AGRANA Fruit (fruit preparations)

AGRANA is the world's leading producer of fruit preparations for the dairy, baked goods and ice cream industries, with a global market share of over 30 %. In total, the group had twenty-five production locations for fruit preparations in twenty countries as of the record date. The new location in Lysander, New York (startup in May 2014), is meant especially to serve the rising demand from customers in Canada and the northeastern United States. The production plant in Cape Town South Africa was closed at the end of January 2014 and local production is now concentrated at the more central location in Johannesburg.

In fiscal 2013/14, AGRANA's volumes rose 3.8 % to 518,000 tonnes and its global market leadership in fruit preparations further expanded.

In spite of the challenging market environment, the company was able to marginally expand its position in the EU (without Eastern Europe), the division's most important region. AGRANA will take further steps to improve its profitability in the EU.

AUSTRIA JUICE (fruit juice concentrates)

AUSTRIA JUICE is the leading producer of apple and berry juice concentrates in Europe, with fourteen production locations, one of which is in China. Since the merger of AGRANA Juice and Ybbstaler Group, synergies are being effectively used, international markets more effectively serviced, and additional growth opportunities being created. The company aims to further strengthen its role as the leading supplier of fruit juice concentrates, fruit purées, beverage ingredients, natural flavors and pure juice for the beverage processing industry.

The Gleisdorf production facility was closed after completion of the 2013 campaign in order to optimize the location structure in Austria. Key parts of the plant were moved to Kröllendorf to expand the processing capacity there.

In fiscal 2013/14, fruit juice concentrates volume was up by just under 8 %. AUSTRIA JUICE sells its products around the world, but its core market is the European Union. Other important markets are North America and Russia, as well as the Middle East and Far East. The apple juice concentrate produced at the Chinese facility is mainly exported to the United States, Japan, India, Russia and Australia. The fruit wine business reported revenue and volume growth of about 8 % and 3 % respectively.

Raw materials, harvest and production

Last fiscal year, prices eased in raw material markets. This was due to moderate demand in the fruit juice markets, as well as currency exchange developments in the emerging nations. In general, average raw material prices settled at a slightly lower level than last year. Prices for sugar and starch, which represent a major input cost of fruit preparations recipes, were significantly lower than last year. Harvests in the main regions from which the company procures materials were average to above average with few exceptions. AGRANA Group always tries to mitigate the potential negative impact of raw material prices by targeted hedging and utilization of the company's global procurement network. The increasing product diversity and ever stricter quality specifications make it necessary for AGRANA to expand and enhance its supplier network, in addition to expanding its own raw material production. Increasing demand for sustainably produced raw materials in particular requires stronger cooperation efforts with producers. Here there has already been measurable success that has positively impacted sales of end products.

Apple availability in the main processing regions in Europe – Poland and Hungary – was about 20 % less than last year's volume. The poor harvests in Germany caused raw material prices, which had been falling previously, to stabilize in neighboring countries. An increase in import duties to Europe and significantly lower production volumes that resulted in higher prices for Chinese apple juice concentrates reduced its competitiveness in Europe. Overall, abundant volumes of the main fruits were available for the berry processing season. The only exception is raspberries, where there was a significant shortage in the second half of the season due to drought and high temperatures.

Investments

The fruit segment invested € 52 (35) million on maintenance programs and capacity expansions. The bulk of the investment was for the construction of the fourth fruit preparations plant in North America (Lysander, New York). It is scheduled for startup in May 2014. A new production line was added to expand the capacity in the Ukraine. The main investments in the fruit concentrates division were for improving production efficiency. Work also began on optimizing the location structure in Austria and introducing a uniform merchandise management system.

Actual and forecast business performance

Outlook 2013/14		Consolidated management report 2013/14[1]	10 October 2013[2]	21 November 2013[4]	Actual 2013/14	Actual 2012/13
Group						
Revenues	€ billion	about 8.0	about 8.0	about 7.5	7.7	7.9
Operating profit	€ million	about 825	about 825	about 650	658	972
Sugar segment						
Revenues	€ billion	same as last year	nearly same as last year	lower than last year	4.0	4.2
Operating profit	€ million	down sharply	down sharply	down sharply	436	708
Special products segment						
Revenues	€ billion	rise moderately	rise moderately	remaine stable	1.9	1.9
Operating profit	€ million	lower than last year	lower than last year	significantly lower than last year	122	132
CropEnergies segment						
Revenues	€ billion	near last year	Rise by 10 to 20 %[3]	Rise by 10 to 20 %	0.7	0.6
Operating profit	€ million	~ 50 – 60	~ 40 – 50[3]	~ 33 – 43[5]	35	87
Fruit segment						
Revenues	€ billion	higher revenues	higher revenues	higher revenues	1.2	1.1
Operating profit	€ million	improve significantly	improve significantly	improve significantly	65	45
Group						
Investments in fixed assets[6]	€ million	rose again	n/a	n/a	383	338

[1] Published on the press and analysts' conference on 16 May 2013.
[2] Publication of the interim report Q2 1st half 2013/14.
[3] CropEnergies ad-hoc-release as of 30 July 2013 (Acquisition of Ensus as of 19 July 2013).
[4] Südzucker ad-hoc-release as of 21 November 2013 (including outlook interim report Q3 2013/14).
[5] CropEnergies ad-hoc-release as of 20 Dezember 2013.
[6] Including intangible assets.

TABLE 19

The following table shows the actual business performance in 2013/14, juxtaposed with the forecast for 2013/14 contained in the 2012/13 financial statements and in the 2013/14 interim reports.

The initial forecast for fiscal 2013/14, published during the press and analysts' conference on 16 May 2013 together with the 2012/13 consolidated financial statements, was largely confirmed in the first and second quarter 2013/14 interim reports. Südzucker made clear at the annual general meeting on 1 August 2013 and in the ad hoc announcement published on 24 September 2013 in conjunction with the Q2 2013/14 interim report that it was becoming more difficult to forecast business results due to the impact of the integration of British bioethanol producer Ensus and due to the weak business performance amid a slowing general economy.

After it became clear that prices in the EU sugar market were declining much more than expected, especially at the beginning of the 2013/14 sugar marketing year, the forecast was corrected on 21 November 2013 and revised downward significantly due to the lower operating profits in the sugar segment.

On 19 July 2013, CropEnergies announced the takeover of British bioethanol producer Ensus limited. With this acquisition, CropEnergies has expanded its annual production capacity for bioethanol to over 1.2 million m^3 and thus reinforced its position as a leading European bioethanol producer. As announced on 30 July 2013, the operating profit forecast was adjusted due to the expected charges related to startup of the Ensus plant. On 20 December 2013, CropEnergies revised its operating profit forecast again due to the drop in ethanol prices.

After the record profits in 2012/13, the fiscal 2013/14 operating profit of € 658 (972) million was satisfactory, especially given the original forecast and steadily falling sugar prices.

EVENTS AFTER THE BALANCE SHEET

There were no material changes to business conditions or our industry sectors after the close of the fiscal year. Neither do we expect any other events of material significance that have to be reported by Südzucker Group.

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 it manages its 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. The risk management system is thus an integral part of the entire budgeting, controlling and reporting process and is governed by the executive board. At the same time, the company takes advantage of opportunities that serve to safeguard and improve its 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 conduct, clear responsibilities, independent risk controlling and internal audits.

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

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. It regularly evaluates the suitability of the installed risk management rules and improves them if necessary. In addition, it continuously monitors material risks, including cross-business risks, and alerts those responsible if action is necessary. The managers of divisions and group departments are responsible for the risk management systems of the divisions and central departments.

One of the key risk management tasks is to limit strategic, operative and financial risks.

Monitoring changing market prices is an important risk management task. The company has installed risk committees that evaluate how to handle such risks in those divisions and business units in which operating profits are materially affected by market price volatility. Market price risks resulting from commodity and selling prices, as well as currency exchange and 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 derivative instruments are only entered into with banks that have a high credit rating or on futures exchanges.

Operative and strategic risks are reported and documented regularly as part of the entire planning, management and reporting process. The executive board and divisions responsible also receive monthly risk reports that outline risks and sensitive issues at both the divisional and group level and that focus on the current and subsequent fiscal year. Based on these inputs, they assess the development of the risk parameters as they relate to the current market situation with reference to the budget or the current forecast and determine the risk score by evaluating its impact on operating profit.

EARLY WARNING SYSTEM Südzucker has established a monitoring system as per article 91, paragraph 2 of the German Stock Corporation Act (AktG), which aims to detect risks that could threaten the existence of the company and other risks early, as well as to monitor and control them. The external auditor evaluates the reliability and performance capability of the risk early warning system in accordance with article 317, paragraph 4 of the German Commercial Code (HGB). Südzucker Group amends the system as required when legislative and business conditions change.

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, the executive board, division managers and group executives communicate risks quickly and transparently. 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. The department, which reports directly to the chairman of the executive board, systematically and rigorously assesses the effectiveness of the risk management system, the controls, management and monitoring processes on the basis of independent, objective auditing and advisory methods. In doing so, it focuses on improving them and the underlying business processes.

Risks

Summary of corporate risk exposure

Südzucker's exposure to material risks is outlined in the following. All identified risks are assessed according to their likelihood of occurrence and their potential impact on the corporation after steps have been taken to mitigate them given the current general conditions.

Risks are categorized as unlikely, possible or probable depending upon how probable it is they will occur. The potential financial impact is categorized as minor, moderate or major. The importance of the identified risks is determined by weighing the combined probability of occurrence and potential financial impact. The price volatility of raw materials, risks associated with fluctuating product prices and changes to the legal and political framework are currently the most significant risks. The potential financial impact of the other risks outlined in this report is comparably minor.

Overview of corporate risks	Likely hood of materialisation	Possible financial effects
Regulatory risks		
Changes in legal and political environment	possible	significant
Risk from operational business		
Availability and price volatility of raw materials	probable	significant
Markets and product prices	probable	significant
Exchange rate fluctuation risks	probable	moderate
Risks from trading transactions	possible	moderate
Quality risks	unlikely	moderate
IT risks	unlikely	moderate
Personnel risks	unlikely	moderate
Legal risks	possible	moderate
Risks due to irregularities/fraud	unlikely	moderate
Creditworthiness and default risks	unlikely	moderate
Other operating risks	unlikely	immaterial
Financial risks		
Interest rate fluctuation risks	possible	moderate
Exchange rate fluctuation risks	probable	moderate
Liquidity risks	unlikely	significant
Creditworthiness and default risks	unlikely	significant
Risk of rating downgrade	unlikely	moderate

TABLE 20

Regulatory risks

As outlined in the respective 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. Expiry of the regulations on minimum beet prices and quotas effective 30 September 2017 could result in changed market conditions related to volume and procurement. In addition, risks could accompany the changes to the general industry framework in the event additional duty-free import quotas are granted under the terms of new bilateral free trade agreements or if EU tariff protection is altered. The same applies for bioethanol; for example, raising or lowering national blend ratios, restricting or promoting the use of various raw materials, as well as actual, alleged or refuted influences on the cultivation of agricultural crops in other regions of the world might create new opportunities or risks. Changes to external trade relations with non-EU countries, legislative compensation policies for generating renewable energies as they exist in some EU countries as well as tariff rates can also lead to new opportunities or risks. The possible elimination of the carbon leakage qualification under the terms of the European emissions trading scheme in sectors in which Südzucker Group conducts business may require the additional purchase of emission certificates be purchased. 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

Every year, Südzucker Group processes over 30 million tonnes of agricultural raw materials grown on about 800,000 ha of land. Not including the fruit segment, the crops comprise sugar beets, corn, wheat, chicory, potatoes, barley, rice and triticale.

As a processor of these raw materials, Südzucker is exposed – in spite of regional dispersion – to procurement risks related mainly to fluctuating harvest yields caused primarily by extreme weather conditions (climate change), but also pests and diseases that attack the company's crops.

In Europe, climate change is linked to both risks and opportunities. An extended growing period that starts earlier, fewer frost days, higher CO_2 concentrations in the atmosphere and faster heating of the soil could generate rising yields. The associated risks result from greater evaporation and potentially more frequent and intense extreme weather events, such as drought, flooding, storms and hail. In addition, geographic shifting of climatic zones or rainfall can have either a negative or positive impact on agricultural raw materials. This risk is addressed to the greatest extent possible by appropriate cultivation planning and targeted cultivation consultation and research.

In addition to the procurement risks related to availability, agricultural raw materials are subject to price fluctuations that cannot always be directly passed on to the market. Grain and oilseed market price fluctuations are driven primarily by fundamental global and regional market data such as availability, demand and inventories. Markets are very sensitive to critical thresholds related to the ratio of annual consumption to inventories, as well as uncertainty about supply and demand factors, and prices fluctuate accordingly. Over the last few years, this has been repeatedly observed for certain products and is in principle again possible in the future. The price volatility of global markets is increasingly mirrored in the European and domestic markets due to expanding global raw material trading.

Political measures such as export bans instituted by key exporting countries can also cause increased short-term price volatility.

At Südzucker Group, fluctuating grain prices can be partly offset by sales revenues for protein-rich food and animal feed. Südzucker also mitigates the impact of possible grain price increases using forward-looking procurement policies in combination with timely hedging based on commodity futures contracts.

When products are processed and sold or raw materials priced in currencies other than euro, the operating businesses may be exposed to currency risks. The associated currency risks are mainly managed using currency futures exchange contracts or by financing the working capital in foreign currency. 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' scenarios are based on completely fulfilling the quota beet and ethanol beet delivery rights they were issued.

CropEnergies needs agricultural products containing carbohydrates, such as grain and sugar syrup, to produce bioethanol. Price fluctuations on the world's grain markets directly impact raw material costs. Sales revenues from food and animal feed mitigate the risk of high raw materials prices. To assess the risk, CropEnergies calculates raw material costs minus sales revenues from food and animal feed (net raw material costs). Because grain price fluctuations mainly 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 these products (natural hedge).

In addition, CropEnergies can reduce the impact of any increase in grain prices on raw material costs with forward-looking procurement policies and by using sugar syrups. 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 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. Also, the company regularly balances forward contracts for purchased raw materials and sales of food, animal feed and ethanol. The degree of hedging is determined by the market situation, whereby the basic principle applied is that forward contracts for ethanol not exceed forward contracts for input raw materials. However, depending on the market price situation, the risk of not securing cost-covering hedging transactions or to pass price increases of raw materials on to bioethanol purchasers remains.

The EU ties the promotion of fuels produced from biomass to compliance with certain sustainability requirements. Bioethanol produced at the plants in Zeitz, Wanze and Wilton meet these requirements provided sustainably produced raw materials are available.

Raw material costs are also of key importance to starch production. Some higher raw material costs can be passed on to customers almost immediately. Here too, the strategy is to use physical supply contracts to cover the envisaged requirements as well as possible.

Procurement risk in the fruit segment is affected by poor weather and any plant diseases that may arise. Poor harvests resulting from these factors can have a negative impact on both the availability and cost of raw materials. Through its worldwide presence and knowledge of local markets in various regions, AGRANA's fruit preparation division is able to detect regional supply bottlenecks and price volatility early and take steps to mitigate such situations. In addition, the division strives to enter into annual contracts where possible, both on the sales and procurement side. This contributes significantly to the reliability of overall annual raw material supplies and enables the offering of secure supplies to customers during the same period.

Südzucker Group counters energy price risks by designing its production plants to be capable of utilizing diverse energy sources in line with the particular circumstances, with the ultimate goal of minimizing costs. In addition, investments to improve the energy efficiency of the production plants throughout the group are an ongoing priority. The company utilizes long-term supply contracts or derivatives to hedge some of the fuels deployed during the campaign.

The current comprehensive overhaul of the European Renewable Energy Directive (EEG) has introduced the risk that in future all existing and new privately owned power plants (cogeneration plants, etc.) will be allocated a minimum percentage of basic EEG financing costs. Südzucker's expenses would rise significantly if subsidies for existing privately owned power plants were eliminated. Furthermore, the special compensation rules for energy-intensive operations as outlined in articles 40 ff. of the EEG do not apply to Südzucker Group.

The free-of-charge CO_2 certificates allocated in conjunction with the third trading period in the EU from 2013 to 2020 will not cover Südzucker Group's expected consumption. Südzucker's sugar, starch, inulin and bioethanol production processes for 2013 and 2014 meet current EU directives for carbon leakage, and accordingly, a limited number of CO_2 certificates will be allocated free of charge. However, compliance with carbon leakage criteria as of 2015 will in future be audited every five years. Elimination of carbon leakage status for the various industrial sectors in which Südzucker operates would significantly curtail the annual allocation of free-of-charge CO_2 certificates the company presently enjoys. Current scheme assumes that carbon leakage status will remain unchanged after 2014 for these industry sectors.

MARKETS AND PRODUCT PRICES The most important markets for sugar, functional ingredients for food and animal feed, frozen products, starch, bioethanol and fruit are distinguished by their comparably stable and/or rising demand. Signs of possible changes in consumer behavior are detected early. Any impact on Südzucker's market position is evaluated and may lead to a revised corporate strategy, such as restructuring or cost and capacity adjustments. Südzucker strives to reduce its dependency on the price of goods sold. Here optimizing cost structures to achieve cost leadership contributes toward stabilizing earnings margins. Still, all segments are exposed to market and product price risks.

The sugar segment is exposed to selling price risks resulting from price fluctuations in the world sugar market, the EU common market and animal feed markets. The company thus pays particular attention to consistency in its sales strategy and excellent customer loyalty to mitigate the volume and price risk for animal feed.

The EU granted a limited number of export licenses during the 2013/14 sugar marketing year. For the volumes allocated to Südzucker Group, we enter into futures contracts on the London futures exchange in accordance with market conditions. These futures contracts are then replaced by physical sales contracts with customers over the course of the sugar marketing year.

Expiry of the quota rules for sugar and isoglucose effective 30 September 2017 may impact the sugar market and EU sugar market prices.

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.

One of the requirements of the EU Commission's current draft guideline for changing the renewable energy directive and the fuel quality directive is that of the 10 % share of energy in the transportation sector that is to come from renewable sources by 2020, only 5 % may be covered by biofuels produced from grain, sugar and oilseeds. The EU Commission also recommends cancelling subsidies on biofuels after 2020 that could be used as food or animal feed. In addition to the already planned double allocation of biofuels from a number of recyclable substances (for example, used food-grade oils and animal fats), the proposals call for in future allocating certain waste and recyclable material (for example, raw glycerin, bagasse and straw) to the 10 % transportation sector target by a factor of four. Allocation of these fuels to more than one sector could result in increased competition between conventional bioethanol producers and producers of biofuels from so-called waste and recycling materials.

CropEnergies also 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.

CURRENCY EXCHANGE RISKS Currency exchange risks arise at Südzucker's operations when sales revenues or the cost of materials and/or merchandise are denominated in a currency other than the local currency.

In the sugar segment, sugar exports to the world market are subject to US dollar exchange rate risks, and are generally hedged from the date of entering the sugar futures contract to the date of payment receipt. Raw sugar refining is exposed to currency risks from any raw sugar purchases denominated in US dollars.

In the special products segment, foreign exchange risks arise in the BENEO division from US dollar sales revenues for which the underlying production costs are mostly incurred in euros and Chilean pesos. Sales revenues of the Freiberger Group in Great Britain are subject to currency risk related to the British pound sterling.

The CropEnergies segment's raw material purchases and product sales are mainly denominated in euro. The company is only exposed to currency risks when purchasing raw alcohol in US dollars and selling industrial alcohol in euro. These transactions are hedged using forward exchange contracts immediately after purchasing the raw alcohol.

The fruit segment's currency risks relate primarily to Eastern European countries, where goods are sold in euro, whereas raw material and operating expenses are denominated in the respective local currency.

RISKS FROM TRADING TRANSACTIONS ED&F Man, and to a limited extent other group companies involved in the sugar sector, engage in trading transactions with agricultural products and the associated financial instruments, especially sugar, molasses and coffee. In addition, ED&F acts as an intermediary that provides its customers with access to the commodity and financial markets. ED&F Man is thus subject to supervision by the relevant regulatory authorities in Great Britain and the United States. To a limited extent, Südzucker Group also participates in bioethanol trading and the associated commodity futures contracts. The risks associated with trading transactions are regularly monitored.

QUALITY RISKS Significant events related to serious violations of safety standards that apply to food and other products could have a detrimental impact on Südzucker's reputation and the volumes of our products. Furthermore, one of our stated objectives is to supply customers with safe, high quality products at all times. 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 management of our group is largely dependent on sophisticated information technology. As a result, risks associated with the security, quality or failure of IT systems are especially significant. We employ qualified internal and external experts and take appropriate technical steps to ensure that IT systems are properly maintained and optimized. To facilitate these efforts, Südzucker has widely standardized the information systems and processes used by Südzucker Group.

PERSONNEL RISKS Südzucker Group competes intensely with other companies for trained personnel and is thus exposed to the risk of being unable to suitably fill vacancies. 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 aim to encourage specialists and managers to stay with the company for the long term. In addition to attractive social benefits and compensation policies, we offer a wide range of opportunities at Südzucker Group, such as advanced and continuing education courses, trainee programs and possibilities to work for various group companies.

LEGAL RISKS Various lawsuits are pending against Südzucker AG and the group's companies. Accruals are being formed to cover the legal costs for these proceedings. Accruals for the lawsuit risks are formed when the likelihood that the company will be liable and the extent of the liability can be adequately determined. The final outcome of individual proceedings may affect earnings during a particular reporting period, but the potential associated liabilities would have no long-term impact on the group's assets and financial position.

Südzucker is exposed to potential changes in the legal environment, particularly as relates to food and environmental laws. Such risks are instantly documented, 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 had launched an inquiry into the activities of Südzucker AG and others in March 2009. The authority revealed further details about the alleged charges for the first time in a letter dated 16 December 2013. The authority therein accused Südzucker and other German sugar producers of having made anticompetitive territorial, quota and price agreements until 2009. Südzucker subsequently met with the authority. The proceedings were brought to a close on 18 February 2014 after Südzucker settled the official demand for payment by paying a fine in the amount of € 195.5 million. After careful consideration of all relevant arguments, Südzucker accepted the penalty notice and paid the fine in order to finalise the case, which was based on statements by a crown witness and has lasted almost five years. The steps were taken so that the company is again able to achieve legal and planning certainty going forward. The relatively fast settlement also considerably reduced the amount of the fine. After the closure of the German antitrust proceedings, customers are claiming damages as expected. Südzucker is categorically rejecting such claims.

In a similar case, the Slovakian and Hungarian antitrust authorities launched actions against AGRANA subsidiaries fiscal 2009/10. The investigations in Hungary have since been discontinued.

As outlined in last year's annual report, in September 2010, the Austrian Federal Competition Authority referred AGRANA Zucker GmbH and Südzucker AG to the Vienna cartel court, requesting a decision on an alleged violation of the Austrian Cartel Act. AGRANA and Südzucker are accused of anticompetitive agreements relating to Austria. The defendants 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, even after additional witnesses took the stand in February 2013. After having taken note of the penalty notice issued by the German authorities, the Vienna cartel court announced that it will pursue its case.

At the end of April 2013, the European Commission's competition authorities conducted a Europe-wide investigation of Südzucker AG and other European sugar companies. Further details of the accusations were not provided. On 3 February 2014, the proceedings were terminated without any statement.

RISKS DUE TO IRREGULARITIES/FRAUD Risks due to irregularities/fraud can arise if Südzucker Group organs or employees violate laws, internal rules or regulatory standards recognized by Südzucker and that the respective Südzucker Group company may subsequently suffer damage to its assets or image. In order to avoid risks arising from irregularities or fraud, Südzucker incorporated existing Südzucker Group corporate rules into its compliance management system policies and various compliance-critical company departments and activities were integrated into the program. The compliance management system is based on the principles of "knowledge" (informing and training), "compliance" (verifying and documenting) and "improvement" (reporting and acting). Violations of external and internal rules are not tolerated. Any indication of wrongdoing is investigated. The compliance program and the compliance organization are continually enhanced. The management culture focus on transparency and corporate principles is continuously enhanced to strengthen the compliance culture.

OPERATIONAL CREDITWORTHINESS AND DEFAULT RISKS
Significant losses could be generated if a large number of customers were unable to meet their contractual payment obligations toward Südzucker. Südzucker AG mitigates credit and default risks associated with outstanding receivables by constantly monitoring the creditworthiness and payment history of its debtors and setting appropriate credit limits. A group-wide credit management system continues to be strictly enforced. Furthermore, risks are capped using credit insurance and bank guarantees. Default risks associated with the financial instruments with which we have entered into hedging transactions also exist.

OTHER OPERATING RISKS Other operating risks that may arise in the production, logistics, research and development areas are not expected to have any material impact on the company's position. Südzucker also mitigates other operating risks by constantly monitoring them and continuously improving its business processes.

Financial risks

Because it conducts business worldwide, Südzucker Group is exposed to a variety of financial risks. This includes risks associated with fluctuating currency exchange and interest rates, liquidity risks, as well as credit rating and default risks. We classify market price risks associated with sugar exports, bioethanol volumes, or energy and raw materials procurement as operative risks. These are described in the respective section of this risk management report.

INTEREST RATE RISKS Südzucker Group is exposed to a limited extent to unexpected changes in interest rates on variable-rate or short-term financial obligations and investments. Exposure to these loans and investments fluctuates significantly over the course of the year because of campaign-related financing requirements. Long-term interest rate changes are of minor importance because of the company's low indebtedness.

CURRENCY EXCHANGE RISKS Financing-related currency exchange risks arise mainly from intra-group financing of subsidiaries in currencies other than the local currency.

LIQUIDITY RISKS Südzucker is exposed to liquidity risk with regards to not being able to raise the necessary funds to fulfill a payment obligation in time or at all. Südzucker Group's liquidity is thus monitored daily. To the extent they make sense economically, the company uses cash pools, both in Germany and internationally. Excess cash is also utilized throughout the group. Südzucker ensures a balanced debt repayment scheme and reduces its 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 budgeting, 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 There are also financial creditworthiness and default risks associated with financial institutions with which we have entered into hedging transactions, have deposited funds, have credit lines or that have provided guarantees on behalf of Südzucker. These risks increased due to the financial crisis and we limit them by conducting our financial business only with banks that have a high credit rating. Accordingly, we continuously monitor the creditworthiness of the financial institutions.

RISK OF RATING DOWNGRADE 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.

Detailed information regarding credit, liquidity, currency exchange, interest rate and price risks, including the use of derivative financial instruments for hedging risks, is provided in the notes to the consolidated financial statements (31) "Risk management at Südzucker Group".

Overall risk position

Material risks that could impact the future growth of Südzucker Group are particularly those arising from fluctuations in product and raw material prices, together with the risks associated with a change in the legal and political framework under the terms of which the company operates. In fact, the group's overall risk position compared to last year is higher due to the announced expiry of the minimum beet price and quota regulations effective 30 September 2017. Nevertheless, there are currently 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 ingredients for food and animal feed, frozen products, portion packs and starch), CropEnergies and fruit (fruit preparations, fruit concentrates) segments have captured significant market shares in their.

As a result, Südzucker Group will continue to operate in what will remain strongly growing international markets that will drive demand for agricultural commodities, food, animal feed and energy even higher. Südzucker's European locations have advantageous natural geography with excellent soils, high yields and stable weather conditions compared to other regions around the globe. The company enjoys a stable and reliable foundation for competing internationally as a result. The expanding global population and the trend toward high-quality foods should increase the market opportunities for Südzucker products, especially 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 segment

Südzucker's competitive position in the European Union is excellent due to its concentration on the top beet growing regions in Europe and the company will be able to take advantage of the expiry of the quota regulations to strengthen its production and market position. Producing in the European core markets and being close to industrial customers is also a major advantage logistics-wise. Long-term partnerships with key sugar producers in the LDCs and ACP countries enable Südzucker to market white and raw sugar in the EU. The imported sugar volumes strengthen the company's European market position. Additional market opportunities for isoglucose will rise in the European sweetener market starting in 2017.

Additional opportunities will arise from exporting sugar outside the EU after 2017, when such exports will no longer be capped by export license requirements. After the expiry of quota regulations, there will be an opportunity to increase capacity utilization by extending the duration of campaigns. Global sugar consumption is expected to increase from 2 to 3 % per annum from the current 168 million tonnes to about 200 million tonnes by 2020. This outlook supports the world market price for sugar. Still, in the near term other factors, especially weather conditions in the principal growing regions for sugar cane and sugar beets, exchange rate fluctuations and financial investor positions will have a significant influence. The acquisition of ED&F Man will also give Südzucker additional opportunities to participate in market growth.

Special products segment

Südzucker enjoys an excellent position in several growth markets due to the expansion of its special products segment.

BENEO The BENEO division is an important part of the special products segment and will benefit from the long-term trend toward healthier eating habits. BENEO is a leading international supplier of functional ingredients for food, beverages and animal feed, and the global market leader for sugar-based sugar substitutes 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 sales and distribution activities are being extended to cover the North American markets.

PORTIONPACK EUROPE As the European market leader, the company 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 in food service sectors such as hotels, restaurants and bars and caterers. PortionPack is expanding its European market share by growing internally and externally, responding flexibly to customer demands and continuously working on product innovations.

STARCH The starch division focuses on high-value-added specialty products. Innovative, customer-oriented products with accompanying applications consultation, ongoing product development and continuous cost optimization are among the division's key objectives. Examples are the leading shares in organic starches and non-GMO starches for the food industry or the technical leadership for specialty starches in the paper, textiles, cosmetics, pharmaceuticals and construction sectors.

CropEnergies segment

This segment's profits are primarily driven by sales revenue growth for bioethanol and the costs of the raw materials used. Opportunities arise from lower grain prices and/or higher prices for bioethanol and the food and animal feed products produced in parallel. CropEnergies to some extent is capable to hedge the volatility of 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 production process energy consumption.

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 takeover of Ensus expanded CropEnergies' bioethanol production capacity from 0.8 to 1.2 million m^3 and opens direct access to the British bioethanol market. Britain is the third largest bioethanol market in the EU, after Germany and France. By successfully building production capacities in Germany, Belgium, France and Great Britain, and internationalizing its trading and logistics network, CropEnergies has positioned itself to benefit from future market growth as one of Europe's most efficient bioethanol producers.

Fruit segment

The AGRANA fruit segment is the world market leader for fruit preparations for the dairy, ice cream and baked goods industries and the European market's largest producer of fruit juice concentrates from apples, red fruit and berries. Growth opportunities arise in countries with rising incomes, such as Russia, China and Brazil. A greater emphasis is also being placed on the North-American market, the regions of North Africa and the Middle East.

Internal control and risk management system as it applies to accounting systems

ESSENTIALS Südzucker AG's accounting-related internal control system aims to ensure that its financial reporting and accounting practices comply with recognized standards, are reliable and effective, and that they truly reflect the company's assets, financial and earnings situation at all times. The system is embedded in the underlying business processes in all relevant legal entities and central departments and is continuously being enhanced. The main elements of the system are the principles, procedures and controls that ensure thorough and complete financial reporting; for example, consistent accounting, valuation and balance sheet procedures, processes and practices throughout the group.

IFRS REPORTING GUIDELINE Südzucker Group's accounting and valuation guidelines, including the accounting principles as per International Financial Reporting Standards (IFRS), ensure that the accounting and valuation systems used for all business transactions by the German and foreign subsidiaries included in Südzucker's consolidated financial statements are consistent throughout the group. Südzucker's internal IFRS Reporting Guideline ensures that IFRS is applied as applicable to Südzucker and explains accounting topics. The contents of the IFRS Reporting Guideline are prepared centrally, are continuously updated and are communicated to all companies included in the consolidated financial statements.

INTERNAL AUDIT SYSTEM AS RELATES TO THE ACCOUNTING PROCESS The group accounting process starts with the group's individual companies. Individual organizational entities prepare and check their financial statements and send them to Südzucker AG's central consolidation department by uploading the data to the consolidation system. Clearly structured authorization rules are in place for all of the group's accounting-related IT systems.

Südzucker AG's central consolidation department is in charge of 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 manages the IT consolidation tool.

Südzucker Group's internal monitoring system has two components: controls integrated into the processes and process-independent controls. There is strong emphasis on the principle of segregation of duties and the principle of dual control, as well as compliance with guidelines and rules related to key business processes.

Automated validation rules and plausibility checks, especially in the IT-based consolidation system, make sure that the data entered by the individual companies is complete and correct.

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.

The monitoring steps taken to ensure proper and reliable accounting 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, adjusting the individual group company financial statements, taking into consideration the external auditors' reports and/or the audit debriefings.

Before integrating newly acquired companies, their internal control systems are quickly adapted to meet Südzucker Group's high standards.

INTERNAL AUDIT The audit committee monitors the accounting process, the effectiveness of the internal control and risk management system as well as the internal auditing system itself. The internal audit department audits the internal control system, compliance with legal requirements and internal corporate guidelines, as well as the risk management system. It makes recommendations and develops any necessary process changes accordingly, thereby contributing to continuous improvement of the internal control and risk management systems.

EXTERNAL AUDIT 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. During the audit of the closing financial statements, the auditor confirmed that Südzucker's early warning system is capable of timely detection of existential risks. Furthermore, to date the auditor has not encountered any material weaknesses in the internal accounting-related auditing system during its audit.

OUTLOOK

Overall and industry-specific business conditions

The world economy should grow overall by up to 4 % in 2014. Nevertheless, there continue to be risks; for example, weakening momentum in Chinese economic growth. We expect slight economic growth for the Eurozone, supported by improved consumer and business confidence. Economic uncertainty in the United States has declined in light of future austerity measures after the budget dispute was settled. This should enable solid growth to continue, supported by relatively low energy prices and an easing of the labor market situation. The developing and emerging markets' economies should also continue to grow at a satisfactory pace.

It is expected that the global sugar oversupply will decline over the course of fiscal 2014/15 and resulting in stable world market prices for sugar, or even rising toward the end of the fiscal year. We do not expect additional market intervention by the EU Commission in the EU since there is no need in the European sugar market due to high inventories.

We expect grain prices to move sideways from the levels attained at the end of the 2013/14 fiscal year just ended; however, volatility will likely increase given the political developments in Eastern Europe. We expect ethanol prices to recover slightly from the low levels of February 2014.

The market for fruit preparations should continue to grow during the current fiscal year. We expect strong demand growth for fruit juice concentrates after the smaller harvest in 2013.

IFRS reporting amendments

According to IFRS 11 (joint arrangements), joint venture companies that have to date been proportionally consolidated must now be consolidated at equity. This results in changes to Südzucker Group's report (see also item (1) "Principles of preparation of the consolidated financial statements" in the notes to the consolidated financial statements – future impact of IFRS 11). The changes affect the joint venture companies Hungrana Group (special products segment), Studen Group (sugar segment) and CT Biocarbonic GmbH (CropEnergies segment). The comparable revenues and operating profits for fiscal 2013/14 and the revenue and operating profit forecast for 2014/15 will in future be reported as follows:

€ million	Amount adjusted 2013/14	Accounting changes due to IFRS 11	Amount presented 2013/14
Income Statement			
Revenues	**7,533**	**– 202**	**7,735**
EBITDA	**889**	**– 44**	**933**
Depreciation	– 267	8	– 275
Operating profit	**622**	**– 36**	**658**
Result from restructuring and special items	– 116	– 0	– 116
Income from companies consolidated at equity	48	48	–
Income from operations	**554**	**12**	**543**
Income from companies consolidated at equity	–	– 20	20
Financial result	– 60	1	– 61
Earnings before income taxes	**494**	**– 8**	**502**
Taxes on income	– 105	8	– 112
Net earnings	**390**	**0**	**390**
of which attributable to Südzucker AG shareholders	282		282
of which attributable to hybrid capital	26		26
of which attributable to minority interests	82		82
Earnings per share (€)	**1.38**		**1.38**
Dilusion effect	0.00		0.00
Diluted earnings per share	1.38		1.38

TABLE 21

€ million	Amount adjusted 2013/14	Accounting changes due to IFRS 11	Amount presented 2013/14
Segment data			
Südzucker Group			
Revenues	7,533	– 202	7,735
Operating profit	622	– 36	658
Sugar segment			
Revenues	3,901	– 60	3,961
Operating profit	436	0	436
Special products segment			
Revenues	1,740	– 142	1,882
Operating profit	85	– 37	122
CropEnergies segment			
Revenues	720	0	720
Operating profit	36	1	35
Fruit segment			
Revenues	1,172	0	1,172
Operating profit	65	0	65

TABLE 22

However, the accounting changes for joint-venture companies have no impact on net income for the year or earnings per share, as shown in the above summary.

Group performance

We expect consolidated group revenues – after adjustments according to IFRS 11 – to decline in fiscal 2014/15, to about € 7.0 billion from € 7.5 billion in 2013/14. We expect sugar segment revenues to drop sharply, special products segment revenues to decline slightly, stable revenues in the fruit segment and a significant rise in the CropEnergies segment's revenues.

Expectations of an increasingly worsening economic environment in the European sugar and bioethanol markets as stated in the November 2013, December 2013 and February 2014 ad hoc announcements have been confirmed and the situation has in fact worsened. As stated in the ad hoc announcement released 8 April 2014, we expect consolidated group operating profit – after adjustments according to IFRS 11 – to decline sharply, to about € 200 million from € 622 million in 2013/14. The decline will be driven mainly by lower profits in the sugar and CropEnergies segments. We also expect moderately lower profits in the special products segment. We are expecting the fruit segment's profits to remain stable. Consolidated group operating profit for the first quarter of the current 2014/15 fiscal year will be significantly lower than last year at the same time.

Due to the sharply lower consolidated group operating profit, we also expect ROCE to drop significantly, while capital employed is expected to remain stable.

Sugar segment

We expect the sugar segment's revenues to fall significantly in fiscal 2014/15, since the reduced sales revenues from the 2013/14 sugar marketing year will now impact the entire year. The further sales revenue drop in the EU market is reinforcing the trend toward spot transactions. We also expect a significantly lower operating profit, mainly due to a steady worsening of the business environment in the EU sugar market. Additional charges will result from the increase in fixed production costs per tonne because of the 2013 campaign, which was even shorter.

Given the reduced sales revenues, it will not be possible to offset the lower capital employed in the sugar segment by the significantly lower operating profit. As a result, ROCE is also expected to be sharply lower.

Achieving these forecasts is largely dependent on further developments in volumes and marketing results in an increasingly difficult European sugar market environment. Our forecast also assumes that the EU will not intervene further in the market, as we do not see any need for this in light of high inventories.

In view of the increasing profit volatility and the changes to the EU's sugar policy effective 1 October 2017, we are currently examining our cost structures, particularly in the sugar segment.

Special products segment

We expect the special products segment's revenues to decline slightly and operating profit to decline moderately in fiscal 2014/15, driven by the slightly regressive bioethanol business in the starch division.

With the reduced operating profit and higher capital employed, we expect ROCE to decline.

CropEnergies segment

Highly volatile bioethanol prices make it difficult to forecast the CropEnergies segment's fiscal 2014/15 performance. While revenue is expected to grow to over € 800 million as a result of the production capacity expansion, CropEnergies is forecasting an operating profit in the range of between minus € 30 and plus 20 million.

Due to the lower operating profit, we expect ROCE to drop clearly, while capital employed is expected to remain stable.

Fruit segment

The fruit segment's fiscal 2014/15 revenues and operating profit should match last year's. Slightly declining revenues in the fruit juice concentrates division should be offset by higher volumes in all regions in the fruit preparations division. We expect higher operating profit for the fruit preparations division despite startup costs for the new factory in the United States, while the fruit juice concentrates division's profit will be slightly less than last year's.

Overall, we expect operating profit to remain the same, capital employed to rise slightly and ROCE to decline slightly.

Investments

We are maintaining our high investment budget in fixed assets for the current 2014/15 fiscal year and are forecasting a range of € 450 to 500 million. This will lay the foundation for future organic growth and costs savings that will be achieved through efficiency improvements, energy savings and centralization of headquarters at the Mannheim site. Investments will continue to be focused on the sugar segment, the starch plant in Zeitz, the Ensus bioethanol plant and the fruit preparations facility in the United States.

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME [1]

1 MARCH 2013 TO 28 FEBRUARY 2014

€ million	Notes	2013/14	2012/13	Change %
Income statement				
Revenues	(6)	**7,735.2**	**7,878.8**	**– 1.8**
Change in work in progress and finished goods inventories and internal costs capitalized	(7)	– 140.2	217.0	–
Other operating income	(8)	127.0	91.8	38.3
Cost of materials	(9)	– 4,989.3	– 5,160.2	– 3.3
Personnel expenses	(10)	– 810.7	– 809.5	0.1
Depreciation	(11)	– 275.3	– 274.1	0.4
Other operating expenses	(12)	– 1,104.2	– 988.8	11.7
Income from operations	(13)	**542.5**	**955.0**	**– 43.2**
Income from companies consolidated at equity	(14)	20.2	13.1	54.2
Financial income	(15)	41.1	49.9	– 17.6
Financial expense	(15)	– 101.7	– 151.9	– 33.0
Earnings before income taxes		**502.1**	**866.1**	**– 42.0**
Taxes on income	(16)	– 112.3	– 131.8	– 14.8
Net earnings	(18)	**389.8**	**734.3**	**– 46.9**
of which attributable to Südzucker AG shareholders		281.6	592.6	– 52.5
of which attributable to hybrid capital		26.2	26.2	0.0
of which attributable to minority interests		82.0	115.5	– 29.0
Earnings per share (€)	(18)	**1.38**	**3.08**	**– 55.2**
Dilusion effect		0.00	– 0.15	– 100.0
Diluted earnings per share		1.38	2.93	– 52.9
Statement of other comprehensive income				
Net earnings for the year		**389.8**	**734.3**	**– 46.9**
Market value of hedging instruments (cash flow hedge) after deferred taxes [2]		0.8	– 3.1	–
Market value of securities (available for sale) after deferred taxes [2]		– 1.2	0.3	–
Exchange differences on net investments in foreign operations after deferred taxes		– 0.1	– 0.3	– 66.7
Foreign currency translation differences [2]		– 90.2	– 10.7	> 100
Income and expenses to be recognized in the income statement in the future		**– 90.7**	**– 13.8**	**> 100**
Remeasurement of defined benefit pension plans and similar obligations after deferred taxes [3]		28.3	– 92.2	–
Other comprehensive income	(19)	**– 62.4**	**– 106.0**	**– 41.1**
Comprehensive income		**327.4**	**628.3**	**– 47.9**
of which attributable to Südzucker AG shareholders		242.8	493.5	– 50.8
of which attributable to hybrid capital		26.2	26.2	0.0
of which attributable to minority interests		58.4	108.6	– 46.2

[1] The prior year numbers have been adjusted in accordance with IAS 8. Further disclosures are included in note (1) of the notes.
[2] Including the effects from companies consolidated at equity.
[3] Will not be reclassified subseqently to profit and loss.

TABLE 23

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

CONSOLIDATED CASH FLOW STATEMENT [1]

1 MARCH 2013 TO 28 FEBRUARY 2014

€ million	2013/14	2012/13	Change %
Net earnings	389.8	734.3	– 46.9
Depreciation and amortization of intangible assets, fixed assets and other investments	275.4	277.0	– 0.6
Decrease (–) / Increase (+) in non-current provisions and deferred tax liabilities and increase (–) / decrease (+) in deferred tax assets	11.6	25.2	– 54.0
Other income (–) / expenses (+) not affecting cash	12.2	– 40.1	–
Cash flow	**689.0**	**996.4**	**– 30.9**
Gain (–) / Loss (+) on disposal of items included in non-current assets and of securities	1.0	2.0	– 50.0
Decrease (–) / Increase (+) in current provisions	1.5	5.5	– 72.7
Increase (–) / decrease (+) in inventories, receivables and other current assets	179.1	– 257.6	–
Decrease (–) / Increase (+) in liabilities (excluding financial liabilities)	– 156.7	32.4	–
Increase (–) / Decrease (+) in working capital	**23.9**	**– 219.7**	**–**
I. Net cash flow from operating activities	**713.9**	**778.7**	**– 8.3**
Investments in fixed assets and intangible assets	– 383.1	– 338.2	13.3
Investments in financial assets	– 22.3	– 182.5	– 87.8
Investments	**– 405.4**	**– 520.7**	**– 22.1**
Cash received on disposal of non-current assets	12.2	16.6	– 26.5
Cash paid (–) / received (+) for the purchase / sale of securities	– 0.8	67.8	–
II. Cash flow from investing activities	**– 394.0**	**– 436.3**	**– 9.7**
Increases in stakes held in subsidiaries	– 193.4	0.0	–
Capital decrease (–) / increase (+) / acquisiton (–) / sale (+) of own shares	61.9	291.2	– 78.7
Dividends paid	– 258.8	– 207.7	24.6
Repayment convertible 2009/2016	0.0	– 246.1	– 100.0
Repayment (–) / Issuance (+) of commercial papers	90.0	– 149.8	–
Other Repayment (–) / Refund (+) of financial liabilities	17.8	– 56.2	–
Repayment (–) / Refund (+) of financial liabilities	**– 85.6**	**– 452.1**	**– 81.1**
III. Cash flow from financing activities	**– 282.5**	**– 368.6**	**– 23.4**
Change in cash and cash equivalent (total of I., II. und III.)	**37.4**	**– 26.2**	**–**
Change in cash and cash equivalents			
due to exchange rate changes	– 10.6	– 1.4	> 100
due to changes in entities included in consolidation	0.8	9.6	– 91.7
Decrease (–) / Increase (+) in cash and cash equivalents	**27.6**	**– 18.0**	**–**
Cash and cash equivalents at the beginning of the period	483.5	501.5	– 3.6
Cash and cash equivalents at the end of the period	**511.1**	**483.5**	**5.7**

€ million	Notes	2013/14	2012/13	Change %
Dividends received from companies consolidated at equity and other investments		10,3	9,3	10,8
Interest receipts	(20)	27,1	31,2	– 13,1
Interest payments	(20)	– 42,0	– 57,1	– 26,4
Income taxes paid	(20)	– 95,0	– 138,0	– 31,2

[1] The prior year numbers have been adjusted in accordance with IAS 8. Further disclosures are included in note (1) of the notes.

TABLE 24

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

CONSOLIDATED BALANCE SHEET [1]

28 FEBRUARY 2014

€ million	Notes	28 Feb. 2014	28 Feb. 2013	Change %	1 March 2012
Assets					
Intangible assets	(21)	**1,193.0**	1,189.4	0.3	1,191.6
Fixed assets	(22)	2,729.2	2,633.4	3.6	2,554.1
Shares in companies consolidated at equity	(23)	226.3	190.1	19.0	12.3
Other investments	(23)	23.8	30.2	– 21.2	33.7
Securities	(23), (30)	104.6	105.5	– 0.9	105.1
Other assets	(25)	27.6	44.3	– 37.7	9.0
Deferred tax assets	(16)	123.4	121.5	1.6	131.3
Non-current assets		**4,427.9**	**4,314.4**	**2.6**	**4,037.1**
Inventories	(24)	2,386.5	2,567.6	– 7.1	2,323.7
Trade receivables	(25)	931.0	1,025.7	– 9.2	945.5
Other assets	(25)	367.3	281.3	30.6	357.1
Current tax receivables	(16)	63.8	91.4	– 30.2	16.2
Securities	(30)	40.8	42.1	– 3.1	108.1
Cash and cash equivalents	(30)	511.1	483.5	5.7	501.5
Current assets		**4,300.5**	**4,491.6**	**– 4.3**	**4,252.1**
Total assets		**8,728.4**	**8,806.0**	**– 0.9**	**8,289.2**

Further disclosures regarding the consolidated balance sheet are outlined in notes (16) and (21) to (30) of the notes to the consolidated financial statements.

€ million	Notes	28 Feb. 2014	28 Feb. 2013	Change %	29. Feb. 2012
Liabilities and shareholders' equity					
Issued subsribed capital		204.2	204.2	0.0	189.4
Nominal value own shares		0.0	0.0	–	– 0.4
Outstanding subscribed capital		*204.2*	*204.2*	*0.0*	*189.0*
Capital reserves		1,614.9	1,614.9	0.0	1,189.3
Revenue reserves and other comprehensive Income		1,486.1	1,445.2	2.8	1,238.8
Equity attributable to shareholders of Südzucker AG		*3,305.2*	*3,264.3*	*1.3*	*2,617.1*
Hybrid capital		683.9	683.9	0.0	683.9
Other minority interests		673.8	782.7	– 13.9	668.9
Shareholders' equity	(26)	**4,662.9**	**4,730.9**	**– 1.4**	**3,969.9**
Provisions for pensions and similar obligations	(27)	657.6	687.7	– 4.4	548.0
Other provisions	(28)	81.5	87.4	– 6.8	82.9
Financial liabilities	(30)	687.0	808.2	– 15.0	931.4
Other liabilities	(29)	18.3	16.2	13.0	13.0
Tax liabilities	(16)	75.0	94.4	– 20.6	88.1
Deferred tax liabilities	(16)	107.1	88.8	20.6	141.2
Non-current liabilities		**1,626.5**	**1,782.7**	**– 8.8**	**1,804.6**
Other provisions	(28)	189.5	189.0	0.3	183.6
Financial liabilities	(30)	530.8	287.3	84.8	574.0
Trade payables	(29)	1,160.0	1,316.9	– 11.9	1,234.4
Other liabilities	(29)	474.9	412.6	15.1	437.8
Current tax liabilities	(16)	83.8	86.6	– 3.2	84.9
Current liabilities		**2,439.0**	**2,292.4**	**6.4**	**2,514.7**
Total liabilities and shareholders' equity		**8,728.4**	**8,806.0**	**– 0.9**	**8,289.2**
Net financial debt		561.3	464.4	20.9	790.7
Equity ratio		53.4 %	53.7 %		47.9 %
Net financial debt as % of equity (gearing)		12.0 %	9.8 %		19.9 %

[1] The prior year numbers have been adjusted in accordance with IAS 8. Further disclosures are included in note (1) of the notes.

TABLE 25

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY[1]

1 MARCH 2013 TO 28 FEBRUARY 2014

€ million	Issued subscribed capital	Nominal value own shares	Capital reserve
1 March 2012 (published)	**189.4**	**−0.4**	**1,189.3**
Adjustment as per IAS 8	0.0	0.0	0.0
1 March 2012 (adjusted)	**189.4**	**−0.4**	**1,189.3**
Market valuations and exchange differences on net investments[2]			
Foreign currency translation differences[2]			
Income and expenses to be recognized in the income statement in the future			
Remeasurement of defined benefit pension plans and similar obligations after deferred taxes[3]			
Income and expenses recognized directly in equity			
Net earnings			
Comprehensive income			
Distributions			
Capital increase/decrease	14.8		420.9
Own shares	0.0	0.4	4.7
Other changes			
28 February 2013	**204.2**	**0.0**	**1,614.9**
1 March 2013	**204.2**	**0.0**	**1,614.9**
Adjustment as per IAS 8	0.0	0.0	0.0
1 March 2013 (adjusted)	**204.2**	**0.0**	**1,614.9**
Market valuations and exchange differences on net investments[2]			
Foreign currency translation differences[2]			
Income and expenses to be recognized in the income statement in the future			
Remeasurement of defined benefit pension plans and similar obligations after deferred taxes[3]			
Income and expenses recognized directly in equity			
Net earnings			
Comprehensive income			
Distributions			
Capital increase/decrease	0.0		0.0
Own shares	0.0	0.0	0.0
Other changes			
28 February 2014	**204.2**	**0.0**	**1,614.9**

[1] The prior year numbers have been adjusted in accordance with IAS 8. Further disclosures are included in note (1) of the notes.
[2] Including the effects from companies consolidated at equity.
[3] Will not be reclassified subseqently to profit and loss.

Further disclosures on shareholders' equity are included in note (26) of the notes to the consolidated financial statements.

	Other comprehensive Income	Revenue reserves	Equity of Südzucker shareholders	Hybrid capital	Other minority interests	Total shareholders' equity
	– 1.5	**1,239.4**	**2,616.2**	**683.9**	**669.1**	**3,969.2**
	– 0.0	0.9	0.9	0.0	– 0.2	0.7
	– 1.5	**1,240.3**	**2,617.1**	**683.9**	**668.9**	**3,969.9**
	– 3.6		– 3.6		0.5	– 3.1
	– 7.0		– 7.0		– 3.7	– 10.7
	– 10.6		**– 10.6**		**– 3.2**	**– 13.8**
		– 88.5	– 88.5		– 3.7	– 92.2
	– 10.6	**– 88.5**	**– 99.1**		**– 6.9**	**– 106.0**
		592.6	592.6	26.2	115.5	734.3
	– 10.6	**504.1**	**493.5**	**26.2**	**108.6**	**628.3**
		– 132.1	– 132.1	– 26.2	– 38.9	– 197.2
		– 161.3	274.4		3.8	278.2
		8.0	13.1			13.1
		– 1.7	– 1.7		40.3	38.6
	– 12.1	**1,457.3**	**3,264.3**	**683.9**	**782.7**	**4,730.9**
	– 12.1	**1,457.4**	**3,264.4**	**683.9**	**782.8**	**4,731.1**
		– 0.1	– 0.1	0.0	– 0.1	– 0.2
	– 12.1	**1,457.3**	**3,264.3**	**683.9**	**782.7**	**4,730.9**
	1.3		1.3		– 1.8	– 0.5
	– 67.0		– 67.0		– 23.2	– 90.2
	– 65.7		**– 65.7**		**– 25.0**	**– 90.7**
		26.9	26.9		1.4	28.3
	– 65.7	**26.9**	**– 38.8**		**– 23.6**	**– 62.4**
		281.6	281.6	26.2	82.0	389.8
	– 65.7	**308.5**	**242.8**	**26.2**	**58.4**	**327.4**
		– 183.8	– 183.8	– 26.2	– 38.3	– 248.3
		0.0	0.0		75.8	75.8
		0.0	0.0			0.0
		– 18.1	– 18.1		– 204.8	– 222.9
	– 77.8	**1,563.9**	**3,305.2**	**683.9**	**673.8**	**4,662.9**

TABLE 26

DEVELOPMENT OF THE ITEMS OF OTHER COMPREHENSIVE INCOME[1]

1 MARCH 2013 TO 28 FEBRUARY 2014

€ million	Other comprehensive Income				
	Market value of hedging instruments (cash flow hedge)[2]	Market value of securities (available for sale)[2]	Exchange differences on net investments in foreign operations	Foreign currency translation differences[2]	Total income and expenses to be recognized in the income statement in the future
1 March 2012	**–0.3**	**4.2**	**–10.3**	**–13.4**	**–19.8**
Changes recognized in equity	–4.2	0.3	–0.4	–10.7	–15.0
Changes recognized in profit or loss	–0.2				–0.2
Deferred tax	1.3	0.0	0.1		1.4
28 February 2013	**–3.4**	**4.5**	**–10.6**	**–24.1**	**–33.6**
1 March 2013	**–3.4**	**4.5**	**–10.6**	**–24.1**	**–33.6**
Changes recognized in equity	–4.1	–1.2	–0.1	–90.2	–95.6
Changes recognized in profit or loss	4.2				4.2
Deferred tax	0.7	0.0	0.0		0.7
28 February 2014	**–2.6**	**3.3**	**–10.7**	**–114.3**	**–124.3**

[1] The disclosure includes the equity of Südzucker shareholders and other minorities interests.
[2] Including the effects from companies consolidated at equity.

TABLE 27

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Segment reporting

€ million	2013/14	2012/13	Change %
Südzucker Group			
Gross revenues	**8,118.0**	**8,249.1**	**– 1.6**
Consolidation	– 382.8	– 370.3	3.4
Revenues	7,735.2	**7,878.8**	**– 1.8**
EBITDA	**933.1**	**1,245.9**	**– 25.1**
EBITDA margin	12.1 %	15.8 %	
Depreciation	– 274.8	– 274.1	0.3
Operating profit	**658.3**	**971.8**	**– 32.3**
Operating margin	8.5 %	12.3 %	
Result from restructuring and special items	– 115.8	– 16.8	> 100
Income from operations	**542.5**	**955.0**	**– 43.2**
Investments in fixed assets [1]	383.1	338.2	13.3
Investments in financial assets/acquisitions	22.3	182.5	– 87.8
Total investments	**405.4**	**520.7**	**– 22.1**
Capital employed	**5,974.8**	**5,950.0**	**0.4**
Return on capital employed	11.0 %	16.3 %	
Employees	**18,459**	**17,940**	**2.9**
Sugar segment			
Gross revenues	**4,233.8**	**4,523.3**	**– 6.4**
Consolidation	– 272.5	– 290.9	– 6.3
Revenues	**3,961.3**	4,232.4	– 6.4
EBITDA	**560.3**	**829.5**	**– 32.5**
EBITDA margin	14.1 %	19.6 %	
Depreciation	– 122.9	– 122.1	0.7
Operating profit	**437.4**	**707.4**	**– 38.2**
Operating margin	11.0 %	16.7 %	
Result from restructuring and special items	– 112.2	6.1	–
Income from operations	**325.2**	**713.5**	**– 54.4**
Investments in fixed assets [1]	196.7	203.4	– 3.3
Investments in financial assets/acquisitions	22.3	180.7	– 87.7
Total investments	**219.0**	**384.1**	**– 43.0**
Capital employed	**3,222.3**	**3,158.3**	**2.0**
Return on capital employed	13.6 %	22.4 %	
Employees	**8,173**	**8,034**	**1.7**

[1] Including intangible assets.

€ million	2013/14	2012/13	Change %
Special products segment			
Gross revenues	**1,930.7**	**1,895.8**	**1.8**
Consolidation	– 49.1	– 34.1	44.0
Revenues	1,881.6	**1,861.7**	**1.1**
EBITDA	**199.2**	**214.1**	**– 7.0**
EBITDA margin	10.6 %	11.5 %	
Depreciation	– 77.4	– 81.9	– 5.5
Operating profit	**121.8**	**132.2**	**– 7.9**
Operating margin	6.5 %	7.1 %	
Result from restructuring and special items	3.4	– 3.8	–
Income from operations	**125.2**	**128.4**	**– 2.5**
Investments in fixed assets [1]	116.2	88.8	30.9
Investments in financial assets/acquisitions	0.0	1.8	– 100.0
Total investments	**116.2**	**90.6**	**28.3**
Capital employed	**1,402.7**	**1,390.1**	**0.9**
Return on capital employed	8.7 %	9.5 %	
Employees	**4,485**	**4,401**	**1.9**
CropEnergies segment			
Gross revenues	**780.8**	**688.7**	**13.4**
Consolidation	– 60.7	– 44.1	37.6
Revenues	**720.1**	644.6	11.7
EBITDA	**68.3**	**119.0**	**– 42.6**
EBITDA margin	9.5 %	18.5 %	
Depreciation	– 33.8	– 32.0	5.6
Operating profit	**34.5**	**87.0**	**– 60.3**
Operating margin	4.8 %	13.5 %	
Result from restructuring and special items	– 6.3	0.0	–
Income from operations	**28.2**	**87.0**	**– 67.6**
Investments in fixed assets [1]	18.4	11.1	65.8
Investments in financial assets/acquisitions	0.0	0.0	–
Total investments	**18.4**	**11.1**	**65.8**
Capital employed	**548.9**	**501.5**	**9.5**
Return on capital employed	6.3 %	17.3 %	
Employees	**430**	**321**	**34.0**

[1] Including intangible assets.

€ million	2013/14	2012/13	Change %
Fruit segment			
Gross revenues	**1,172.7**	**1,141.3**	**2.8**
Consolidation	– 0.5	– 1.2	– 58.3
Revenues	1,172.2	**1,140.1**	**2.8**
EBITDA	**105.3**	**83.3**	**26.4**
EBITDA margin	9.0 %	7.3 %	
Depreciation	– 40.7	– 38.1	6.8
Operating profit	**64.6**	**45.2**	**42.9**
Operating margin	5.5 %	4.0 %	
Restructuring costs and special items	– 0.7	– 19.1	– 96.3
Income from operations	**63.9**	**26.1**	**> 100**
Investments in fixed assets [1]	51.8	34.9	48.4
Investments in financial assets/acquisitions	0.0	0.0	–
Total investments	**51.8**	**34.9**	**48.4**
Capital employed	**800.9**	**900.1**	**– 11.0**
Return on capital employed	8.1 %	5.0 %	
Employees	**5,371**	**5,184**	**3.6**

[1] Including intangible assets.

TABLE 28

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

SUGAR SEGMENT The sugar segment includes the four divisions in Belgium (Raffinerie Tirlemontoise S.A., Tienen), Germany (Südzucker AG, Mannheim / Ochsenfurt), France (Saint Louis Sucre S.A., Paris) and Poland (Südzucker Polska S.A., Wroclaw) as well as distributors in Greece, the United Kingdom, Italy and Spain. The AGRANA Zucker division comprises sugar production in Bosnia, Austria, Romania, Slovakia, Czech Republic and Hungary. There are also the divisions sugar production in Moldova (Südzucker Moldova S.A., Chisinau) and agriculture (Südzucker AG, Landwirtschaft, Agrar und Umwelt AG Loberaue, Rackwitz).

SPECIAL PRODUCTS SEGMENT The special products segment includes the activities of the four divisions BENEO, Freiberger, PortionPack Europe and the starch and bioethanol businesses of AGRANA. BENEO produces and sells ingredients made from natural raw materials for food products and animal feed with nutritional and technological benefits. Freiberger Group is a producer of chilled and frozen pizzas, frozen pasta dishes and snacks with a clear focus on private label business. PortionPack Europe Group specializes in developing, packaging and marketing portion packs. The starch division comprises starch companies in Hungary and Romania, bioethanol producers in Austria and Hungary, as well as Austrian potato and corn starch producers.

CROPENERGIES SEGMENT The CropEnergies segment bundles the bioethanol activities of Südzucker Group with four production sites in Germany, Belgium, France and the United Kingdom as well as trading activities in Brazil, Chile and the United States. The listed company CropEnergies AG is a leading manufacturer of sustainably produced bioethanol for the

European fuel sector. CropEnergies also holds a 50 % stake in CT Biocarbonic GmbH, which has been operating a plant in Zeitz for the production of food-grade liquid CO_2 since 2010. In the 2013/14 financial year, CropEnergies acquired Ensus, a UK bioethanol producer, thereby increasing its bioethanol production capacity from 0.8 to 1.2 million m^3.

FRUIT SEGMENT The fruit segment comprises the fruit juice preparations (AGRANA Fruit) and fruit juice concentrates divisions (AUSTRIA JUICE). Companies in the fruit segment are active across the globe and serve international food companies from the dairy, baked goods, ice cream and non-alcoholic beverage industry.

The strategic orientation of the segments is described in the group management report under "Company profile, guiding principles, sustainability and strategy" and the organization under "Group structure and corporate management".

INCOME FROM OPERATIONS The income from operations reported in the statement of comprehensive income breaks down into operating profit and the results of restructuring and special items. Income from operations is a key ratio that represents a benchmark for entities with different financial structures and tax systems by which the net earnings are adjusted for the financial result, the income from companies accounted for using the equity method and the tax expense. Operating profit is the income from operations adjusted for special items. Special items do not regularly recur within business operations and include such items that influence earnings but are not attributable to the reporting period and/or one-time items that affect earnings.

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

CAPITAL EMPLOYED Capital employed reflects operating capital tied up in the segments and in the group. It consists of fixed assets, including intangible assets, and working capital (inventories, trade receivables and other assets less trade accounts payable, other liabilities and current provisions). In order to uniformly present the actual capital employed from a group perspective, the carrying amounts of goodwill items from the fruit segment are fully disclosed as at the level of the immediate parent company, AGRANA Beteiligungs-AG. Working capital includes only inherently non-interest bearing receivables and payables.

For more information on operating profit and capital employed, see the section titled “Economic report” in the group management report. Transactions between segments – with sales revenues of € 382.8 (370.3) million – were conducted at market conditions.

ROCE – RETURN ON CAPITAL EMPLOYED ROCE (return on capital employed) represents the ratio of operating profit to capital employed.

€ million	**2013/14**	2012/13
Operating profit	**658.3**	**971.8**
Goodwill	1,262.0	1,259.6
Concessions, industrial and similar rights	43.6	42.3
Fixed assets	2,729.2	2,633.4
Non-interest bearing receivables	*1,276.4*	*1,287.1*
Inventories	*2,386.5*	*2,567.6*
./. Current provisions	*– 189.5*	*– 189.0*
./. Non-interest bearing liabilities	*– 1,533.4*	*– 1,651.0*
Working capital	1,940.0	2,014.7
Capital employed	**5,974.8**	**5,950.0**
Return on capital employed	**11.0 %**	**16.3 %**

TABLE 29

€ million	2013/14	2012/13
Third-party revenues		
Germany	1,984.1	1,991.2
Other EU	4,472.4	4,607.3
Other countries	1,278.7	1,280.3
	7,735.2	**7,878.8**
Expenditures on fixed and intangible assets (excluding goodwill)		
Germany	128.3	109.8
Other EU	185.4	200.6
Other countries	69.3	27.8
	383.1	**338.2**
Carrying amount fixed and intangible assets (excluding goodwill)		
Germany	844.1	803.0
Other EU	1,628.6	1,556.4
Other countries	300.2	316.3
	2,772.8	**2,675.7**

	2013/14	2012/13
Employees by geographic areas		
Germany	4,056	4,099
Other EU	9,758	9,410
Other countries	4,645	4,431
	18,459	**17,940**

TABLE 30

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

General explanatory notes

(1) Principles of preparation of the consolidated financial statements

Südzucker AG Mannheim / Ochsenfurt is headquartered at Theodor-Heuss-Anlage 12 in 68165 Mannheim / Germany; the company is registered in the commercial register under HRB No. 42 at the district court of Mannheim. According to article 2 of the Articles of Incorporation of the company dated 25 September 2013, the corporate purpose of the company is the production of sugar, its sales, the utilization of its by-products and conducting agricultural operations. The company is also authorized to participate in other undertakings in any permissible form, to acquire such undertakings and to enter into any transactions that appear directly or indirectly beneficial to achieving or promoting the corporate purpose.

The consolidated financial statements present the operations of Südzucker AG and its subsidiaries. Südzucker has prepared the consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB), London, based on the interpretations of the IFRS Interpretations Committee (IFRS IC) as to be applied in the EU. The statutory commercial requirements as set out in section 315a (1) of the German Commercial Code (HGB) have also been considered. All IFRSs issued by the IASB that were effective and applied by Südzucker AG at the time these consolidated financial statements were prepared have been adopted by the European Commission for application in the EU.

The consolidated financial statements for the period ended 28 February 2014 were prepared on 22 April 2014 by the executive board and received an unqualified audit opinion by PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Mannheim. The audit committee audited the consolidated financial statements on 6 May 2014, which where subsequently audited and approved by the supervisory board at its meeting on 14 May 2014. The publication date is 15 May 2014.

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

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

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

The consolidated financial statements are prepared based on historical cost, provided no other method is reported under note (5) Accounting policies.

FIRST-TIME ADOPTION OF IFRSS AND IFRIC The amendments to IFRS 7 (Financial Instruments: Disclosure) with respect to the additional disclosures on offsetting had no effect on accounting and financial reporting. The first-time adoption of IFRS 13 (Fair Value Measurement) led to the introduction of uniform rules for the measurement of fair value. This new standard resulted in new disclosures regarding financial instruments, especially for interim financial reporting; there was no material effect on fair value accounting and measurement. The amended IAS 12 (Income Taxes), the first-time adoption of IFRIC 20 (Stripping Costs in the Production Phase of a Surface Mine) and the standards amended through the Annual Improvements Project 2009 – 2011 had no impact on the consolidated financial statements. The impact of the adoption of IAS 19 revised 2011 (Employee Benefits) is presented later in this section. The amended IAS 1 (Presentation of Financial Statements) was already adopted early at the beginning of the 2012/13 financial year.

FUTURE APPLICATION OF IFRSs AND IFRIC The following is a summary of the standards and interpretations that must be applied as of the 2014/15 financial year or later or that were published by the IASB, but have yet to be recognized by the EU. The expected effective date is provided for standards that have not yet been recognized by the EU. Südzucker has not opted for the early adoption of any of the new or amended requirements below.

Standard / Interpretation	Enacted by the IASB Endorsement by the EU	Mandatory application for Südzucker starting in financial year	Contents and, if relevant, expected effects on Südzucker
IAS 19 Employee Benefits (amended)	21.11.2013 no	2015/16	These amendments address the recognition of employee or third-party contributions to defined benefit pension plans where the contribution amount is independent of the number of years of service. It will be permitted to recognize such contributions as a reduction in current service cost in the period in which the corresponding work was carried out. No material effect is expected on the presentation of the financial position and performance.
IAS 28 Investments in Associates and Joint Ventures (revised)	12.05.2011 11.12.2012	2014/15	The scope of IAS 28 has been expanded to include interests in joint ventures (cf. explanatory notes on IFRS 11).
IAS 32 Financial Instruments: Presentation (amended)	16.12.2011 13.12.2012	2014/15	The amendment provides clarifications on the offsetting of financial assets and financial liabilities. Südzucker does not expect any material effects.
IAS 36 Impairment of Assets (amended)	29.05.2013 19.12.2013	2014/15	The amendment clarifies that the recoverable amount of an asset or a cash-generating unit must be specified for which an impairment or reversal of an impairment has been made in the current period. Moreover, additional disclosures must be made if the recoverable amount was determined based on the fair value less costs to sell. These include, among other things, the measurement level and, in the case of Level 2 and 3, disclosures regarding the measurement method, significant assumptions and the discount rate as part of present value determination. The disclosure requirements are expected to increase.
IAS 39 Financial Instruments: Recognition and Measurement (amended)	27.06.2013 19.12.2013	2014/15	The amendment "Novation of Derivatives and Continuation of Hedge Accounting" clarifies that derivatives should continue to be designated as hedging instruments in continuing hedges even if there was a novation. No material effect is expected as a result of this amendment.

Standard / Interpretation	Enacted by the IASB / Endorsement by the EU	Mandatory application for Südzucker starting in financial year	Contents and, if relevant, expected effects on Südzucker
IFRS 9 Financial Instruments	16.12.2011 no	2018/19	The new IFRS 9 governs the classification and measurement of financial assets and financial liabilities. The adopted standard is already undergoing revision. The categories and the associated measures are being redefined. The existing classification and measurement model of IAS 39 will be eliminated. The new rules for hedge accounting were published in November 2013. They contain the future requirements for hedge accounting. The main changes compared to the previous requirements in IAS 39 are found, among other places, in the elimination of the threshold values to be applied as part of the retrospective effectiveness test for effective hedges in favor of providing proof of the economic relationship between the hedged item and the hedging instrument. A new effective date will not be set until the standard is completely available. Endorsement by the European Union will not follow until after this point. The effects on accounting and measurement will be reviewed. The disclosure requirements are expected to increase.
IFRS 10 Consolidated Financial Statements	12.05.2011 11.12.2012	2014/15	IFRS 10 replaces the guidelines set out in IAS 27 (Consolidated and Separate Financial Statements) and SIC 12 (Consolidation – Special Purpose Entities) on control and consolidation. IFRS 10 changes the definition of control to the effect that the same criteria are applied to all entities in determining control. In the revised definition, discretionary power and variable returns are prerequisites for control. In November 2012 the IASB amended the standard with regard to investment companies; these amendments were adopted by the EU in November 2013. There are no effects on the consolidated financial statements for Südzucker.
IFRS 11 Joint Arrangements	12.05.2011 11.12.2012	2014/15	The new provisions define two types of joint arrangements – joint operations and joint ventures. The previous option to account for jointly controlled entities using proportionate consolidation has been eliminated. Partner entities in a joint venture (venturers) must now use the equity method of accounting. The accounting rules for parties to joint operations (joint operators) are now consistent with the existing accounting requirements for jointly controlled assets and jointly controlled operations. Südzucker currently includes thirteen companies proportionately in the consolidated financial statements. The impact the application of IFRS 11 would have had in 2013/14 is presented in the following section.

Standard / Interpretation	Enacted by the IASB Endorsement by the EU	Mandatory application for Südzucker starting in financial year	Contents and, if relevant, expected effects on Südzucker
IFRS 12 Disclosure of Interests in Other Entities	12.05.2011 11.12.2012	2014/15	IFRS 12 sets out the required disclosures for entities that are accounted for in accordance with IFRS 10 (Consolidated Financial Statements), IFRS 11 (Joint Arrangements) and IAS 28 (Investments in Associates and Joint Ventures). This will increase the scope of disclosure. In November 2012 the IASB amended the standard with regard to investment companies; these amendments were adopted by the EU in November 2013. The application of the requirement will increase the scope of disclosure.
IFRS 14 Regulatory Deferral Accounts	30.01.2014 no	2016/17	IFRS 14 permits an entity which is a first-time adopter of IFRS to continue to account for regulatory deferral accounts using its previous GAAP, both on initial adoption of IFRS and in subsequent financial statements. This standard has no relevance for Südzucker.
Diverse Annual Improvements Project 2010 – 2012	12.12.2013 no	2015/16	The improvements mainly relate to IFRS 2 – Definition of Vesting Conditions, IFRS 3 – Accounting for Contingent Consideration in a Business Combination, IFRS 8 – Aggregation of Operating Segments, IFRS 13 – Short-term Receivables and Payables, IAS 16 and IAS 38 – Proportionate Restatement of Accumulated Depreciation/Amortization and IAS 24 – Key Management Personnel. The effect on the presentation of the financial position and performance is still under review.
Diverse Annual Improvements Project 2011 – 2013	12.12.2013 no	2015/16	The improvements mainly relate to IFRS 1 – Meaning of "Effective" IFRSs, IFRS3 – Scope of Exception for Joint Ventures, IFRS 13 – Scope of IFRS 13 and IAS 40 – Clarifying the Interrelationship of IFRS 3 and IAS 40 when Classifying Property as Investment Property or Owner-occupied Property. The effect on the presentation of the financial position and performance is still under review.
IFRIC 21 Levies	20.05.2013 no	2014/15	FRIC 21 provides guidance on when to recognize a liability for a levy imposed by a government. However, it does not include income taxes within the meaning of IAS 12, fines and other penalties. Application for liabilities arising from emissions trading schemes is optional. The obligating event for the recognition of a liability is the activity that triggers the payment of the levy in accordance with the relevant legislation. The liability is recognized progressively if the obligating event occurs over a period of time or, if the obligation is triggered on reaching a minimum threshold, the liability is recognized when that threshold is exceeded. The same recognition principles apply to interim financial statements. The amendments are not expected to have any material effect on the presentation of the financial position and performance.

TABLE 31

FUTURE IMPACT OF IFRS 11 The first-time adoption of IFRS 11 (Joint Arrangements) at the beginning of the 2014/15 financial year will have an impact on the balance sheet, the statement of comprehensive income and other items of the financial statements since the previously proportionately consolidated joint ventures of Hungrana Group, Studen Group and CT Biocarbonic GmbH will from then on be included at equity. The decrease in assets and liabilities leads to a reduction in capital employed and net financial debt. These changes will affect the statement of comprehensive income in terms of lower revenues as well as all profit / loss items in the operating results, financial result and income taxes; net earnings and earnings per share will remain unchanged. Earnings after taxes from the affected companies will exclusively flow into the income from companies accounted for using the equity method. To show that these companies are in fact operational investments and not financial assets, income from companies accounted for using the equity method will be presented as part of operating profit from 2014/15 on. The impact of IFRS 11 on the balance sheet and the statement of comprehensive income if IFRS 11 had been applied as of 28 February 2014 is shown in the following:

€ million	Amount adjusted 2013/14	Adjustment due to IFRS 11	Amount reported 2013/14
Income Statement			
Revenues	**7,533.1**	**– 202.1**	**7,735.2**
EBITDA	**888.8**	**– 44.4**	**933.1**
Depreciation	– 266.6	8.2	– 274.8
Operating profit	**622.2**	**– 36.1**	**658.3**
Result from restructuring and special items	– 115.9	– 0.1	– 115.8
Income from companies consolidated at equity	48.0	48.0	–
Income from operations	**554.3**	**11.8**	**542.5**
Income from companies consolidated at equity	–	– 20.2	20.2
Financial result	– 59.9	0.7	– 60.6
Earnings before income taxes	**494.4**	**– 7.7**	**502.1**
Taxes on income	– 104.6	7.7	– 112.3
Net earnings	**389.8**	**0.0**	**389.8**
of which attributable to Südzucker AG shareholders	281.6		281.6
of which attributable to hybrid capital	26.2		26.2
of which attributable to minority interests	82.0		82.0
Earnings per share (€)	**1.38**		**1.38**
Dilution effect	0.00		0.00
Diluted earnings per share (€)	1.38		1.38

TABLE 32

€ million	Amount adjusted 28 February 2014	Accounting changes due to IFRS 11	Amount presented 28 February 2014
Balance Sheet			
Assets			
Non-current assets	4,407.1	– 20.8	4,427.9
Inventories	*2,359.7*	*– 26.8*	*2,386.5*
Trade receivables and other assets	*1,353.7*	*– 8.4*	*1,362.1*
Cash and cash equivalents and securities	*543.1*	*– 8.8*	*551.9*
Current assets	4,256.5	– 44.0	4,300.5
Total assets	**8,663.6**	**– 64.8**	**8,728.4**
Liabilities and shareholders' equity			
Shareholders' equity	4,661.6	– 1.3	4,662.9
Non-current liabilities	1,617.7	– 8.8	1,626.5
Current liabilities	2,384.3	– 54.7	2,439.0
Total liabilities and shareholders' equity	**8,663.6**	**– 64.8**	**8,728.4**
Net financial debt	**540.0**	**– 21.3**	**561.3**
Equity ratio in %	53.8 %		53.4 %
Net financial debt in % of equity (Gearing)	11.6 %		12.0 %

TABLE 33

RESTATEMENT IN ACCORDANCE WITH IAS 8 The application of IAS 19 (Employee Benefits – revised 2011) was mandatory for the first time in the 2013/14 financial year; application took place retrospectively. The main IAS 19 amendment states that the revaluation of defined benefit pension commitments and similar obligations must be exclusively recognized without impacting net income under "other comprehensive income". The transition of the revaluation to accounting without an impact on net income was already implemented in fiscal 2011/12 in conjunction with the governing IAS 19 (1998) standard at that time. The adjustments to IAS 19 revised (2011) in 2013/14 were thus limited to correcting unrecognized past service costs, which increased provisions for pensions and similar obligations, as well as calculating expected plan income on the basis of the discount rate for determining the present value of the defined benefit obligation, provided this was not already done the year prior. The amendments to IAS 19 also resulted in reduced provisions for partial retirement, because in some cases increases may only be recognized as components of remuneration (i. e. expenses) in subsequent periods. These adjustments were made retroactively as of the beginning of fiscal 2012/13. The amended IAS 19 also led to additional disclosure requirements such as sensitivity analyses for key measurement parameters, risks, duration, etc. Had IAS 19 (1998) been applied unchanged in 2013/14, this would have had no material effect on the statement of comprehensive income.

The changes caused provisions for pensions and similar obligations to increase by € 1.9 million and non-current other provisions, which include partial retirement provisions, to decline by € 2.6 million on the opening balance sheet dated 1 March 2012. Deferred tax liabilities of € 0.6 and 0.7 million, respectively, also had to be recognized. The adjustments caused the group's equity to increase by € 0.7 million. Personnel expenses for 2012/13 rose € 1.8 million; interest expenses were € 1.0 million lower and deferred taxes € 0.4 million less; € 0.5 million was thus the net charge against net income for the year. The revaluation of defined benefit pension commitments and similar obligations (after deferred taxes) recognized directly in equity in fiscal 2012/13 lowered equity by € 0.4 million. Since none of the above changes impact cash, they cancel each other out under the cash flow subtotal in the cash flow statement.

€ million	Amount adjusted 1 March 2012	Adjustment	Amount reported 1 March 2012
Deferred tax assets	131.3	0.6	130.7
Non-current assets	**4,037.1**	**0.6**	**4,036.5**
Total assets	**8,289.2**	**0.6**	**8,288.6**
Revenue reserves	1,238.8	0.9	1,237.9
Equity attributable to shareholders of Südzucker AG	2,617.1	0.9	2,616.2
Other non-controlling interests	668.9	– 0.2	669.1
Shareholder's equity	**3,969.9**	**0.7**	**3,969.2**
Provisions for pensions and similar obligations	548.0	1.9	546.1
Other provisions	82.9	– 90.7	173.6
Tax liabilities	88.1	88.1	0.0
Deferred tax liabilities	141.2	0.7	140.5
Non-current liabilities	**1,804.6**	**– 0.1**	**1,804.7**
Total liabilities and equity	**8289.2**	**0.6**	**8288.6**

€ million	Amount adjusted 28 February 2013	Adjustment	Amount reported 28 February 2013
Deferred tax assets	121.5	1.5	120.0
Non-current assets	**4,314.4**	**1.6**	**4,312.8**
Total assets	**8,806.0**	**1.5**	**8,804.5**
Revenue reserves	1.445.2	– 0.1	1,445.3
Equity attributable to shareholders of Südzucker AG	3.264.3	– 0.1	3.264.4
Other non-controlling interests	782.7	– 0.1	782.8
Shareholder's equity	**4,730.9**	**– 0.2**	**4,731.1**
Provisions for pensions and similar obligations	687.7	4.5	683.2
Other provisions	87.4	– 98.0	185.4
Tax liabilities	94.4	94.4	0.0
Deferred tax liabilities	88.8	1.0	87.8
Non-current liabilities	**1,782.7**	**1.7**	**1,781.0**
Total liabilities and equity	**8,806.0**	**1.5**	**8,804.5**

TABLE 34

Non-current tax liabilities are recognized in a separate balance sheet item as of 28 February 2014; the prior-year figures were adjusted accordingly. They were previously included in non-current other provisions. This adjustment improved transparency starting at the balance sheet level.

€ million	Amount adjusted 2012/13	Adjustment	Amount reported 2012/13
Income Statement			
Personnel expenses	– 809.5	– 1.8	– 807.7
Income from operations	**955.0**	**– 1.9**	**956.9**
Financial expense	– 151.9	1.0	– 152.9
Earnings before income taxes	**866.1**	**– 0.9**	**867.0**
Taxes on income	– 131.8	0.4	– 132.2
Net earnings for the year	**734.3**	**– 0.5**	**734.8**
of which attributable to Südzucker AG shareholders	592.6	– 0.5	593.1
of which attributable to minority interests	115.5	0.0	115.5
Earnings per share (€)	**3.08**	**0.00**	**3.08**
Dilution effect	– 0.15	– 0.01	– 0.14
Diluted earnings per share (€)	2.93	– 0.01	2.94
Statement of income and expenses recognized directly in equity			
Net earnings for the year	**734.3**	**– 0.5**	**734.8**
Remeasurement of defined benefit pension plans and similar obligations after deferred tax	– 92.2	– 0.4	– 91.8
Other comprehensive income	**– 106.0**	**– 0.4**	**– 105.6**
Comprehensive income	**628.3**	**– 0.9**	**629.2**
of which attributable to Südzucker AG shareholders	493.5	– 0.9	494.4
of which attributable to minority interests	108.6	0.0	108.6

TABLE 35

(2) Companies included in consolidation

FULLY-CONSOLIDATED SUBSIDIARIES In addition to Südzucker AG, all material domestic and foreign subsidiaries in which Südzucker AG has direct or indirect control are fully consolidated in the consolidated financial statements. 159 (158) companies in addition to Südzucker AG were included in the consolidated financial statements for the year ended 28 February 2014. Two companies were merged and are thus no longer part of the group of consolidated companies. A newly-founded company was consolidated for the first time. The number of companies included in consolidation increased by two as part of the initial consolidation of Ensus. The effects of the change in companies included in consolidation on the consolidated financial statements are as follows:

€ million 28 February	Effects of the change in companies included in consolidation 2014	2013
Non-current assets	63.5	31.7
Inventories	*21.0*	*104.6*
Receivables and other assets	*6.3*	*35.0*
Cash and cash equivalents and securities	*0.8*	*18.8*
Current assets	28.1	158.4
Total assets	**91.6**	**190.1**
Shareholders' Equity	66.9	45.1
Non-current liabilities	0.1	3.3
Current liabilities	24.6	141.7
Total liabilities and equity	**91.6**	**190.1**
Revenues	46.4	100.3
– Net expenses	– 66.1	– 99.1
= Net earnings for the year	– 19.7	1.2

TABLE 36

The deconsolidations were insignificant and related to mergers and last year also liquidations.

Effective 19 July 2013 (closing date), CropEnergies AG acquired the UK bioethanol producer Ensus and took over a 100 % stake in the holding company Ensus Limited, Yarm, United Kingdom. Ensus Limited holds 100 % of the shares in the production company Ensus UK Limited, Yarm, United Kingdom. Both companies are included in the consolidated financial statements as fully-consolidated entities from the closing date; there are no direct minority interests in the two acquired companies. The bioethanol plant Ensus operating in North East England is one of the largest in Europe with an annual production capacity of 400,000 m^3 bioethanol and 350,000 tonnes of dry, high-protein animal feed (DDGS). At full capacity and at today's prices for bioethanol and animal feed, this corresponds to an annual business volume of around € 300 million. The resulting earnings contribution will largely depend on the implementation of the planned measures to increase efficiency. The company employs about 100 people. By acquiring Ensus, CropEnergies increased its bioethanol production capacity and strengthened its position in the UK ethanol and animal feed markets.

The acquisition of Ensus took place within the framework of authorized capital by issuing 2.25 million new CropEnergies shares against a contribution in kind. The fair value (share price at closing taking into account a discount for the missing subscription right for the 2012/13 financial year dividend) of this share issue on the issue date was € 13.9 million and represents the cost of acquisition for Ensus.

The capital increase led to a dilution of Südzucker AG's stake in CropEnergies AG from 71.0 % to 69.2 %. The resulting equity shift between the shareholders' stake of Südzucker AG and the minority interest was reflected as an equity transaction between the shareholders. The costs of the capital increase of € 0.3 million less the associated tax effects of € 0.1 million were offset against retained earnings.

The net assets acquired from Ensus at the time of closing are presented below. The purchase price allocation had already been completed at the time the Q2 2013/14 interim financial report was released; there was no resulting goodwill or badwill.

Fair values at acquisition date € million	19 July 2013
Non-current assets	62.6
Inventories	*1.1*
Receivables and other assets	*0.9*
Cash and cash equivalents and securities	*0.5*
Current assets	2.5
Total assets	**65.1**
./. Non-current liabilities	0.0
./. Current liabilities	– 51.2
Net assets (shareholders' equity)	**13.9**
Purchase price	**13.9**

TABLE 37

Non-current assets of € 62.6 million comprise the fair value of the bioethanol plant of € 54.5 million and deferred tax assets on deductible temporary differences of € 8.1 million. The acquired bioethanol plant began operation in early 2010. Several temporary production stops have occurred since then. CropEnergies restarted production in fall 2013 and will implement a € 60+ million investment program to make the plant more competitive. CropEnergies assumed € 51.2 million in current liabilities as part of the acquisition. After taking into account current assets of € 2.5 million, net assets of € 13.9 million remain, which corresponds to the purchase price. Current liabilities related mainly to trade payables; CropEnergies granted Ensus a loan in the amount of € 36.9 million shortly after the acquisition to pay back these liabilities. No revenues are included in the income statement until after the plant was commissioned in October 2013. Personnel expenses for the acquired employees, straight-line depreciation and other operating expenses totaling € 6.3 million have thus been recognized in the results of restructuring and special items.

The newly-founded company Ryssen Chile SpA, Lampa, Santiago de Chile took over business operations from a Chilean alcohol distributor as part of an asset deal. Neutral alcohol is imported from third countries to serve the Chilean alcohol market as no domestic alcohol production facilities exist. The required annual imports total 30,000 m^3. The purchase price for this transaction was less than USD 1 million, meaning that it is of minor importance for Südzucker in terms of its impact on the consolidated financial statements.

PROPORTIONATELY CONSOLIDATED COMPANIES The proportional consolidation method is now used for thirteen (eight) joint ventures. The increase relates to AGRAGOLD sugar trading companies headquartered in Bosnia-Herzegovina, Croatia, Macedonia, Serbia and Slovenia. AGRANA acquired the joint ventures in the course of previous years through its investment in Studen Group, Vienna, Austria; however, playing only a minor role and due to a lack of organizational requirements, these joint ventures were previously not included in the consolidated financial statements. The following disclosures represent the proportionate values resulting from the aggregation of consolidated companies included in the consolidated financial statements by means of proportionate consolidation.

€ million	Proportionately consolidated companies	
28 February	**2014**	2013
Non-current assets	83.2	99.9
Inventories	*27.0*	*26.4*
Receivables and other assets	*103.6*	*59.7*
Cash and cash equivalents and securities	*8.8*	*18.1*
Current assets	139.4	104.2
Total assets	**222.6**	**204.1**
Shareholders' Equity	103.2	94.7
Non-current liabilities	8.7	7.5
Current liabilities	110.7	101.9
Total liabilities and equity	**222.6**	**204.1**
Revenues	330.4	359.8
– Net expenses	–301.8	–333.6
= Net earnings for the year	28.6	26.2

TABLE 38

COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD As in the previous year, the equity method was used for a joint venture distributor and for the investment in UK trading company ED&F Man Holdings Ltd., London. ED&F Man has a different financial year than Südzucker that ends 30 September. The interim financial statements of the subgroup ED&F Man with a reporting date two months earlier than those of Südzucker have been included; significant events between these dates are considered. The share of results is recognized in profit or loss; the exchange rate effects attributable to Südzucker from the translation of equity from USD to EUR in the amount of € –3.2 (–9.4) million are shown in equity under other comprehensive income.

€ million	"Companies consolidated at equity"	
28 February	**2014**	2013
Non-current assets	520.7	692.5
Inventories	*713.2*	*782.0*
Receivables and other assets	*3,465.1*	*1,838.0*
Cash and cash equivalents and securities	*283.9*	*246.8*
Current assets	4,462.2	2,866.8
Total assets	**4,982.9**	**3,559.3**
Shareholders' Equity	792.6	747.0
Non-current liabilities	301.7	426.2
Current liabilities	3,888.6	2,386.1
Total liabilities and equity	**4,982.9**	**3,559.3**
Revenues	7,215.9	5,390.8
– Net expenses	–7,146.8	–5,347.0
= Net earnings for the year	69.1	43.8
thereof income consolidated at equity	20.2	13.1

TABLE 39

EXEMPTIONS UNDER SECTIONS 264 (3), 264B HGB The following fully-consolidated German subsidiaries exercised the exemption rule under section 264 (3) HGB/section 264b HGB in 2013/14:

Company	Location	Exemption per
AHG Agrar-Holding GmbH	Mannheim	§ 264 item 3 HGB
BENEO GmbH	Mannheim	§ 264 item 3 HGB
BENEO-Palatinit GmbH	Mannheim	§ 264 item 3 HGB
BGD Bodengesundheitsdienst GmbH	Mannheim	§ 264 item 3 HGB
Freiberger Holding GmbH	Berlin	§ 264 item 3 HGB
Freiberger Lebensmittel GmbH	Berlin	§ 264 item 3 HGB
Freiberger Lebensmittel GmbH & Co. Produktions- und Vertriebs KG	Berlin	§ 264b HGB
Great Star Food Production GmbH & Co. KG	Berlin	§ 264b HGB
Hellma Gastronomie-Service GmbH	Nuremberg	§ 264 item 3 HGB
Südzucker Holding GmbH	Mannheim	§ 264 item 3 HGB
Südzucker Tiefkühl-Holding GmbH	Mannheim	§ 264 item 3 HGB

TABLE 40

(3) Consolidation methods

CONSOLIDATION BASED ON THE PURCHASE METHOD Under IFRS all business combinations are to be accounted for using the purchase method. The purchase price for the acquired subsidiary is allocated to the assets acquired and liabilities and contingent liabilities assumed. The value ratios at the date the possibility of control of the subsidiary is obtained are considered to be significant. Assets and assumed liabilities and contingent liabilities that qualify for recognition are recognized – independent of the investment amount – in full at their fair value. Intangible assets are recognized separately from goodwill if they are separable from the entity or if they result from contractual or other legal rights. Remaining differences are capitalized as goodwill. Negative goodwill arising from initial consolidation is recognized in profit or loss. Costs related to an acquisition are recognized as an expense if incurred.

Transactions involving non-controlling interests are treated the same as transactions with shareholders. The difference between the amount paid for a non-controlling interest and the corresponding share of the carrying amount of the net assets of the subsidiary is recognized in equity. Costs arising from reductions in non-controlling interests without loss of control are also recognized in equity.

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

PROPORTIONATE CONSOLIDATION Südzucker consolidates shares of jointly controlled entities using proportionate consolidation. With joint ventures, as part of the proportionate consolidation, the assets, liabilities and contingent liabilities as well as the income statement and the cash flow statement are only included item by item in the consolidated financial statements with the share that is attributable to the group. The group's share of gains and losses that arise when the group acquires assets of joint-venture companies is not recognized on the group's accounts until the assets have been resold to a company not belonging to the group. However, losses from such transactions are immediately realized if the loss is considered a safe indication that the net realizable value of current assets is reduced or an impairment loss exists. Proportionate capital consolidation and the treatment of any goodwill take place using the same method as the consolidation of subsidiaries. The financial statements of joint ventures are prepared for the same reporting period as the group using consistent accounting policies.

EQUITY METHOD MEASUREMENT Investments in associates are included in the consolidated financial statements using the equity method as from their date of acquisition or when IAS 28 (Investments in Associates) is to be applied; this also includes sales joint ventures. The equity method is used for investments over which significant influence can be exercised as a result of ownership of between 20 and 50 % of the voting rights. These entities are initially recognized at cost and subsequently according to the amortized interest in net assets. This increases or decreases the carrying amounts annually by the share in profit or loss, dividend distributions and other changes in shareholders' equity. Goodwill is included in the carrying amount of the investments in associates; the indicators for impairment test are subject to the requirements of IAS 39 (Financial Instruments: Recognition and Measurement). Investments accounted for using the equity method are written down if the recoverable amount falls below the carrying amount.

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

ELIMINATION OF INTRAGROUP TRANSACTIONS Intragroup revenues, expenses and income and all receivables, liabilities and provisions between consolidated entities are eliminated. Intercompany profits included in non-current assets and inventories and arising from intragroup deliveries are eliminated.

(4) Foreign currency translation

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

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

When the financial statements of foreign group companies are prepared in a functional currency other than euros – Südzucker's reporting currency – translation of assets and liabilities takes place at ECB reference rates or other published reference rates at the balance sheet date (closing rate). In the case of foreign currency gains and losses from the measurement of assets and liabilities within the scope of group financing, translation occurs at the average rate for the financial year. Translation takes place at an adjusted average rate if the application of the average rate for the year leads to incorrect results. The remaining income and expense items have been translated at average rates for the year.

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

		1 € = Local Currency				
Country	Currency code	**Year-end rate 28 February 2014**	**Average rate 2013/14**	Year-end rate 28 February 2013	Average rate 2012/13	Year-end rate 29 February 2012
Australia	AUD	1.54	1.42	1.28	1.25	1.24
Brazil	BRL	3.21	2.96	2.59	2.57	2.29
Chile	CLP	772.84	677.83	618.81	623.29	642.28
China	CNY	8.49	8.16	8.17	8.12	8.46
Denmark	DKK	7.46	7.46	7.46	7.45	7.44
Great Britain	GBP	0.83	0.85	0.86	0.81	0.84
Mexico	MXN	18.31	17.15	16.76	16.88	17.19
Moldova	MDL	18.68	17.06	16.05	15.70	15.86
Poland	PLN	4.16	4.20	4.16	4.16	4.14
Romania	RON	4.50	4.44	4.36	4.46	4.35
Russia	RUB	49.94	43.47	40.08	39.97	39.14
Singapore	SGD	1.75	1.68	1.62	1.60	1.67
Czech Republic	CZK	27.34	26.31	25.64	25.18	24.84
Turkey	TRY	3.06	2.64	2.36	2.32	2.35
Ukraine	UAH	13.64	10.74	10.47	10.32	10.75
Hungary	HUF	310.45	299.10	295.80	288.39	288.71
USA	USD	1.38	1.33	1.31	1.29	1.34

TABLE 41

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

Intragroup loans for long-term financing of subsidiaries primarily represent a part of the net investment in these foreign operations; exchange rate fluctuations resulting from the year-end valuation are recognized directly in equity and reported in comprehensive income as a component of income and expense recognized directly in equity in the item exchange differences on net investments in foreign operations.

(5) Accounting policies

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

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

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

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

Depreciation period

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

TABLE 42

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

LEASE A lease is an agreement whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time. A distinction is made between a finance lease and an operating lease. Lease transactions are treated as finance leases when the lessee assumes substantially all the risks and rewards of ownership. All other leases are referred to as operating leases. Finance leases play an insignificant role in Südzucker Group. In the case of operating leases, Südzucker Group as a lessee recognizes the leasing rates to be paid as expense. Operating leases include rental expenses for buildings, machines, vehicles, IT hardware and office technology. In this case there must be a lease agreement that specifies the periodic rent payments, a minimum rental period and/or a notice period. Service agreements that also include the use of assets owned by third parties but by which the focus is on the service and not the object itself do not fall under the rules for leases.

SECURITIES Non-current and current securities are generally recognized according to their income components independent of maturity. Thus, if no market value can be determined, debt securities held for the purpose of receiving cash flows such as interest and principal payments are measured at cost for the initial and subsequent measurement (available for sale at cost). In contrast, equity securities held for trading are recognized at market value if the market value can be determined; gains and losses as of the reporting date are recognized in the income statement. In addition, there are securities still held as securities available for sale. These are also measured at market value if this value is reliably measurable; otherwise the reporting is at cost. Initial measurement takes place at the settlement date. Unrealized gains and losses are reported directly in other comprehensive income taking into account deferred taxes. The gain or loss resulting from disposal is recorded in the income statement. All other securities are recognized at cost if – where necessary – a market value cannot be determined. If material objective evidence exists for the impairment of a security, the security is written down. Such evidence could include that there is no longer an active market for a security or that a debtor is experiencing financial difficulties and possibly even in default on interest and principal payments. With the exception of equity securities, the impairment is canceled if the reasons for it no longer exist.

OTHER INVESTMENTS Other investments of non-current assets exclusively belong to the category "Available for sale at cost".

FINANCIAL RECEIVABLES Non-current and current financial receivables in terms of interest-bearing loans are classified in the category "Loans and receivables" and recognized at amortized cost using the effective interest method less impairments.

IMPAIRMENT OF OTHER INVESTMENTS AND FINANCIAL RECEIVABLES An impairment test is performed if there is objective or actual evidence of impairment of other investments or financial receivables. Indications of possible impairment include probable insolvency, significant deterioration of creditworthiness, material breaches of contract, a situation of sustained loss, upcoming restructuring, loss of market value or the loss of an active market. The impairment test compares the carrying amount with the present value of the discounted expected future cash flows; an impairment loss is then recognized in the income statement in the amount of the difference. If the reasons for impairment not longer exist the item is written up in the income statement, but not beyond the amortized cost. In the case of equity instruments classified as available for sale, no income statement-related reversal of an impairment loss is made.

INVENTORIES Inventories are stated at acquisition or production cost using average cost or the first-in, first-out method for raw materials, as this represents actual usage. Production cost includes all production-related costs determined assuming normal levels of production capacity. In detail, it includes directly attributable costs, fixed and variable production overheads as well as depreciation of production machinery. Finance charges are not considered here. Where necessary, the lower net realizable value less costs to complete is used. In general, this is based on the net realizable value of the finished product. If the net disposal proceeds have increased for inventories that were previously written down, the write-downs are reversed to this extent. Sugar is primarily produced from September to January. This is why depreciation on systems used for the campaign is predominantly applied in the third quarter of the Südzucker financial year. Any material, personnel and other operating expenses incurred in preparation for production prior to the next sugar campaign are capitalized during the financial year via changes in inventories and recognized on the balance sheet under inventories as work in progress. In the subsequent sugar production these are then taken into account when determining production costs of the sugar produced and thus recognized under inventories as part of finished goods.

RECEIVABLES AND OTHER ASSETS Receivables and other assets are measured at market value at the time of initial recognition and subsequently at amortized cost using the effective interest method. Adequate individual allowances are made in separate accounts for bad debts and other risks in receivables. The nominal value less any necessary impairment corresponds to the fair value. Attention is directed to the individual case when writing off uncollectible receivables.

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

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

CO_2 EMISSIONS RIGHTS CO_2 emissions rights are recognized in accordance with IAS 38 (Intangible Assets), IAS 20 (Government Grants) and IAS 37 (Provisions). CO_2 emissions rights issued or granted at no charge for each calendar year are intangible assets, which are classified as other current assets. They are measured at cost, which, in the case of emissions rights issued at no charge, is zero.

If actual emissions exceed the certificates allocated, a provision for CO_2 emissions is recognized. The provision is measured reflecting the acquisition cost of additional certificates or the market value of emissions certificates at the balance sheet date.

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

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

The fair value of the plan assets is deducted from the present value of the pension obligations – if necessary, considering the rules on the upper limit of the excess of the plan assets beyond the obligation (asset ceiling) – resulting in either a net pension obligation or the assets of the defined benefit plans. Service cost is recognized in personnel expenses and includes both current service cost from the annual vesting of claims and any past service cost, which is recognized immediately in profit or loss. Net interest expense for the financial year is measured by applying the discount rate determined at the beginning of the financial year to the net pension obligation determined at this time – considering the expected payments; net interest expense is reported in the financial result.

Recognition of the revaluation of pension obligations that result from changes in expectations with regard to the discount rate, future changes in salaries, retirement trends or life expectancy compared to the estimates made at the beginning of the period or compared to the actual development during the period takes place directly in equity in retained earnings – taking deferred taxes into account. Recognition in subsequent periods in profit or loss of the revaluations recognized directly in equity is not permitted. Direct recognition in equity also includes the differences between interest income from plan assets determined at the beginning of the period based on the discount rate and included in net interest expense and the actual income from plan assets measured at the end of the period. The revaluations of defined benefit pension commitments and similar obligations recognized in the respective period are reported as a special item in the statement of comprehensive income.

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

OTHER PROVISIONS Other provisions are recognized if there is a present obligation arising from a past event, the probability that there will be an outflow of resources to meet these obligations is more likely than not and the amount can be reliably estimated. This means that the probability of occurrence must be greater than 50 %. Measurement is made based on the amount most likely to be incurred or, if no amount is more likely than any other, the expected amount to be paid. Provisions are only recognized for legal and constructive obligations to third parties; also included here are provisions for part-time early retirement and provisions for anniversaries. Non-current provisions with a remaining term of more than one year are discounted considering future cost increases with an adequate periodical capital market rate if the time value of money is material. Other provisions also cover risks arising from legal disputes and proceedings (litigation). Assessment of the provision amount takes place through factual assessment of the situation, by considering the level of the claims – including the results of comparable procedures – and by getting independent legal opinions.

INCOME TAX Reported income tax comprises taxes on taxable income plus changes to deferred tax assets and liabilities as applicable in the individual countries.

CURRENT INCOME TAX Current income tax is reported as the amount of tax expected to be payable based on the applicable or enacted legislation as of the balance sheet date. Initial and subsequent measurement takes place completely in the tax expense.

TAX ASSETS AND LIABILITIES Income tax liabilities from the fiscal year just ended are reported on the balance sheet under current tax liabilities, and receivables from prepayments under current tax assets. Non-current tax liabilities primarily comprise income tax for prior year periods that have not yet been conclusively audited. The unwinding of the discount of tax liabilities is recognized in the income statement in the item "Taxes on income".

DEFERRED TAX Deferred tax is recognized on temporary differences between the values of assets and liabilities in the IFRS balance sheet and the tax balance sheet, as well as on tax loss carryforwards, to the extent they can be offset against future taxable income. Deferred tax assets and deferred tax liabilities are recognized separately on the face of the balance sheet. Deferred tax assets have been offset against deferred tax liabilities to the extent the related taxes on income are imposed by the same tax authorities and there is a legally enforceable right to set-off. Deferred tax is calculated according to IAS 12 (Income Taxes), taking into consideration the respective applicable national income tax rates or those that have been substantively enacted as of the balance sheet date and that are expected to apply when the related deferred income tax asset is recognized or the deferred tax liability is settled. Deferred tax assets and liabilities associated with earnings and expenses directly recognized in shareholders' equity are treated identically.

Deferred tax assets are only recognized to the extent is likely that taxable income will be available against which deferred taxes can be offset. Individual companies forecast the recoverability of deferred tax assets arising from temporary differences and loss carryforwards, among other things, based on the future earnings situation at the respective group company.

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

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

FINANCIAL LIABILITIES Financial liabilities for bonds issued are shown net of their issue discount and transaction costs. Unwinding of the discount takes place using the effective interest method. We refer to notes (30) to (32) for details on the recognition and measurement of financial instruments.

CONTINGENT LIABILITIES AND ASSETS Contingent liabilities and assets are possible obligations or assets that result from past events and whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not entirely under the control of Südzucker. Contingent liabilities are also present obligations in which an outflow of resources is unlikely or the amount of which cannot be determined reliably. Contingent liabilities are recognized on the balance sheet only when they are acquired as part of a business combination, in which case they are recognized at fair value. Contingent assets are not recognized. However, if the realization of income is virtually certain, then the related asset is no longer considered a contingent asset and is recognized as an asset. Disclosures are made in the notes to the financial statements unless an outflow of resources embodying economic benefits is remote. The same applies to contingent assets, where an inflow of economic benefits is probable. The obligation volume of contingent liabilities disclosed in the notes to the financial statements represents the contingencies existing as of the period end.

DERECOGNITION Financial assets are derecognized if the contractual rights to payment no longer exist or the financial assets have been transferred along with all risks and rewards. Financial liabilities are derecognized when they have extinguished, i. e. when all of the obligations outlined in the agreement have been met, reversed or expired.

DERIVATIVE FINANCIAL INSTRUMENTS Derivative financial instruments are recognized as assets or liabilities and measured – independent of their purpose – at fair value. Changes to this value are recognized in profit or loss unless the derivatives are in a hedging relationship with the hedged item. In this case, recognition of the changes in fair value is based on the nature of the hedge transaction. Fair value hedges are used to hedge the exposure of recognized assets or liabilities to changes in the fair value. With fair value hedges, changes in the fair values of both the hedge transactions and the associated hedged items are recognized in the income statement. If the hedged items and hedges are already measured as primary instruments at their fair values, the application of the special rules for fair value hedge accounting can be waived to achieve the fair value hedge.

Cash flow hedges are used to hedge the exposure to variability in future cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction. When there is a cash flow hedge, the unrealized gains and losses of the hedge transaction are initially recognized in other comprehensive income. They are not transferred to the income statement until the hedged item is recognized in profit or loss. If the transactions lead to the recognition of non-financial assets or liabilities, e. g. for the acquisition of fixed assets, the amounts recognized directly in equity are offset with the initial recognition of the carrying amount of the asset or liability.

IAS 39 specifies that hedges may only be accounted for when they are effective. Effectiveness in terms of IAS 39 applies if the changes in the fair value of the hedge transaction lie both prospectively and retrospectively within a range of 80 to 125 % of the opposite changes in the fair value of the hedged item. Only the effective portion of a hedge may be accounted for under the rules described above. The ineffective portion is recognized immediately in profit or loss in the income statement.

To the extent that derivatives do not qualify as effective hedging transactions or commercial transactions, all fluctuations in market value have a direct impact as profit or loss in the income statement.

Contracts held for the purpose of the receipt or delivery of non-financial items in accordance with the entity's expected purchase, sale or usage requirements (own-use contracts) are not accounted for as derivatives but rather as executory contracts. If own-use contracts include embedded derivatives, the derivative is separated from the host contract and accounted for as a derivative if the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract. Written options to buy or sell non-financial items that can be settled net in cash are not own-use contracts.

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

RESEARCH AND DEVELOPMENT COSTS For development costs, the costs are capitalized as part of developing new products to the extent a clear allocation of expenses is possible and to the extent the technical feasibility and marketability of these newly-developed products is demonstrated. Product development must also generate probable future economic benefits. Research costs may not be capitalized as set out in IAS 38 (Intangible Assets), and are recognized as an expense in the income statement when they are incurred.

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

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

Financial assets are allocated to the categories that affect accounting and subsequent measurement. In addition, a decision must be made whether and when an impairment is to be recognized as a write-down in the income statement. The decisions made in Südzucker Group with regard to these issues are described in the explanation of the accounting policies for financial instruments.

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

With regard to provisions for pensions and similar obligations, the discount rate is one of the important factors. The discount rate for pension obligations is determined by reference to market yields observable at the balance sheet date on high-quality, fixed-rate corporate bonds, making analytically derived assumptions about the age at entry into the pension benefits, life expectancy, staff turnover rates and future wage and pension increases. Please see the sensitivity analysis disclosures under note (27) "Provisions for pensions and similar obligations" for information on the impact of changes to individual actuarial assumptions on the amount of the defined benefit pension obligations. Assumptions and estimates are also related to the accounting and measurement of other provisions.

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

The determination of the useful life of the depreciable fixed asset, the net selling price of the inventories and the fair value of intangible assets, property, plant and equipment and liabilities acquired in business combinations is also based on estimates.

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

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

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

Notes to the statement of comprehensive income

(6) Revenues

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

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

€ million	2013/14	2012/13
Change in work in progress and finished goods inventories		
Sugar	– 101.9	156.3
Special products	0.5	4.8
CropEnergies	4.3	6.6
Fruit	– 50.3	40.5
	– 147.4	**208.2**
Internal costs capitalized	7.2	8.8
	– 140.2	**217.0**

TABLE 43

Change in work in progress and finished goods also includes write-downs of inventories to net disposal proceeds and reversals of impairment losses; see note (24) "Inventories" for explanations.

(8) Other operating income

€ million	2013/14	2012/13
Foreign exchange and currency translation gains	9.7	8.9
Gain on sales of current and non-current assets	3.7	4.5
Income from derivatives	4.4	1.5
Reversal of bad debt allowances	1.9	3.7
Income from special items	47.6	7.4
Other income	59.7	65.8
	127.0	**91.8**

TABLE 44

Income from special items of € 47.6 (7.4) million includes, among other income, € 44.1 million in income from claims for repayment against the EU from the production levy not properly calculated for the sugar marketing years 2001/02 through 2005/06 and will therefore be refunded. Repayment should take place no later than September 2014. Also included here are insurance settlements for property damage at the Chilean inulin factory from BENEO Orafti. Income from the successful completion of the proceedings related to market regulatory risks was reported under this item in the previous year.

Other income in the amount of € 59.7 (65.8) million includes, among other things, insurance settlements and other compensation, government subsidies such as compensation payments or grants, income from services performed and from rents and leases, income from prior periods (without taxes and interest) and income from the reversal of provisions.

(9) Cost of materials

€ million	2013/14	2012/13
Cost of raw materials, consumables and supplies and of purchased merchandise	4,754.3	4,934.2
Cost of purchased services	235.0	226.0
	4,989.3	**5,160.2**

TABLE 45

(10) Personnel expenses

€ million	2013/14	2012/13
Wages and salaries	623.9	619.4
Contributions to statutory old-age insurance	35.5	34.6
Social security, pension and welfare expenses	151.3	155.5
	810.7	**809.5**

TABLE 46

Average number of employees during the year:

	2013/14	2012/13
Employees by segment		
Sugar	8,173	8,034
Special products	4,485	4,401
CropEnergies	430	321
Fruit	5,371	5,184
	18,459	**17,940**
Employees by geographic areas		
Germany	4,056	4,099
Other EU	9,758	9,410
Other countries	4,645	4,431
	18,459	**17,940**

TABLE 47

The average number of employees in the group at fully and proportionately consolidated companies increased in 2013/14 by 519 to 18,459 (17,940). The average number of employees included here at proportionately consolidated joint ventures (50 %) was 273 (227) at the balance sheet date. The increase in the number of employees by 109 in the CropEnergies segment is largely due to the acquisition of Ensus.

(11) Depreciation

€ million	2013/14	2012/13
Intangible assets	14.2	14.6
Fixed assets	257.6	258.5
Depreciation and amortization	**271.8**	**273.1**
Intangible assets	0.2	0.2
Fixed assets	4.4	0.8
Impairment losses	**4.6**	**1.0**
Income from reversal of impairment losses	**– 1.1**	**0.0**
Net depreciation	**275.3**	**274.1**
thereof operating result	274.8	274.1
thereof results of restructuring and special items	0.5	0.0
Impairment according to segments		
Sugar	0.5	0.6
Special products	0.5	0.1
CropEnergies	0.5	0.0
Fruit	3.1	0.3
Total	**4.6**	**1.0**

TABLE 48

(12) Other operating expenses

€ million	2013/14	2012/13
Selling and advertising expenses	379.7	383.4
Operating and administrative expenses	300.0	291.2
Advertising expenses	51.3	54.0
Expenses due to restructuring costs and special items	161.0	21.3
Operating lease expenses	14.0	14.0
Service agreement expenses	32.3	26.3
Production levy	20.1	19.8
Losses on disposals of current and non-current assets	4.9	7.6
Bad debt allowances	2.4	10.8
Foreign exchange and currency translation losses	6.8	14.0
Expense from derivatives	2.7	1.9
Other taxes	29.1	26.6
Other expenses	99.9	117.9
	1,104.2	**988.8**

TABLE 49

Operating and administrative expenses in the amount of € 300.0 (291.2) million comprise items such as office, communication and travel expenses, consulting fees, fees and contributions, insurance premiums, employee training, employee benefits and outsourced maintenance and repair services.

Considering the use of the previously created provision, € 154.5 million of the expenses from restructuring and special items of € 161.0 (21.3) million was attributable to the antitrust fine imposed on the sugar segment. On the basis of the fine imposed, € 195.5 million was paid out on 27 February 2014. Last year expenses were mainly attributable to provisions associated with irregularities that were discovered at the Mexican subsidiary AGRANA Fruit Mexico and for reorganization measures related to European fruit preparation business activities.

The main share of other taxes in the amount of € 29.1 (26.6) million is attributable to non-income taxes. Other operating expenses totaling € 99.9 (117.9) million comprise items such as research and development costs, market research fees, license fees and other services.

(13) Income from operations

€ million	2013/14	2012/13
Income from operations	**542.5**	**955.0**
thereof operating profit	658.3	971.8
thereof restructuring costs and special items	– 115.8	– 16.8

TABLE 50

Income from operations of € 542.5 (955.0) million breaks down into an operating profit of € 658.3 (971.8) million plus the results of restructuring and special items amounting to € – 115.8 (– 16.8) million. The breakdown of operating profit is found in the section segment reporting.

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

Income from companies accounted for using the equity method of € 20.2 (13.1) million includes the share of earnings from the London-based trading company ED&F Man Holdings Ltd. and a joint-venture distributor.

(15) Financial income and expense

€ million	2013/14	2012/13
Interest income	29.5	30.5
Interest expense	– 68.2	– 82.1
Interest income and expense, net	**– 38.7**	**– 51.6**
Other financial income	11.7	19.4
Other financial expense	– 33.6	– 69.8
Other financial income and expense, net	**– 21.9**	**– 50.4**
Financial expense, net	**– 60.6**	**– 102.0**
thereof financial income	41.1	49.9
thereof financial expense	– 101.7	– 151.9

TABLE 51

The financial result improved in fiscal 2013/14 to € – 60.6 (– 102.0) million. Interest expense fell sharply from € – 51.6 million to € – 38.7 million as average debt declined year-over-year and interest rates were also lower. The net interest expense also contains the net expense from the unwinding of the discount for provisions for pensions and similar obligations totaling € 22.9 (23.0) million and the expense from the unwinding of the discount for other non-current provisions and liabilities of € 3.3 (2.6) million.

The other financial result was an expense of € – 21.9 (– 50.4) million, which was negatively impacted by the financing of subsidiaries in emerging countries and Eastern Europe as well as the strong euro exchange rates against the US dollar. After the redemption of the 2009/2016 convertible bond in fiscal 2012/13, there was no expense in the financial year just ended from the option premium nor from the early repurchase of the convertible bond.

(16) Taxes on income

The tax expense of € 112.3 (131.8) million is comprised of current taxes paid or payable and deferred tax expense / income as follows:

€ million	2013/14	2012/13
Current taxes	100.4	135.1
Deferred taxes	11.9	– 3.3
Taxes in income	**112.3**	**131.8**

TABLE 52

The unchanged projected theoretical tax expense of 29.1 % for fiscal 2013/14 was calculated by applying the German corporate income tax rate comprising the solidarity surcharge of 15.8 % and the trade tax on income of 13.3 %. The reconciliation of the theoretical and actual tax expense is shown below:

€ million	2013/14	2012/13
Earnings before taxes on income	502.1	866.1
Theoretical tax rate	29.1 %	29.1 %
Theoretical tax expense (+)	**146.2**	**252.3**
Change in theoretical tax expense as a result of:		
Different tax rates	– 1.1	– 11.1
Tax reduction for tax-free income	– 30.6	– 28.3
Tax increase for non-deductible expenses	58.9	18.2
Tax effects from prior periods	– 31.9	9.5
Tax effects from capitalized losses carried forward and temporary differences	– 33.1	– 36.8
Other	3.9	4.5
Taxes on income (prior year adjusted)	**112.3**	**208.3**
Effective tax rate (prior year adjusted)	**22.4 %**	**24.1 %**
Tax income from tax court	0.0	– 76.5
Taxes in income	**112.3**	**131.8**

TABLE 53

Following a significant decline in earnings before income taxes of € 502.1 (866.1) million, taxes on income were € 112.3 (131.8) million. Last year included one-time tax income of € 76.5 million from the successful conclusion of long-term tax court proceedings regarding taxation issues under the Foreign Transaction Tax Law (Außensteuergesetz). Accordingly, the comparable current tax expense was € 112.3 (208.3) million or 22.4 (24.1) % for the group tax rate. Deferred tax is the result from temporary differences between tax accounting measures and the assets and liabilities recognized as set out in IFRS as well as from tax loss carryforwards. Deferred tax assets of € 135.6 (154.6) million were recognized for tax loss carryforwards expected to be used against future taxable income. Deferred tax assets totaling € 88.0 (65.5) million were not recognized as it is unlikely that the tax assets will be recoverable in the foreseeable future. Unrecognized tax claims may expire within seven years. Of the unrecognized deferred tax assets on loss carryforwards, € 10.1 (51.9) million relates to tax loss carryforwards that can be used indefinitely. An impairment loss in the amount of € 0.0 (1.2) million was recognized on loss carryforwards for deferred tax assets recognized in previous years.

No deferred tax liabilities were recognized in relation to investments in subsidiaries totaling € 52.4 (55.2) million, since such gains are intended to be reinvested indefinitely and a reversal of these differences is thus not anticipated.

Deferred taxes lowered income and expenses recognized in the other comprehensive income in equity by € – 10.7 million during the reporting period and raised income and expenses recognized directly in equity by € 39.7 million last year. Key influencing factors here were deferred tax assets from the revaluation of defined benefit pension commitments and similar obligations recognized directly in equity, which led to a decrease in equity by € – 11.4 million, i. e. last year to an increase in equity by € 38.3 million.

Income taxes recognized directly in equity (mainly in retained earnings) posted at € 0.1 (65.5) million and have increased shareholders' equity. In the prior year this effect was primarily due to the repurchase of the 2009/2016 convertible bond.

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

€ million	Deferred tax assets		Deferred tax liabilities	
28 February	**2014**	2013	**2014**	2013
Fixed assets and intangible assets	39.8	42.4	160.9	162.8
Inventories	17.3	18.5	35.4	36.3
Other assets	15.9	24.6	6.2	4.4
Tax-free reserves	0.0	0.0	72.1	72.3
Provisions	103.0	94.9	15.9	22.3
Liablilities	22.0	21.9	26.8	26.1
Tax loss carry forwards	135.6	154.6	0.0	0.0
	333.6	**356.9**	**317.3**	**324.2**
Offsets	– 210.2	– 235.4	– 210.2	– 235.4
Balance sheet	**123.4**	**121.5**	**107.1**	**88.8**
thereof non-current	**63.3**	**59.5**	**88.0**	**76.2**

TABLE 54

Current tax assets of € 63.8 (91.4) million reported as at 28 February 2014 mainly relate to reimbursement rights recognized in 2012/13 based on the court proceedings mentioned above regarding taxation issues under the Foreign Transaction Tax Act (Außensteuergesetz). Tax prepayments are also included here.

Non-current tax liabilities in the amount of € 75.0 (94.4) million primarily comprise income tax for prior year periods that have not yet been conclusively audited. The unwinding of the discount of tax liabilities is recognized in the income statement in the item "Taxes on income".

Current tax liabilities of € 83.8 (86.6) million relate primarily to income tax liabilities from the financial year under review.

(17) Research and development costs

Research and development activities are outlined in the group management report. Research and development work was carried out by some 405 (374) staff. Research and development costs amounted to € 42.5 (41.6) million and were fully recognized as an expense.

(18) Earnings per share

€ million	2013/14	2012/13
Net earnings of the year	**389.8**	**734.3**
of which attributable to hybrid capital	26.2	26.2
of which attributable other non-controlling interest	82.0	115.5
of which attributable to shareholders of Südzucker AG	281.6	592.6
Earnings in € per share	**1.38**	**3.08**
Dilution effect	0.00	– 0.15
Diluted earnings in € per share	1.38	2.93

TABLE 55

Of the net earnings for the year of € 389.8 (734.3) million, earnings of € 26.2 (unchanged) million are attributable to holders of the hybrid capital. Other non-controlling interests of € 82.0 (115.5) million consist mainly of outside shareholders of AGRANA Group and CropEnergies Group. This leaves shareholders of Südzucker AG with net earnings for the year of € 281.6 (592.6) million.

The earnings per share calculation (IAS 33) is based on the time-weighted average of 204.2 million shares outstanding. Earnings per share came in at € 1.38 and were not diluted. Last year earnings per share were € 3.08 based on a time-weighted average of 192.6 million shares outstanding. Earnings per share reflected the aforementioned one-time tax income of € 76.5 million or € 0.40 per share resulting from the successful conclusion of the tax proceedings and were therefore € 2.68 (normalized). Diluted earnings per share for the same period last year were € 2.93 (adjusted: 2.53). The calculation of diluted earnings per share for the prior year was based on the at that time expected issue of 15 million shares from conditional capital for the convertible bond since the beginning of the financial year and thus a time-weighted average of 203.9 million shares. Net earnings after minority interests were adjusted for the after-tax effect of the convertible bond's time value of money contained therein.

(19) Income and expenses recognized in other comprehensive income

€ million	2013/14	2012/13
Market value of hedging instruments (cash flow hedges) [1]	**0.8**	**– 3.1**
Revaluation not affecting income	– 4.1	– 4.2
Realization resulting in a profit or loss	4.2	– 0.2
Deferred taxes	0.7	1.3
Market value of securities (available for sale) [1]	**– 1.2**	**0.3**
Revaluation not affecting income	– 1.2	0.3
Deferred taxes	0.0	0.0
Exchange differences on net investments in foreign operations	**– 0.1**	**– 0.3**
Revaluation not affecting income	– 0.1	– 0.4
Deferred taxes	0.0	0.1
Foreign currency differences from consolidation [1]	**– 90.2**	**– 10.7**
Income and expenses to be recognized in the income statement in the future	**– 90.7**	**– 13.8**
Remeasurement of defined benefit pension plans and similar obligations [2]	**28.3**	**– 92.2**
Revaluation not affecting income	39.7	– 130.5
Deferred taxes	– 11.4	38.3
Income and expenses recognized in other comprehensive income	**– 62.4**	**– 106.0**

[1] Including the effects from companies consolidated at equity.
[2] Will not be reclassified subseqently to profit and loss.

TABLE 56

Income and expenses recognized in other comprehensive income in group equity totaled € – 62.4 (– 106.0) million.

Key factors were the consolidation-related exchange differences of € – 90.2 (– 10.7) million resulting especially from the depreciation of the Chilean peso, the Ukrainian hryvnia, the Hungarian forint, the Moldovan leu, the Russian ruble and the Czech koruna (closing rate) against the euro. Also included here are the exchange differences of € – 3.2 (– 9.4) million from London-based ED&F Man Holdings Ltd., a company accounted for using the equity method.

€ 28.3 (– 92.2) million resulted from the revaluation of defined benefit pension commitments and similar obligations; this is attributable to adjustments to the parameters for salary and pension increases and from experience-based adjustments. Last year this item included effects resulting from the adjustment of the discount rate from 4.50 % as of 29 February 2012 to 3.50 % as of 28 February 2013.

The change to cash flow hedges not affecting income of € 0.8 (– 3.1) million resulted primarily from the recognition of negative market values for forex futures, interest rate swaps, energy swaps and wheat and corn futures.

Notes to the consolidated cash flow statement

(20) Notes to the consolidated cash flow statement

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

CASH FLOW The reported cash flow of € 689.0 (996.4) million is less than last year and corresponds with the decline in net earnings.

CHANGE IN WORKING CAPITAL The cash flow freed up through the decrease in working capital by € 23.9 million after € 219.7 million in funds committed in the previous year was largely due to price and volume-related lower inventories and trade receivables.

INVESTMENTS IN PROPERTY, PLANT AND EQUIPMENT Investments in property, plant and equipment (including intangible assets) totaled € 383.1 (338.2) million. The sugar segment's investments of € 196.7 (203.4) million were mainly allocated toward replacement spending and investments to improve technologies, energy efficiency and logistics. The increase in investments in the special products segment to € 116.2 (88.8) million was primarily due to the completion of the wheat starch plant in Pischelsdorf, Austria and also to energy efficiency measures. Investments totaling € 18.4 (11.1) million in the CropEnergies segment were mainly to optimize plants and increase efficiency. The fruit segment invested € 51.8 (34.9) million, primarily in the fruit preparations division, especially for the construction of a fruit preparation factory in Lysander, New York in the United States.

INVESTMENTS IN FINANCIAL ASSETS Investments in financial assets totaled € 22.3 (182.5) million and primarily concern subsequent acquisition costs for the stake in London-based trading company ED&F Man Holdings Ltd.due to the earnings targets being met that were defined at the time of acquisition. The acquisition of Ensus by CropEnergies materialized by issuing shares of CropEnergies AG, so there was no cash outflow to the vendor. € 180.7 million of last year's investments in financial assets was related to the acquisition of a 25 % stake (minus one share) in ED&F Man.

CAPITAL INCREASES AND INCREASES IN STAKES HELD IN SUBSIDIARIES Increases in stakes held mainly relate to the acquisition of shares in AGRANA Beteiligungs-AG, Vienna, Austria, which increased the stake held in the company from 38.3 % to 49.6 %. This took place in part together with our partner Zuckerbeteiligungsgesellschaft m.b.H. via a subsidiary of Südzucker. Our partner made a capital contribution of € 61.5 million here, which is presented in the relevant line in the balance of € 61.9 million. As explained in note (2) "Companies included in consolidation", the acquisition of Ensus by CropEnergies took place through a capital increase in exchange for contributions in kind with no flow of cash, i.e. there was no corresponding inflow of liquidity from the capital increase.

DIVIDENDS PAID Dividends paid throughout the group in the financial year just ended totaled € 258.8 (207.7) million and included € 183.8 (132.1) million paid out to Südzucker AG's shareholders (€ 0.90/share) and € 75.0 (75.6) million to minority interests.

TAX PAYMENTS The balance of tax payments amounted to € 95.0 (138.0) million. Cash outflows from tax payments are generally allocated to operating activities. Cash inflows from a one-time tax refund from the successful conclusion of long-term tax court proceedings regarding taxation issues under the Foreign Transaction Tax Act were also included in the prior year. The tax effects from the repurchase of the convertible bond were excluded from this recognition last year and instead allocated to "financing activities".

INTEREST PAYMENTS AND DIVIDENDS Interest paid and interest and dividends received are allocated to the cash flows from operating activities.

OTHER NON-CASH INCOME AND EXPENSES Other non-cash expenses presented in the cash flow statement of € 12.2 million were largely attributable to unrealized currency exchange losses. Last year this item was reported as other non-cash income totaling € – 40.1 million and primarily comprised payments not yet received related to the conclusion of long-term tax court proceedings regarding taxation issues under the Foreign Transaction Tax Act.

Notes to the consolidated balance sheet

(21) Intangible assets

€ million	Goodwill	Concessions, industrial and similar rights	Total
2013/14			
Acquisition costs			
1 March 2013	1,735.9	186.0	1,921.9
Change in companies incl. in the consolidation and other changes	2.4	0.1	2.5
Changes due to currency translation	– 0.1	– 1.0	– 1.1
Additions	0.0	11.4	11.4
Transfers	0.0	4.5	4.5
Disposals	0.0	– 6.7	– 6.7
28 February 2014	1,738.2	194.3	1,932.5
Amortization and impairment losses			
1 March 2013	– 588.8	– 143.7	– 732.5
Change in companies incl. in the consolidation and other changes	0.0	0.0	0.0
Changes due to currency translation	0.0	0.8	0.8
Amortization for the year	0.0	– 14.2	– 14.2
Impairment losses	0.0	– 0.2	– 0.2
Transfers	0.0	– 0.1	– 0.1
Disposals	0.0	6.6	6.6
Reversals of impairment losses	0.0	0.1	0.1
28 February 2014	– 588.8	– 150.7	– 739.5
Net carrying amount 28 February 2014	**1,149.4**	**43.6**	**1,193.0**

€ million	Goodwill	Concessions, industrial and similar rights	Total
2012/13			
Acquisition costs			
1 March 2012	1,729.6	187.3	1,916.9
Change in companies incl. in the consolidation and other changes	6.3	– 0.1	6.2
Changes due to currency translation	0.0	– 0.1	– 0.1
Additions	0.0	5.6	5.6
Transfers	0.0	0.7	0.7
Disposals	0.0	– 7.4	– 7.4
28 February 2013	1,735.9	186.0	1,921.9
Amortization and impairment losses			
1 March 2012	– 588.8	– 136.5	– 725.3
Change in companies incl. in the consolidation and other changes	0.0	0.3	0.3
Changes due to currency translation	0.0	0.1	0.1
Amortization for the year	0.0	– 14.6	– 14.6
Impairment losses	0.0	– 0.2	– 0.2
Transfers	0.0	0.0	0.0
Disposals	0.0	7.2	7.2
Reversals of impairment losses	0.0	0.0	0.0
28 February 2013	– 588.8	– 143.7	– 732.5
Net carrying amount 28 February 2013	**1,147.1**	**42.3**	**1,189.4**

TABLE 57

Goodwill

The carrying amount of goodwill of € 1,149.4 (1,147.1) million was about the same as the previous year.

As set out in IAS 36 (Impairment of Assets) and IAS 38 (Intangible Assets), goodwill is not amortized but is subject to annual impairment tests (impairment-only approach). Impairment tests are to be made annually or more often if events or changed situations arise which indicate a possible impairment. The carrying amount of cash generating units (CGUs) is compared with their recoverable amount, being the higher of net selling price less selling expenses and value in use (leading value concept at Südzucker). An impairment loss is charged if the recoverable amount of a CGU is lower than its carrying amount. Impairments made to a CGU's goodwill cannot be reversed in subsequent periods.

When carrying out the impairment test, goodwill should be allocated to cash generating units or groups of cash-generating units. Südzucker has determined its CGUs based on its internal reporting structure. CGUs with goodwill in Südzucker Group are the sugar and fruit segments and the BENEO, Freiberger and PortionPack divisions.

The carrying amount of each CGU is determined by allocating the operating assets and liabilities, including related goodwill and intangible assets, to the respective CGU. If the need for impairment identified exceeds the goodwill allocated to the CGU, this initially is to be written off completely and then the unit's other assets must be depreciated in relation to their carrying amounts.

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

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

Borrowing costs are calculated as a weighted average of the costs of equity and debt. The cost of equity is derived from the returns expected by Südzucker shareholders; the borrowing costs recognized are derived from the long-term refinancing conditions of Südzucker's capital market environment.

The cost of equity is calculated based on a risk-free basic interest rate, a business risk premium and a country risk premium. The 20-year yield on German Government Bonds (BUND) was used as the risk-free interest rate. Business risk was determined as a product of the general market risk premium and the applicable 5-year beta factor for Südzucker compared to the MSCI World index as a benchmark. The general market risk premium corresponds to the long-term outperformance of the stock market compared to German Government Bonds. The cost of equity derived in this way is specified for each CGU by considering the respective country risks and business risks.

The current imputed refinancing costs for bonds, hybrid capital and the interest rate for pension obligations are used in the calculation of borrowing costs. The risk premium (credit spread) takes into account Südzucker's long-term rating of Baa1/BBB+. The target capital structure recognized corresponds to a ratio of 70 % equity to 30 % debt. This results in calculated cost of capital rates before taxes of between 7.0 and 8.3 % for the CGUs.

We have assumed a growth rate to perpetuity after the five-year budget period of 1.5 % (unchanged) for the CGUs. The growth rate used to discount the perpetual annuity is below the growth rates determined in the detailed planning period and is primarily used to offset a general rate of inflation. Investments in the planning period are based on investment plans that have been ratified and take into account replacement investment requirements. The following table presents an overview of the tested goodwill carrying amounts and the capital costs used for the respective impairment tests:

€ million	Goodwill				Weight average cost of capital	
28 February	2014		2013		2013/14	2012/13
CGU Sugar	773.4	67.3 %	771.0	67.2 %	7.3 %	8.0 %
CGU Freiberger	158.9	13.8 %	158.9	13.9 %	7.0 %	6.8 %
CGU BENEO	84.9	7.4 %	84.9	7.4 %	8.3 %	8.2 %
CGU PortionPack	40.3	3.5 %	40.3	3.5 %	7.9 %	7.4 %
CGU Fruit	91.9	8.0 %	92.0	8.0 %	8.3 %	8.4 %
	1,149.4	100.0 %	1,147.1	100.0 %	–	–

TABLE 58

No impairment was necessary in the 2013/14 financial year resulting from the regular annual goodwill impairment test as the value in use of the individual CGUs was higher than the carrying amount. The impairment test for the sugar segment took into account the end of the sugar beet quotas and minimum price regulations in the EU on 30 September 2017 resolved by the EU in June 2013.

The goodwill impairment test is based on future assumptions that determine the value in use of the CGUs. At the measurement date the values in use were significantly higher than the carrying amounts of the CGUs. The respective surpluses react sensitively to changes in operational plans, the growth rate in perpetuity and changes to the discount rate as key measurement parameters. However, from the current perspective it is not anticipated that potential changes to the key parameters would lead to the carrying amounts of goodwill exceeding their value in use and thereby require an adjustment in the next financial year. The key planning assumptions for the sugar CGU are determined based on the EU sugar market and the regulatory environment. Here, the key market development projections are based on estimates for EU sugar and isoglucose production volumes, the development of sugar imports and sugar revenues. The main cost factors of the CGU are commodity and energy costs.

The end of the sugar beet quotas and minimum price regulations in 2017 will also mean the end of the previous restrictions on exports. This will result in a natural market balance of EU beet sugar and isoglucose production and of sugar imports and exports. EU market prices will then even more closely follow world market prices. It is generally expected that global sugar consumption will continue to grow 2 to 3 % per year from currently 168 million tonnes to roughly 200 million tonnes by 2020. These forecasts bolster the world sugar market price. By concentrating on the best beet growing regions in Europe, Südzucker is in an excellent position in the EU and can use the end of the quota regulations to its advantage with regard to its production and market position; production in the core European markets will give the company logistics advantages and thus close proximity to industrial customers. Südzucker will exploit its opportunities to better utilize capacities through longer campaigns when the quota regulations end. Through the collaboration with long-term trading partners Südzucker markets white sugar and raw sugar from LDCs and ACP countries into the EU. The imported sugar volumes strengthen and expand the company's European market position. Further opportunities result from the elimination of restrictions for sugar exports outside of the EU. Working together with London-based trading company ED&F Man Holdings Ltd., Südzucker will explore additional ways to participate in this market growth. Moreover, Südzucker already enjoys a leading market position in Europe in the starch and starch saccharification products areas, which will be further expanded in line with market developments.

Concessions, industrial and similar rights

The carrying amounts of the item "Concessions, industrial and similar rights" total € 43.6 (42.3) million and mainly relate to software.

(22) Property, plant and equipment

€ million 2013/14	Land, land rights and buildings including buildings on leased land	Technical equipment and machinery	Other equipment, factory and office equipment,	Assets under construction	Total
Acquisition costs					
1 March 2013	1,746.9	4,550.9	386.2	140.8	6,824.8
Change in companies incl. in the consolidation and other changes	3.7	49.9	0.5	1.0	55.1
Changes due to currency translation	– 29.1	– 61.1	– 5.7	– 5.8	– 101.7
Additions	34.0	126.8	26.2	184.7	371.7
Transfers	40.7	134.4	0.9	– 180.5	– 4.5
Disposals	– 10.8	– 80.7	– 17.0	– 1.5	– 110.0
28 February 2014	1,785.4	4,720.2	391.1	138.7	7,035.4
Amortization and impairment losses					
1 March 2013	– 826.6	– 3,083.1	– 281.1	– 0.6	– 4,191.4
Change in companies incl. in the consolidation and other changes	0.1	0.1	– 0.4	0.0	– 0.2
Changes due to currency translation	9.1	31.7	4.1	0.0	44.9
Amortization for the year	– 46.1	– 186.6	– 24.9	0.0	– 257.6
Impairment losses	– 0.4	– 4.0	0.0	0.0	– 4.4
Transfers	0.0	– 0.6	0.7	0.0	0.1
Disposals	8.3	77.7	15.4	0.0	101.4
Reversals of impairment losses	0.3	0.6	0.1	0.0	1.0
28 February 2014	– 855.3	– 3,164.2	– 286.1	– 0.6	– 4,306.2
Net carrying amount 28 February 2014	**930.1**	**1,556.0**	**105.0**	**138.1**	**2,729.2**

TABLE 59

The carrying amount of property, plant and equipment rose to € 2,729.2 (2,633.4) million. Investments totaled € 371.7 (332.7) million, annual depreciation was € 257.6 (258.5) million and disposals of property, plant and equipment (disposals at cost less depreciation and impairment losses) came in at € 8.6 (16.3) million. The investments are reduced by government grants totaling € 1.6 (1.5) million. Interest on debt capital was recognized in the amount of € 0.6 (0.0) million in return. Borrowing costs are calculated based on the applicable interest rate of the loan for the investment in question of 1.3 to 3.0 %.

The exchange-related differences result mainly from the depreciation of the Chilean peso, the Russian ruble, the Moldovan leu, the Ukrainian hryvnia, the Austrian dollar and the US dollar; the result was a decrease in the carrying amount of property, plant and equipment by € – 56.8 million. Last year the weakening of the Hungarian forint and the Czech koruna (closing rate), with the Chilean peso moving in the opposite direction, resulted in an increase in the carrying amount of property, plant and equipment by € 0.6 million.

Details on the investments are included in the cash flow statement in these notes to the consolidated financial statements and in the segment information in the consolidated management report.

€ million 2012/13	Land, land rights and buildings including buildings on leased land	Technical equipment and machinery	Other equipment, factory and office equipment,	Assets under construction	Total
Acquisition costs					
1 March 2012	1,706.7	4,404.1	369.4	91.6	6,571.8
Change in companies incl. in the consolidation and other changes	12.4	8.2	2.2	– 1.0	21.8
Changes due to currency translation	– 1.7	– 1.6	– 0.6	0.0	– 3.9
Additions	32.7	155.1	30.5	114.4	332.7
Transfers	18.1	40.0	3.5	– 62.3	– 0.7
Disposals	– 21.3	– 54.9	– 18.8	– 1.9	– 96.9
28 February 2013	1,746.9	4,550.9	386.2	140.8	6,824.8
Amortization and impairment losses					
1 March 2012	– 794.9	– 2,947.9	– 274.3	– 0.6	– 4,017.7
Change in companies incl. in the consolidation and other changes	0.0	0.2	0.3	0.0	0.5
Changes due to currency translation	1.3	2.9	0.3	0.0	4.5
Amortization for the year	– 45.2	– 188.6	– 24.7	0.0	– 258.5
Impairment losses	– 0.5	– 0.3	0.0	0.0	– 0.8
Transfers	0.0	0.0	0.0	0.0	0.0
Disposals	12.7	50.6	17.3	0.0	80.6
Reversals of impairment losses	0.0	0.0	0.0	0.0	0.0
28 February 2013	– 826.6	– 3,083.1	– 281.1	– 0.6	– 4,191.4
Net carrying amount 28 February 2013	**920.3**	**1,467.8**	**105.1**	**140.2**	**2,633.4**

TABLE 60

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

€ million	Shares in companies consolidated at equity	Securities	Other investments and loans
2013/14			
1 March 2013	**190.1**	**105.5**	**30.2**
Change in companies incl. in the consolidation and other changes	2.9	– 0.6	– 4.5
Changes due to currency translation	– 3.2	0.0	0.0
Additions	22.3	0.2	0.0
Share of profits	20.2	0.0	0.0
Transfers	0.0	0.0	0.0
Disposals / dividends	– 6.0	– 0.5	– 1.9
Impairment losses	0.0	0.0	0.0
Reversals of impairment losses	0.0	0.0	0.0
28 February 2014	**226.3**	**104.6**	**23.8**
2012/13			
1 March 2012	12.3	105.1	33.7
Change in companies incl. in the consolidation and other changes	– 0.1	0.3	– 0.2
Changes due to currency translation	– 9.4	0.0	0.0
Additions	180.7	0.1	2.4
Share of profits	13.1	0.0	0.0
Transfers	0.0	0.0	0.0
Disposals / dividends	– 6.5	0.0	– 2.8
Impairment losses	0.0	0.0	– 2.9
Reversals of impairment losses	0.0	0.0	0.0
28 February 2013	**190.1**	**105.5**	**30.2**

TABLE 61

The additions in 2013/14 under the companies accounted for using the equity method in the amount of € 22.3 million related to subsequent acquisition costs for the stake in London-based trading company ED&F Man Holdings Ltd. due to earnings targets being met that were defined at the time of acquisition.

(24) Inventories

€ million 28 February	2014	2013
Raw materials and supplies	416.5	426.2
Work in progress and finished goods		
Sugar segment	1,446.9	1,560.9
Special products segment	198.9	200.5
CropEnergies segment	43.2	36.8
Fruit segment	173.6	230.9
Total of work in progress and finished goods	1,862.6	2,029.1
Merchandise	107.4	112.3
	2,386.5	**2,567.6**

TABLE 62

At € 2,386.5 (2,567.6) million, inventories were € 181.1 million lower than the previous year, mainly due to the reduction in finished goods and work in progress in the sugar segment due to lower beet prices and lower inventory levels.

Inventory write-downs totaling € 21.0 (7.6) million were made in the sugar segment and were primarily due to lower net disposal proceeds as at 28 February 2014 for non-quota sugar. Write-downs of € 11.4 (22.2) million were made in the special products segment due to changed utility of inventories. Write-downs totaling € 3.4 (€ 0.0) million were necessary on inventories in the CropEnergies segment as a result of lower net disposal proceeds at Ensus, while write-downs of € 1.0 (3.7) million were necessary in the fruit segment. Reversals were made in the sugar, special products and fruit segments as a result of the revaluation and/or reassessment of the utilization of previously written-down products totaling € 4.2 (0.4) million, € 11.9 (0.0) million and € 2.1 (0.6) million, respectively.

Write-downs of net disposal proceeds in the sugar segment were also necessary within cost of materials in the amount of € 6.7 (0.0) million for merchandise.

(25) Trade receivables and other assets

€ million 28 February	2014	Remaining term to 1 year	over 1 year	2013	Remaining term to 1 year	over 1 year
Trade receivables	**931.0**	**931.0**	**0.0**	**1,025.7**	**1,025.7**	**0.0**
Receivables due from the EU	**103.3**	103.3	0.0	**1.1**	1.1	0.0
Other taxes recoverable	**141.0**	141.0	0.0	**167.7**	167.7	0.0
Positive market value derivatives	**4.2**	4.2	0.0	**7.9**	7.9	0.0
Remaining financial assets	**91.4**	63.8	27.6	**107.0**	62.7	44.3
Remaining non financial assets	**55.0**	55.0	0.0	**41.9**	41.9	0.0
Other assets	**394.9**	**367.3**	**27.6**	**325.6**	**281.3**	**44.3**

TABLE 63

Trade receivables fell € 94.7 million to € 931.0 (1,025.7) million mainly due to lower sales revenues in the sugar segment with unchanged payment terms.

Receivables from the EU in the amount of € 103.3 (1.1) million comprise the entitlement due for reimbursements from the EU from the production levy that was imposed at too high a level for the sugar marketing years 2001/02 through 2005/06, which also include the claims of beet growers.

Other financial assets totaling € 91.4 (107.0) million primarily concern financial receivables from non-consolidated companies, investments and employees, and other third parties.

Other non-financial assets of € 55.0 (41.9) million are mainly related to advances made, accruals/deferrals and purchased CO_2 emissions certificates.

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

€ million 28 February	2014	2013
Total trade receivables	987.0	1,083.3
Value adjusted	– 56.0	– 57.6
Net carrying amount	**931.0**	**1,025.7**

TABLE 64

Bad debt allowances on trade receivables developed as follows:

€ million	2013/14	2012/13
1 March	**57.6**	**52.8**
Change in companies inc. In the consolidation / currency translation / other changes	– 0.5	– 0.9
Additions	2.4	10.8
Use	– 1.6	– 1.4
Release	– 1.9	– 3.7
28 February	**56.0**	**57.6**

TABLE 65

The following table shows information related to the credit risk associated with the trade receivables. Trade receivables before allowances totaled € 931.0 (1,025.7) million; € 777.3 (879.2) million of this amount was not yet due. The aging structure of past-due receivables is as follows:

€ million 28 February	2014	2013
Receivables not past-due	777.3	879.2
Past-due receivables without specific-debt allowances	153.7	146.5
of which up to 10 days	52.1	48.7
of which 11 to 30 days	34.7	36.2
of which 31 to 90 days	53.3	47.0
of which over 90 days	13.6	14.6
Net carrying amount	**931.0**	**1,025.7**
Receivables including specific-debt allowances	56.0	57.6
Total trade receivables	**987.0**	**1,083.3**

TABLE 66

Südzucker mitigates default risks on accounts receivable by constantly monitoring the creditworthiness and payment history of debtors and granting commensurate lines of credit. In addition, risks are predominantly capped using credit insurance and to a lesser extent bank guarantees. Credit management throughout the group has been further standardized and expanded. With respect to trade receivables that were neither impaired nor in default, there were no indications as of 28 February 2014 that the debtors would not meet their payment obligations. We expect payment to be received for past due trade receivables that have not been impaired; these receivables are also included in Südzucker Group's trade credit insurance program.

(26) Shareholders' equity

SUBSCRIBED CAPITAL As of 28 February 2014, the issued subscribed capital is valued at € 204,183,292 and consists of 204,183,292 bearer shares; this exclusively concerns no-par value ordinary shares, each of which represents a notional holding of € 1 per share. Südzucker AG held no treasury shares as of the balance sheet date; the issued subscribed capital corresponds to the outstanding subscribed capital.

CAPITAL RESERVE The capital reserve applies to Südzucker AG. It includes the inflows of external funds required to be included as per section 272 HGB, which resulted from the share premium from capital increases or the agreement on option premiums taking into account the mandatory IFRS reduction of associated costs including applicable taxes.

See "Takeover-relevant information" in the group management report in the "Corporate governance" section for more information.

OTHER COMPREHENSIVE INCOME Other comprehensive income includes the market value measurement of securities not recognized through profit or loss (cash flow hedge), securities available for sale, foreign currency translation from net investments in foreign subsidiaries and effects of consolidation-related foreign currency translation.

RETAINED EARNINGS Retained earnings include undistributed profit for the period, amounts to meet dividend obligations, and the effects resulting from the revaluation of defined benefit pension commitments and from transactions with non-controlling shareholders. The share premium is deducted from retained earnings if treasury shares are purchased, or added to retained earnings again if there is a later issue. Income and expenses recognized directly in equity in the statement of comprehensive income are described under note (19).

Please see note (2) "Companies included in consolidation" for information on the effects of the CropEnergies AG capital increase performed in the course of the acquisition of Ensus in July 2013.

Also included in the consolidated statement of changes in shareholders' equity in the line item "Other changes" are the following transactions in 2013/14, which relate to both the shares of Südzucker AG shareholders and the non-controlling interests.

Südzucker AG increased its calculated group stake in AGRANA Beteiligungs-AG in 2013/14 from 38.3 to 49.6 %. The difference between the purchase price paid and the carrying amount of net assets acquired of € 17.0 million was offset against retained earnings. AGRANA Stärke GmbH increased its stake in AGRANA Bioethanol GmbH in February 2014 from 74.9 to 100.0 %. The difference between the purchase price paid and the carrying amount of net assets acquired of € 4.3 million was offset against retained earnings.

HYBRID EQUITY CAPITAL Hybrid equity capital of € 683.9 (unchanged) million comprises the hybrid bond issued in the summer of 2005 with a nominal value of € 700 million and a coupon of 5.25 % p.a.; the annual dividend amount is € 36.7 million before taxes or € 26.2 million after taxes. The major features of this financial instrument are its indefinite maturity, a one-sided call right by Südzucker (quarterly from 30 June 2015), a dividend-dependent coupon and the subordinated rights of the holders. If the call right cannot be exercised by Südzucker, the hybrid bond has a floating rate coupon based on the three month Euribor plus 3.10 % p.a. The call option is subject to the condition that Südzucker has issued securities of equal rank and/or subordinated securities with similar features within 12 months of the effective date of the call with proceeds from the issue equaling the amount to be paid for calling the hybrid bond (as per section 6 (5) and (6) of the terms and conditions of the bond). Based on these characteristics, Südzucker is supposed to fully recognize the hybrid instrument as equity for IFRS purposes. Additional information regarding the hybrid bond is available under note (30) "Financial liabilities, securities and cash and cash equivalents (net financial debt)" and on the Südzucker corporate website at www.suedzucker.de/en/Investor-Relations/Anleihen/.

OTHER NON-CONTROLLING INTERESTS Other non-controlling interests in the amount of € 673.8 (782.7) million mainly relate to co-owners of AGRANA Group and – to a much lesser extent – of subgroup CropEnergies. The decrease was primarily due to the increase in the stake in AGRANA Beteiligungs-AG; this share purchase was implemented in part via the subsidiary Z&S Zucker und Stärke Holding AG, Vienna, and in part by increasing Südzucker's direct participation.

Z&S Zucker und Stärke Holding AG increased its stake in AGRANA Beteiligungs-AG to 86.1 (75.5) % in the 2013/14 financial year. Z&S Zucker und Stärke Holding AG is a 100 % subsidiary of AGRANA Zucker, Stärke und Frucht Holding AG. In addition to Südzucker, which holds a 50 % stake minus one share in the company, Zucker-Beteiligungsgesellschaft m.b.H. has a participating interest in AGRANA Zucker, Stärke und Frucht Holding AG. The Austrian AGRANA co-owners (among others, Raiffeisen Holding Niederösterreich Wien and representatives of Austrian beet producers) have consolidated interests in Zucker-Beteiligungsgesellschaft m.b.H. The details of the collaboration between Südzucker and Zucker-Beteiligungsgesellschaft m.b.H. are governed by a syndicate agreement, which grants Südzucker a right at any time to a majority of the voting rights in AGRANA Zucker, Stärke und Frucht Holding AG and thus to a controlling influence over subgroup AGRANA. Exercising the voting majority by Südzucker entitles Zucker-Beteiligungsgesellschafts m.b.H. – subject to a minimum one-year period – to establish an equality of votes among the syndicate partners. To finance the increase in shares in AGRANA Beteiligungs-AG at Z&S Zucker und Stärke Holding AG, our partner Zucker-Beteiligungsgesellschaft m.b.H. participated on equal terms in a € 61.5 million capital injection; this is reported as a capital increase under other non-controlling interests.

In addition, Südzucker AG also holds a direct stake in AGRANA Beteiligungs-AG. This stake was increased in the course of the current financial year to 6.5 (0.5) %. Up to 5 % is intended for replacement to increase the free float of AGRANA Beteiligungs-AG, which is listed on the Vienna stock exchange. The aim here is to increase the liquidity of AGRANA shares to lift attractivity to investors.

The group share of Südzucker AG in subgroup AGRANA is now calculated at 49.6 (38.3) %. The equity capital of AGRANA now has to be recognized as a minority interest at 50.4 (61.7) % in Südzucker's consolidated financial statements.

(27) Provisions for pensions and similar obligations

DEFINED CONTRIBUTION PLANS As part of defined contribution retirement benefit plans, Südzucker Group companies pay contributions, either based on statutory or contractual requirements or on a voluntary basis, to state or private insurers. Current contributions are included as personnel expenses in the income statement and amounted to € 35.6 (34.6) million for the group. The company has no further obligation after paying the contributions; therefore, no provision is recognized.

DEFINED BENEFIT PLANS Pension plans within Südzucker Group mainly consist of defined benefit obligations. Pension benefits are normally granted based on years of service with the company and benefit-related remuneration. There are similar obligations, particularly relating to foreign group companies, which are calculated actuarially, including estimates of future cost trends.

Südzucker Group's recognized net liability is derived from both the pension-funded defined benefit obligation and from the defined benefit obligation funded by a separate fund less the fair value of plan assets:

€ million 28 February	2014	2013
Defined benefit obligation for direct pension benefits	769.1	798.1
Fair value of plan assets	– 111.5	– 110.4
Provision for pensions and similar obligations (net defined benefit obligation)	**657.6**	**687.7**
Discount rate in %	3.50	3.50

TABLE 67

Südzucker Groups offers employees the following main types of pension plans as part of retirement and severance plans:

GERMANY Südzucker AG employees in Germany have access to employer-funded commitments for company pensions based on the employee's basic salary and years of service. Members of the executive board are entitled to direct benefit commitments for pension and surviving dependents provisions as a fixed percentage of a measurement based on fixed salaries. For more information on pension plans for active and former executive board members, see the compensation report, which is an integral part of the corporate governance report in the management report, and note (36) "Related parties" in these notes to the financial statements. Südzucker AG pension obligations in the amount of € 554.9 (583.9) million are funded by provisions and thus represent the largest pension plan in place at Südzucker Group. The remaining German pension plans at CropEnergies, BENEO, and other companies are in their structure comparable with the rules of Südzucker AG for active employees and are likewise nearly exclusively provision funded with a total net obligation of € 25.5 (24.0) million.

BELGIUM Employees at the Belgian companies Raffinerie Tirlemontoise S.A., BENEO-Orafti S.A. and Biowanze S.A. have access to funded pension plans with a defined benefit obligation of € 48.8 (51.2) million and plan assets of € 54.7 (55.6) million. The company pension commitments are determined based on the basic salary and years of service at the company; the payouts include both periodic pension payments and one-time payments.

FRANCE The pension plan for employees of Saint Louis Sucre S.A. France is likewise funded by a separate fund; the defined benefit obligation was € 43.1 (41.2) million with plan assets of € 32.2 (32.1) million. Benefits from the plan are calculated as a percentage of the average salary paid prior to retirement from which the state pension and other company pensions are deducted.

AUSTRIA A closed pension plan is the main scheme in place in Austria at AGRANA Zucker GmbH and pays direct benefits to former employees who have retired or to their survivors; the pension benefit oblation amounts to € 20.8 (23.1) million.

SEVERANCE PLANS Provisions for similar obligations are largely related to pension plans for settlements. The largest severance plans are in place in Austria and France, but there are also corresponding commitments in Mexico, Poland, Russia, South Korea, Ukraine and the United States. The commitments in Austria and France relate to statutory benefit obligations with regard to one-time payments for the termination of employment upon entering retirement or in case of death of the employee, but not in the event the employment relationship is terminated by the employee. In other countries these benefit obligations are based on statutory obligations, company agreements or contractual regulations. The benefit obligations are granted in the cases mentioned above and, in some cases also, in the event of disability or termination of employment by the employee. The amount of the one-time payment is generally calculated based on the last fixed salary received and is linked to the years of service at the company. In France these obligations are in part funded by a separate fund, while in other countries they are almost exclusively provision funded. The total defined benefit obligation is € 49.6 (47.7) million with plan assets totaling € 11.6 (11.5) million.

CHANGES IN NET LIABILITY Net liability from defined benefit obligations developed as follows:

€ million	Defined benefit obligation	Fair value of plan assets	Provision for pension liabilities and similar obligations
1 March 2012	**654.6**	**– 106.6**	**548.0**
Expenses for company pension plans (Income statement)			
Current service cost	18.3		18.3
Past service cost	1.6		1.6
Gains and losses on curtailments ord settlements	0.0		0.0
Interest expense (+)/income (–)	27.8	– 4.8	23.0
	47.7	**– 4.8**	**42.9**
Remeasurements (other comprehensive income)			
Gains (–) and losses (+) on actual return on plan assets		– 0.7	– 0.7
Gains (–) and losses (+) from change of demograhical assumptions	0.2		0.2
Gains (–) and losses (+) from changes in financial assumptions	105.7		105.7
Gains (–) and losses (+) on experience adjustments	25.3		25.3
	131.2	**– 0.7**	**130.5**
Benefit payments, contributions, change in consolidated companies (and other)			
Change in consolidated companies (and other)	4.1	0.0	4.1
Effect of exchange rate differences	0.0	0.0	0.0
Employer contributions to plan assets	0.0	– 5.5	– 5.5
Plan participants contributions	0.3	– 0.3	0.0
Benefit payments	– 39.8	7.5	– 32.3
	– 35.4	**1.7**	**– 33.7**
28 February 2013	**798.1**	**– 110.4**	**687.7**

€ million	Defined benefit obligation	Fair value of plan assets	Provision for pension liabilities and similar obligations
1 March 2013	**798.1**	**– 110.4**	**687.7**
Expenses for company pension plans (Income statement)			
Current service cost	20.3		20.3
Past service cost	0.4		0.4
Gains and losses on curtailments ord settlements	0.0	0.0	0.0
Interest expense (+)/income (–)	26.7	– 3.8	22.9
	47.4	**– 3.8**	**43.6**
Remeasurements (other comprehensive income)			
Gains (–) and losses (+) on actual return on plan assets	0.0	– 1.5	– 1.5
Gains (–) and losses (+) from change of demograhical assumptions	0.3		0.3
Gains (–) and losses (+) from changes in financial assumptions	– 21.0	0.0	– 21.0
Gains (–) and losses (+) on experience adjustments	– 17.5	0.0	– 17.5
	– 38.2	**– 1.5**	**– 39.7**
Benefit payments, contributions, change in consolidated companies (and other)			
Change in consolidated companies (and other)	0.6	– 1.1	– 0.5
Effect of exchange rate differences	– 0.1	0.0	– 0.1
Employer contributions to plan assets	0.0	– 3.6	– 3.6
Plan participants contributions	0.3	– 0.3	0.0
Benefit payments	– 39.0	9.2	– 29.8
	– 38.2	**4.2**	**– 34.0**
28 February 2014	**769.1**	**– 111.5**	**657.6**

TABLE 68

EXPENSES FOR COMPANY PENSION PLANS Expenses from the unwinding of the discount for claims acquired in prior years less the return on plan assets are reported in the financial result. Costs representing additional entitlements acquired in the financial year, past service cost and the effects of curtailments or settlements are included under personnel expense. The actual return on plan assets was € 5.3 (5.5) million.

REMEASUREMENTS RECOGNIZED IN OTHER COMPREHENSIVE INCOME The € 39.7 (– 130.5) million revaluation of pension obligations recognized directly in equity resulted from adjustments to the parameters for salary and pension increases and from experience adjustments. Last year the change was due, among other things, to the adjustment of the discount rate from 4.50 to 3.50 % and to experience adjustments to salaries, pensions and life expectancy.

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

ASSUMPTIONS Provisions for pensions and similar obligations are calculated actuarially using the projected unit credit method and estimated future trends in accordance with IAS 19 (Employee Benefits).

The following actuarial assumptions were made in determining the defined benefit obligation and, in certain cases, related plan assets:

in % 28 February	2014	2013
Discount rate	3.50	3.50
Salary growth	3.00	3.25
Pension growth	2.00	2.25

TABLE 69

An interest rate of 3.50 % (unchanged) was used as the basis to determine pension provisions in Germany. This interest rate is based on yields of high-quality corporate bonds with durations that corresponds to the weighted average duration of the obligations.

Other company-specific actuarial assumptions such as staff turnover are also considered in the calculations. The biometric calculations were based on recognized current country-specific life expectancy tables, such as the Heubeck 2005 G actuarial tables in Germany.

SENSITIVITY ANALYSIS The sensitivity analysis presented below considers each change to an assumption with the other assumptions remaining unchanged compared to the original calculation. Possible correlation effects between individual assumptions are not taken into account.

28 February		2014	
€ million	Change in actuarial assumption	Definded benefit obligation	Change in %
Present value of the obligation		769.1	–
Discount rate	Increase by 0.50 percentage point	716.8	– 6.8
	Decrease by 0.50 percentage point	828.5	7.7
Salary growth	Increase by 0.25 percentage point	778.4	1.2
	Decrease by 0.25 percentage point	756.9	– 1.6
Pension growth	Increase by 0.25 percentage point	786.6	2.3
	Decrease by 0.25 percentage point	752.4	– 2.2
Life expectancy	Increase by one year	791.9	3.0
	Decrease by one year	745.7	– 3.0

TABLE 70

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

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

€ million 28 February	2014	2013
Debt instruments	87.1	87.1
Equity instruments	13.0	12.9
Real estate funds	6.2	6.3
Other funds	0.2	0.0
Assets held by insurance company	4.2	3.6
Other	0.8	0.5
	111.5	110.4

TABLE 71

Market prices in active markets were used as a basis to determine the fair value of plan assets for the following asset categories:

€ million 28 February	2014	2013
Debt instruments	87.1	87.1
Equity instruments	13.0	12.9
Real estate funds	5.9	5.9
Other funds	0.2	0.0
	106.2	105.9

TABLE 72

RISKS Südzucker Group is exposed to various risks associated with defined benefit pension plans. Besides general actuarial risks such as actuarial interest rate change risk and longevity risk, there are also other risks in the deviation from actuarial assumptions including those related to wage and salary trends, pension trends, retirement age and employee turnover. Further risks associated with plan assets include capital market risk, credit risk and investment risk. There are also other risks due to currency fluctuations and inflation rate changes.

The return on plan assets is assumed to be the same as the discount rate. If the actual return on plan assets is below the discount rate applied, the net obligation from pension plans increases accordingly. The amount of the net obligation is largely influenced by the discount rate; however, the current low interest rate level contributes to the relatively high obligation. A decline in returns on corporate bonds would lead to a further increase in defined benefit obligations; the positive market value development of the corporate bonds included in the plan assets can only compensate for this to a limited extent.

The possible risk of inflation, which could lead to an increase in defined benefit obligations, exists indirectly if salaries rise due to inflation during the active phase or if inflation-related pension adjustments are made.

DURATION AND FUTURE PAYMENTS The weighting average duration of the present value of the defined benefit obligations is approximately 14 years. Employer contributions to plan assets are expected to total € 2.8 million in the 2014/15 financial year. Pension and severance payments are expected to develop as follows over the next ten years:

€ million	
Expected maturities of undiscounted pension and serverance payments	
2014/15	31.5
2015/16	31.4
2016/17	34.1
2017/18	34.4
2018/19	36.3
2019/20 to 2023/24	199.7
	367.5

TABLE 73

(28) Other provisions

€ million 28 February	2014	short-term	long-term	2013	short-term	long-term
Personnel-related provisions	69.8	16.1	53.7	71.8	15.9	55.9
Provisions for litigation risks and risk precautions	133.0	125.1	7.9	142.0	133.6	8.4
Other provisions	68.2	48.3	19.9	62.6	39.5	23.1
Total	**271.0**	**189.5**	**81.5**	**276.4**	**189.0**	**87.4**

TABLE 74

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

€ million	Personnel-related provisions	Provisions for litigation risks and risk precautions	Other provisions	Total
1 March 2013	**71.8**	**142.0**	**62.6**	**276.4**
Change in companies incl. in the consolidation and other changes	– 0.3	0.0	0.2	– 0.1
Changes due to currency translation	– 0.1	– 0.3	– 0.6	– 1.0
Additions	18.6	39.0	40.1	97.7
Use	– 9.7	– 43.9	– 23.7	– 77.3
Reversal	– 10.5	– 3.8	– 10.4	– 24.7
28 February 2014	**69.8**	**133.0**	**68.2**	**271.0**

TABLE 75

PERSONNEL-RELATED PROVISIONS Personnel-related provisions of € 69.8 million are primarily made up of largely non-current provisions for long-service awards, provisions for part-time early retirement and largely short-term provisions for termination benefit plans and are lower than last year. Of the total amount of € 69.8 million, € 16.1 million is expected to be used in 2014/15 with the remaining € 53.7 million to be used in subsequent years.

PROVISIONS FOR LEGAL PROCEEDINGS AND RISKS The provisions for legal proceedings and risks mainly relate to risks associated with the value-added tax back payments for sugar deliveries to Italy from 1994 to 1995, legal risks and environmental risks. The usage in fiscal 2013/14 was largely attributable to the fine as part of the German antitrust case. Of the total amount of € 133.0 million, € 125.1 million is expected to be used in 2014/15 with the remaining € 7.9 million to be used in subsequent years.

OTHER PROVISIONS Other provisions increased from € 62.6 million to € 68.2 million. These primarily concern non-current provisions for restoration obligations, together with current and non-current provisions for recultivation and environmental obligations largely related to sugar production. Provisions have also been made for the allocation of emissions certificates by the German Emissions Trading Authority (Deutsche Emissionshandelsstelle) and other similar bodies in the European Union, provided the actual emissions exceed the free certificates allocated. The use of these provisions is expected to total € 48.3 million in the 2014/15 financial year and € 19.9 million in subsequent years.

ADDITIONS AND ACCRUALS Additions comprise the creation of new and the adjustment of existing provisions, which are recognized in profit or loss in the relevant types of operating expense. Also included in this item are accrued non-current provisions that mainly affect personnel-related provisions. Accruals are recognized in the interest expense as part of the financial result and amounted to € 3.3 (2.6) million.

(29) Trade payables and other liabilities

€ million		Remaining term			Remaining term	
28 February	2014	to 1 year	over 1 year	2013	to 1 year	over 1 year
Liabilities to beet growers	**693.4**	693.4	0.0	**860.0**	860.0	0.0
Liabilities to other trade trade payables	**466.6**	466.6	0.0	**456.9**	456.9	0.0
Trade payables	**1,160.0**	**1,160.0**	**0.0**	**1,316.9**	**1,316.9**	**0.0**
Liabiliities for production levy	**23.9**	23.9	0.0	**22.3**	22.3	0.0
Liabilities for personnel expenses	**126.0**	124.8	1.2	**140.0**	138.8	1.2
Liabilities for other taxes and social security contributions	**45.0**	45.0	0.0	**51.2**	51.2	0.0
Negative market value derivatives	**13.2**	13.2	0.0	**24.8**	24.8	0.0
Remaining financial liabilities	**270.9**	253.8	17.1	**171.0**	156.0	15.0
Remaining non financial liabilities	**13.9**	13.9	0.0	**15.8**	15.8	0.0
On-account payments received on orders	**0.3**	0.3	0.0	**3.7**	3.7	0.0
Other liabilities	**493.2**	**474.9**	**18.3**	**428.8**	**412.6**	**16.2**

TABLE 76

The decline in payables to beet farmers from € 860.0 million to € 693.4 million is mainly the result of lower beet prices and lower harvest yields.

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

Other financial liabilities totaling € 270.9 (171.0) million include, among other things, the claims of beet growers against the EU for reimbursements from the production levy that was imposed at too high a level for the sugar marketing years 2001/02 through 2005/06. The repayments are to be made no later than September 2014 and will be made in full to the sugar industry, which will then pass on the claims of the beet farmers to the beet farmers. This item also includes the purchase price obligation from the acquisition of minority interests in AGRANA Bioethanol GmbH by AGRANA Stärke GmbH. In addition, deferred interest and liabilities for outstanding invoices are also included here as they were in the previous year. Other non-financial liabilities totaling € 13.9 (15.8) million primarily include accrued and deferred items.

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

€ million 28 February	2014	Remaining term to 1 year	 over 1 year	2013	Remaining term to 1 year	 over 1 year
Bonds	524.9	116.9	408.0	433.1	26.9	406.2
of which convertible	0.0	0.0	0.0	0.0	0.0	0.0
Liabilities to banks	692.5	413.8	278.7	662.2	260.4	401.8
Liabilities from finance leasing	0.4	0.1	0.3	0.2	0.0	0.2
Financial liabilities	**1,217.8**	**530.8**	**687.0**	**1,095.5**	**287.3**	**808.2**
Securities (non-current assets)	– 104.6			– 105.5		
Securities (current assets)	– 40.8			– 42.1		
Cash and cash equivalents	– 511.1			– 483.5		
Investments in securities and cash and cash equivalents	**– 656.5**			**– 631.1**		
Net financial debt	**561.3**			**464.4**		

TABLE 77

Gross financial liabilities rose by € 122.3 million from € 1,095.5 million to € 1,217.8 million. Investments in securities and cash and cash equivalents increased slightly from € 631.1 million to € 656.5 million. Net financial debt increased accordingly, rising by € 96.9 million to € 561.3 (464.4) million. Of the financial debt totaling € 1,217.8 million, € 687.0 million, or 56.4 %, is available to Südzucker Group in the long-term.

FINANCIAL MANAGEMENT The financing of Südzucker Group is based on sustainable cash flows, strong relationships with the shareholder groups behind the company, access to international capital markets and reliable banking relationships. The investment grade rating is the foundation for financing and secures access to equity and debt financing instruments. The communication with capital market participants is driven by a policy of timely financial transparency. Basis is a reporting system in which the same measurement and reporting principles apply in the corporate planning as well as the reporting processes. 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 aware of our responsibility toward our investors.

Südzucker uses an optimal mix of long-term 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. Such instruments generally are issued 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 or a syndicated credit line of € 600 million for Südzucker and syndicated credit lines of € 450 million for AGRANA Group. In addition, the group also has bilateral bank facilities at its disposal.

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

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

At present, Südzucker is primarily financed through the following financial instruments:

HYBRID BOND Südzucker International Finance B.V. issued an infinite, subordinated hybrid bond with a volume of € 700 million in July and August 2005. The subordinated bond has a fixed coupon of 5.25 % p.a. for the first ten years. From 30 June 2015, Südzucker can call the bond for the first time at the nominal value and repay it early (issuer call option). The bond might be called in full and not in installments. The call option is subject to the condition that Südzucker has issued securities of equal rank and/or subordinated securities with similar features within 12 months of the effective date of the call with proceeds from the issue equaling the amount to be paid for calling the hybrid bond (as per section 6 (5) and (6) of the conditions of issue of the bond). Redemption of the bond – also in installments – is possible at any time (according to section 6 (7) of the terms and conditions of the bond).

If the hybrid bond cannot be called, a floating rate coupon is applied for the remaining term based on the offer rate in the interbank market in the euro zone for three-month deposits plus 3.10 % (three-month Euribor plus 3.10 % p.a.). Coupon payments are payable quarterly in the subsequent quarter.

Furthermore, the terms and conditions of the bond provide Südzucker, in the event of a dividend event, with the option to defer the interest coupon payments. An optional (voluntary) coupon suspension may occur if no dividend was approved for shares of Südzucker at the last annual general meeting. In the event of a cash flow event, Südzucker is obliged to suspend the interest coupon payment. A mandatory coupon suspension can be triggered when consolidated gross cash flow from operating activities falls below 5 % of the group's consolidated revenues. As of 28 February 2014, gross cash flow was € 689.0 million, or 8.9 % of the € 7,735.2 million in consolidated revenues.

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

Additional information regarding the 5.25 % hybrid bond is available on the Südzucker corporate website at www.suedzucker.de/en/Investor-Relations/Anleihen/.

2011/2018 BOND On 22 March 2011, Südzucker International Finance B.V. issued a bond with a nominal value of € 400 million and a 4.125 % coupon. The bond is guaranteed by Südzucker AG and has a term of seven years, maturing on 29 March 2018. It was used for the early refinancing of the € 500 million 2002/2012 bond with a 5.75 % coupon, which was repaid on 27 February 2012. Additional information regarding the 4.125 % 2011/2018 bond is available on the Südzucker corporate website at www.suedzucker.de/en/Investor-Relations/Anleihen/.

OTHER BONDS Other bonds having a nominal value of € 37.4 (36.1) million and bearing interest at an average of 0.94 (1.19) % were issued by Raffinerie Tirlemontoise S.A., Brussels, Belgium, and mature in 2014 through 2017.

COMMERCIAL PAPER PROGRAM The commercial paper program (CP program) serves short-term financing in the capital market. Investors in CP are mainly institutional investors. The CP program has a total line of € 600 million and enables Südzucker to issue short-term debt securities based on requirements and the market situation. An accumulated CP volume of approximately € 460 million was placed on the market from March to June 2013, with an average interest rate of approximately 0.11 % and maturities of one to three months. The CP program was utilized in the amount of € 90.0 (0.0) million as at 28 February 2014.

€ million 28 February 2014	Due date	Coupon	Carrying amount	Fair value	Nominal value
Bond 2011/2018	29 March 2018	4.125 %	397.5	443.5	400.0
Other bonds			37.4	37.4	37.4
Commercial Paper			90.0	90.0	90.0
Bonds			**524.9**	**570.9**	**527.4**

€ million 28 February 2013	Due date	Coupon	Carrying amount	Fair value	Nominal value
Bond 2011/2018	29 March 2018	4.125 %	397.0	451.5	400.0
Other bonds			36.1	36.1	36.1
Bonds			**433.1**	**487.6**	**436.1**

TABLE 78

Of all bonds with a combined carrying amount of € 524.9 (433.1) million, € 514.4 (425.1) million was for fixed-interest bearing bonds and € 10.5 (8.0) million was for floating-rate bonds.

LIABILITIES TO BANKS Liabilities to banks as of the balance sheet date were € 692.5 (662.2) million with an average interest rate of 2.07 (2.63) %. As in the previous year, they also include the promissory notes with a volume of € 155.5 million, which are explained below. Of these liabilities to banks, € 223.8 (281.4) million were fixed-interest and € 468.7 (380.8) million were variable. As of the balance sheet date, liabilities to banks of € 3.1 (1.4) million were secured by mortgage rights and € 8.0 (8.1) million by other liens.

€ million 28 February	2014	Remaining term to 1 year	 over 1 year	2013	Remaining term to 1 year	 over 1 year	Average effective rate of interest in % 2013/14	 2012/13
Fixed coupon								
EUR	213.7	61.4	152.3	269.4	15.7	253.7	3.07	3.25
ARS	0.6	0.6	0.0	0.0	0.0	0.0	34.31	0.00
CNY	1.4	1.4	0.0	1.2	0.0	1.2	6.65	6.65
USD	8.1	8.1	0.0	10.8	10.8	0.0	1.38	1.77
Total	**223.8**	**71.5**	**152.3**	**281.4**	**26.5**	**254.9**	**3.11**	**3.21**
Variable interest rate								
EUR	428.9	302.5	126.4	297.1	151.4	145.7	1.39	1.31
BAM	0.0	0.0	0.0	0.3	0.3	0.0	0.00	4.70
ARS	0.0	0.0	0.0	0.7	0.7	0.0	0.00	20.61
CNY	0.0	0.0	0.0	9.9	9.9	0.0	0.00	5.85
EGP	0.8	0.8	0.0	0.0	0.0	0.0	7.80	0.00
HUF	20.5	20.5	0.0	30.9	30.9	0.0	3.39	6.33
KRW	5.1	5.1	0.0	5.3	5.3	0.0	4.08	1.33
MXN	2.2	2.2	0.0	5.1	3.9	1.2	8.00	10.50
PLN	8.3	8.3	0.0	22.1	22.1	0.0	2.72	4.60
USD	2.9	2.9	0.0	9.4	9.4	0.0	2.04	1.79
Total	**468.7**	**342.3**	**126.4**	**380.8**	**233.9**	**146.9**	**1.58**	**2.20**
Liabilities to banks	**692.5**	**413.8**	**278.7**	**662.2**	**260.4**	**401.8**	**2.07**	**2.63**

TABLE 79

PROMISSORY NOTES As an alternate source of capital market financing, Südzucker placed a promissory note valued at € 150.5 million in April 2009 with a term of five years, maturing in April 2014. The remaining € 45.5 million has a fixed interest rate and is shown under liabilities to banks; the portion with a variable interest rate was repaid in the 2011/12 financial year. AGRANA placed promissory notes with a total volume of € 110.0 million in April 2012. The individual tranches have maturities of five, seven and ten years. Of the total volume, € 36.0 million has a fixed interest rate (2.84 to 4.50 %) and € 74.0 million is variable (six-month Euribor + 1.35 to 1.60 %).

SYNDICATED CREDIT LINES In June 2011, Südzucker signed an agreement for a revolving credit line of € 600 million for the purpose of general corporate financing and to use as a backup credit line to the CP program. The syndicated credit line had an original term of five years ending in 2016, which was extended in November until 2018. It can be extended for an additional year each time until 2019 or 2020. The credit facility is made available by 17 banks, which form Südzucker Group's core banking group. In addition to Südzucker AG, CropEnergies AG can draw on this credit line for an amount up to € 100 million as an alternate borrower. As in the previous year, no funds had been drawn against the credit line as at 28 February.

In December 2012, AGRANA signed an agreement for a syndicated line of credit of € 450 million for the purpose of general corporate financing. The credit line has a term of three years ending in 2015, and can be extended twice for an additional year each time. The first extension option until 2016 was exercised in December 2013. The credit facility is made available by five banks.

FINANCE LEASES Südzucker finances assets only in exceptional cases using finance leases. Of the liabilities from finance leases of € 0.4 (0.2) million, € 0.1 (0.0) million is due within one year and € 0.3 (0.2) million is due between one and five years. The leased assets (buildings, technical equipment and machinery) are included in property, plant and equipment at carrying amounts totaling € 0.4 (0.2) million. The nominal value of minimum lease payments totaled € 0.5 (0.3) million.

SECURITIES AND CASH AND CASH EQUIVALENTS Investments in securities totaling € 145.4 (147.6) million were mainly in fixed-interest securities. Cash and cash equivalents increased year-on-year by € 27.6 million from € 483.5 million to € 511.1 million. As part of daily treasury management, these funds are invested in standard money market overnight and time deposits.

Other explanatory notes

(31) Risk management within Südzucker Group

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

Credit risk management

The receivables of Südzucker Group are primarily due from companies in the food industry, the chemical industry and in retail.

Outstanding or uncollectible receivables can have a negative impact on the success of Südzucker Group. Südzucker has early warning systems in place to monitor potential bad debts.

The principles of credit risk management in Südzucker Group are:
- Creditworthiness checks for potential new customers and continuous monitoring of the credit rating of existing customers
- Taking out commercial credit insurance policies for each customer as part of an international credit insurance program that can be supplemented as needed with additional securities such as bank guarantees or letters of credit
- System-based credit limit checks for each order in the operational systems
- Standardized dunning

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

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

Allowances are recognized to cover residual risk from trade receivables. The required allowances are guided by the actual default risk. In accordance with internal group policies, all amounts recognized for receivables are regularly adjusted via allowances as a separate item. Taking into account commercial credit insurance, other collateral received and valuation allowances made, the remaining credit risk from total outstanding receivables is largely limited to the retention (excess) amount, which is usually 10 % for the concluded commercial credit insurance. The carrying amounts of past due trade receivables and receivables for which specific debt allowances have been recognized are disclosed in note (25) of the notes to the financial statements.

The maximum credit risk from other assets corresponds to the carrying amounts of these instruments; in the opinion of Südzucker Group, this risk is not material.

Counterparty risk in the financial area primarily exists when there is excess liquidity. The main criterion for the selection of a bank as a business partner is particularly its short-term deposit rating in conjunction with its long-term rating, which is reviewed regularly.

Liquidity management

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

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

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

Risks resulting from cash flow fluctuations are recognized early on as part of liquidity planning. Liquidity planning is integrated into corporate planning and takes the special seasonal funding requirements associated with the sugar campaigns into account. Liquidity planning for the budget year is prepared on a monthly basis. Throughout the year, the plan is updated through three plan forecasts. The strategic financing plan is prepared on the basis of a five-year plan.

To manage seasonal fluctuations in cash flows, financing is raised in the form of overnight or term loans, fixed-interest loans or through the issuance of commercial paper as part of day-to-day treasury management. In order to guarantee financial flexibility of Südzucker Group and to ensure that it is able to meet its payment obligations at any time, a liquidity reserve is maintained in the form of credit lines and, if necessary, in the form of cash funds.

Long-term financing is primarily carried out by issuing bonds, promissory notes and bank loans.

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

The following summary shows the due dates of financial liabilities as at 28 February 2014. All outgoing payment flows are undiscounted and comprise interest and principal payments.

28 February 2014		Net cash outflow (as contracted)						
€ million	Carrying amount	Total	to 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	over 5 years
Financial liabilities								
Bonds	524.9	610.4	133.7	16.6	27.1	16.5	416.5	0.0
Liabilities to banks	692.5	721.0	423.1	32.1	58.3	65.2	22.3	120.0
Liabilities from finance leasing	0.4	0.5	0.1	0.1	0.1	0.1	0.1	0.0
	1,217.8	**1,331.9**	**556.9**	**48.8**	**85.5**	**81.8**	**438.9**	**120.0**
Other financial liabilities								
Liabilities to beet growers	693.4	693.4	693.4	0.0	0.0	0.0	0.0	0.0
Trade payables	466.6	466.6	466.6	0.0	0.0	0.0	0.0	0.0
Liabilities from production levy	23.9	23.9	23.9	0.0	0.0	0.0	0.0	0.0
Remaining financial liabilities	270.9	270.9	253.8	17.1	0.0	0.0	0.0	0.0
Interest rate derivatives – cash out	-.-	18.9	5.2	4.5	4.5	2.7	1.8	– 0.2
Interest rate derivatives – cash in	-.-	– 1.3	– 0.4	– 0.3	– 0.3	– 0.2	– 0.1	0.0
Forex futures – cash out	-.-	320.5	308.3	0.6	11.6	0.0	0.0	0.0
Forex futures – cash in	-.-	– 320.5	– 308.3	– 0.6	– 11.6	0.0	0.0	0.0
	1,454.8	**1,472.4**	**1,442.5**	**21.3**	**4.2**	**2.5**	**1.7**	**0.2**
	2,672.6	**2,804.3**	**1,999.4**	**70.1**	**89.7**	**84.3**	**440.6**	**120.2**

TABLE 80

28 February 2013 € million	Carrying amount	Net cash outflow (as contracted) Total	to 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	over 5 years
Financial liabilities								
Bonds	433.1	535.9	43.8	16.6	16.6	25.9	16.5	416.5
Liabilities to banks	662.2	700.8	273.7	130.4	31.5	57.7	64.7	142.8
Liabilities from finance leasing	0.2	0.3	0.1	0.1	0.1	0.0	0.0	0.0
	1,095.5	**1,237.0**	**317.6**	**147.1**	**48.2**	**83.6**	**81.2**	**559.3**
Other financial liabilities								
Liabilities to beet growers	860.0	860.0	860.0	0.0	0.0	0.0	0.0	0.0
Trade payables	456.9	456.9	456.9	0.0	0.0	0.0	0.0	0.0
Liabilities from production levy	22.3	22.3	22.3	0.0	0.0	0.0	0.0	0.0
Remaining financial liabilities	171.0	171.0	156.0	15.0	0.0	0.0	0.0	0.0
Interest rate derivatives – cash out	-.-	9.9	2.4	2.2	1.7	1.4	1.2	1.0
Interest rate derivatives – cash in	-.-	– 0.9	– 0.2	– 0.2	– 0.2	– 0.1	– 0.1	– 0.1
Forex futures – cash out	-.-	376.9	364.1	0.6	0.6	11.6	0.0	0.0
Forex futures – cash in	-.-	– 376.9	– 364.1	– 0.6	– 0.6	– 11.6	0.0	0.0
	1,510.2	**1,519.2**	**1,497.4**	**17.0**	**1.5**	**1.3**	**1.1**	**0.9**
	2,605.7	**2,756.2**	**1,815.0**	**164.1**	**49.7**	**84.9**	**82.3**	**560.2**

TABLE 81

The undiscounted payment outflows are subject to the condition that the settlement of the liability is related to the earliest possible due date. The interest payments on variable-rate financial instruments are calculated on the basis of the most recent applicable interest rates.

Price risk management

Currency

Currency risk arises from the global orientation of Südzucker Group, and such risks from exchange rate fluctuations are inherent in the operating activities as well as the financial results and cash flows. The relative exchange rates having a material effect are the exchange rates of the euro to the US dollar, the British pound sterling, the Polish zloty, the Hungarian forint, the Ukrainian hryvnia, the Romanian leu and/or the Russian ruble. There are also risks associated with exchange rates of the US dollar to the Chilean and/or Mexican peso.

The aim of currency management is to reduce exchange rate risks. The divisions make decisions on the type and scope of operational currency hedging in coordination with the Corporate Finance department. Derivatives in the form of forward exchange transactions are used to hedge operational exchange rate risks. Cross-currency swaps are also used in finance activities.

CURRENCY RISK AND OPERATING PROFIT For Südzucker Group, currency risk arises in its operating activities when sales revenues are realized or the cost of materials and/or merchandise used is incurred in a currency other than the local currency (functional currency). Examples include raw sugar imports and white sugar exports, which are both traded globally in US dollars. The Eastern European companies are exposed to currency risk from sales denominated in euros, while the expenses for raw materials and production are incurred in the local currency. Sales revenues in the UK are subject to currency risk related to the British pound sterling for Freiberger Group products produced in Germany.

The currency exposure is equivalent to the net amount of the purchase and sales transactions, which are exposed to currency risk. Currency hedges using derivatives are included at their nominal volume and opposing items in the same currency are offset against each other. A negative amount means that more purchases have been made than sales in the foreign currency.

The sensitivity analysis assumes a 10 % drop in the exchange rates for the currencies against the respective functional currency. The following shows the currency exposure and the impact on operating profit.

	2013/14		2012/13	
€ million	Exposure	Sensitivity	Exposure	Sensitivity
USD	– 115.7	10.5	– 64.2	5.8
GBP	49.3	– 4.5	42.6	– 3.9
Remaining currencies	227.4	– 20.7	364.7	– 33.2
	161.0	**– 14.7**	**343.1**	**– 31.3**

TABLE 82

CURRENCY RISK AND FINANCIAL RESULTS The currency risk associated with financial results is mainly due to intragroup financing of subsidiaries in currencies other than the local currency. In Eastern Europe, Südzucker Group finances its subsidiaries through intragroup loans denominated in euros. There is also US dollar financing in Chile and Mexico. To a lesser extent, parent companies also provide financing to subsidiaries in their differing national currency in the euro zone. A long-term intra-group euro loan was granted in Poland in 2005. This loan qualifies as a net investment in a foreign operation, which is why the resulting currency fluctuations are recognized directly in equity.

Group financing in the 2013/14 financial year generated currency translation losses of € – 20.0 (– 0.9) million, which are made up as shown in the table below: The presentation also includes information on what impact changes in exchange rates would have had on the financial result with respect to the various currency pairs (sensitivity analyses). If the following currency pairs had dropped by – 10 % or climbed by + 10 % as at 28 February 2014, the financial result would have changed as follows:

€ million	Foreign curreny exchange gain / loss (financing)		Sensitivity (+)		Sensitivity (–)	
	2013/14	2012/13	2013/14	2012/13	2013/14	2012/13
EUR/GBP	0.5	0.0	0.1	0.0	0.1	0.0
HUF/EUR	0.3	– 1.2	– 2.6	– 1.4	2.6	1.4
PLN/EUR	– 0.3	0.1	– 4.1	– 4.1	4.1	4.1
RON/EUR	– 2.4	0.1	– 6.7	– 5.3	6.7	5.3
MDL/EUR	– 2.8	– 0.1	– 2.6	– 0.6	2.6	0.6
RUB/EUR	– 1.8	– 0.4	– 0.7	– 0.8	0.7	0.8
UAH/EUR	– 2.1	– 0.2	– 0.8	– 0.4	0.7	0.4
ARS/EUR	– 2.0	– 0.5	– 0.3	– 0.3	0.3	0.3
BRL/USD	– 1.4	– 1.1	– 0.6	– 0.6	0.6	– 0.6
CLP/USD	– 1.9	0.1	– 0.8	– 1.1	0.8	– 1.1
MXN/USD	– 0.4	1.4	– 1.6	– 2.0	1.6	– 2.0
EUR/USD	– 4.4	0.3	– 5.6	– 4.9	6.9	6.0
Remaining currencies	– 1.3	0.6	– 2.1	– 2.1	2.1	2.1
	– 20.0	**– 0.9**	**– 28.3**	**– 23.4**	**29.7**	**17.1**

TABLE 83

If the value of the Polish zloty had dropped, i. e. climbed by 10 %, shareholders' equity (exchange differences on net investments in foreign operations) would also have decreased, i. e. increased by € 9.9 (unchanged) million, respectively.

Interest

Südzucker is exposed to interest rate risk from floating rate financial liabilities, i. e. financial investments. This interest rate risk mainly results from typical fluctuations in liquidity levels during the campaign season, or existing or planned floating rate debt.

Sensitivity analyses are used for the presentation of interest rate risk. Such analyses represent the effect of changes in market interest rates on interest payments, interest income and interest expense. The interest rate sensitivity analyses are based on the following assumptions:

Most bonds and long-term bank debt are agreed with fixed interest rates. Had market interest rates increased by one percentage point applied to floating rate financial instruments as at 28 February without considering concluded interest rate swaps, interest costs would have increased as follows:

Interest rate sensitivity € million	2013/14			2012/13		
	Total	thereof with floating rate	Effect from interest rate sensitivity	Total	thereof with floating rate	Effect from interest rate sensitivity
Bonds	524.9	10.5	– 0.1	433.1	9.2	– 0.1
Liabilities to banks	692.5	468.7	– 4.7	662.2	380.8	– 3.8
Total	**1,217.4**	**479.2**	**– 4.8**	**1,095.3**	**390.0**	**– 3.9**

TABLE 84

A decline of one percentage point in market interest rates would have resulted in a similar decline in interest expense.

Commodity prices

Südzucker is exposed to material price risks in its operations on the supply and demand side arising from price volatility in the commodity markets, which relate in particular to changes in world sugar market prices and energy, grain, bioethanol and fruit prices. These risks are monitored on a regular basis.

EARNINGS AT RISK MODEL Sensitivity analyses and the "earnings at risk" model are used to measure risk. The objective is to determine the impact of market price developments of individual risk carriers on future earnings. These assessments are based on statistical analyses of past market price developments, with the market prices from the last twelve months used as a basis within the scope of the respective measurement.

Open sales or procurement positions are measured on the basis of these market price developments. "Earnings at risk" provides evidence that there is a certain degree of probability that the change in the sales or procurement value of the risk carrier's outstanding quantity for a defined holding period will not rise above or fall below the current level by a specified amount.

Südzucker calculates earnings at risk based on a probability of 95 % and a holding period of one month, as within this period all open positions can be closed with hedge transactions. Accordingly, risk reporting takes place on a monthly basis. The material risk carriers that have been identified in Südzucker Group are sugar exports and imports (including the associated currency risk), the sale of bioethanol, and the procurement of energy and grain.

Derivative financial instruments

Südzucker Group uses derivative instruments to a limited extent to hedge part of the risks arising from its operating and financial activities. Only normal market instruments are used for financial hedging purposes, such as interest rate swaps and forex futures. Sugar, wheat, corn and bioethanol futures, gasoline derivatives and coal swaps, and forex futures are also used in operations. These instruments are used within the framework of Südzucker's risk management system as laid down in group guidelines, which set limits based on underlying business volumes, define authorization procedures, prohibit the use of derivative instruments for speculative purposes, minimize credit risks, and determine the content of internal reporting and segregation of duties. Reviews are carried out regularly to ensure compliance with these guidelines and the correct processing and valuation of transactions, and adherence to segregation of duties.

The nominal volumes and market values of derivative instruments are as follows:

€ million	Nominal volume		Positive market values		Negative markt values		Net market values	
28 February	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
Forex futures	320.5	376.9	2.6	2.5	– 3.0	– 4.3	– 0.4	– 1.8
Interest rate swaps	188.7	125.1	0.5	0.0	– 6.6	– 8.0	– 6.1	– 8.0
Sugar futures	96.2	81.0	0.4	0.8	– 1.9	– 1.2	– 1.5	– 0.4
Wheat and corn futures	104.0	104.1	0.4	2.7	– 1.1	– 6.5	– 0.7	– 3.8
Gasoline derivatives	48.7	72.2	0.3	1.9	– 0.4	– 3.8	– 0.1	– 1.9
Bioethanol futures	7.1	6.5	0.0	0.0	– 0.1	0.0	– 0.1	0.0
Coal and fuel swaps	1.3	14.8	0.0	0.0	– 0.2	– 1.1	– 0.2	1.1
Total	**766.5**	**780.6**	**4.2**	**7.9**	**– 13.3**	**– 24.9**	**– 9.1**	– 17.0

TABLE 85

NOMINAL VOLUMES The nominal volumes of derivative hedge instruments are the imputed call amounts upon which the payments are calculated. The hedged transaction and risk is not the nominal value itself, but rather the related price or interest rate change.

MARKET VALUE Market value is the amount that would have to be paid or reimbursed assuming the hedge transaction were unwound at the end of the year. As the hedge transactions are only carried out using normal market tradable financial instruments, the market values have been determined using quoted prices on exchanges.

In the case of OTC derivatives (interest, currency and energy derivatives), Südzucker is exposed to credit risk when market values are positive. Credit risk is minimized by only concluding derivatives with banks and partners with a good credit standing. Derivatives contracted at futures exchanges (sugar, wheat, corn and bioethanol futures) are generally not subject to credit risk.

FOREX FUTURES The nominal volume of forex futures decreased year-on-year by € 56.4 million to € 320.5 (376.9) million.

INTEREST RATE SWAPS The nominal volume of interest rate swaps in fiscal 2013/14 was € 188.7 (125.1) million.

SUGAR FUTURES The nominal volume of sugar futures was higher than last year at € 96.2 (81.0) million and primarily resulted from the hedging of raw sugar imports and white sugar exports.

WHEAT AND CORN FUTURES Wheat and corn futures with a nominal volume of € 104.0 (104.1) million primarily serve to hedge the cost of raw materials for bioethanol production.

GASOLINE DERIVATIVES AND ETHANOL FUTURES Gasoline derivatives totaled € 48.7 (72.2) million and related to bioethanol sales contracts that were based on variable energy prices. The price risk associated with such transactions is minimized using a counteracting hedging instrument. Bioethanol futures with a total volume of € 7.1 (6.5) million were mainly based on price hedges for variable sales contracts.

COAL AND OIL SWAPS Coal purchases totaling € 1.3 (0.8) million were hedged. Oil swaps with a volume of € 0.0 (14.0) million were used last year to hedge the price of energy purchases for the production of inulin and oligofructose at the BENEO-Orafti site in Pemuco, Chile.

The currency and commodity derivatives hedge cash flows for up to one year. The interest rate swaps have a term of one to six years.

CASH FLOW HEDGE ACCOUNTING Changes in values of derivative transactions made to hedge future cash flows (cash flow hedges) are initially recorded directly in equity in other comprehensive income and are only subsequently recorded in the income statement when the cash flow occurs. Their positive, i. e. negative market values amounted to € 0.6 (4.2) million, i. e. € – 5.6 (– 10.6) million as at 28 February 2014. Mark-to-market changes previously recognized directly in equity are reclassified to profit or loss at the time that they are realized. As in the previous year, all cash flow hedges were effective as the relation of the mark-to-market changes of underlying and hedging transactions were within the designated interval of 80 to 125 %. No ineffective transactions were recognized in the income statement.

FAIR VALUE HEDGE ACCOUNTING There are also hedges presented as fair value hedges through the application of fair value hedge accounting or through economic classification as "trading" by recognizing the market values of the open positions in the income statement. These primarily concern derivatives related to sugar exports and the associated currency hedges and interest rate hedges. The positive, i.e. negative market value amounted to € 3.6 (unchanged) million, i.e. € – 7.6 (– 14.2) million as at 28 February 2014.

SENSITIVITY ANALYSES In response to a decrease, i.e. an increase of one percentage point in the market interest rate as well as an exchange rate increase, i.e. decrease (US dollar, British pound sterling, Australian dollar, Polish zloty, Czech koruna, Romanian leu and Hungarian forint) against the euro by 10 %, a decrease, i.e. an increase in prices for wheat, corn and petroleum, or a decrease, i.e. an increase in prices for sugar and bioethanol by 10 % (respectively), the market value of the derivatives concluded as at 28 February 2014 would change as follows (sensitivity analysis):

€ million	Nominal volume		Sensitivity (+)		Sensitivity (–)	
28 February	**2014**	2013	**2014**	2013	**2014**	2013
Forex futures	320.5	376.9	3.3	– 0.7	– 3.6	2.0
Interest rate swaps	188.7	125.1	4.9	3.4	– 2.7	– 4.5
Sugar futures	96.2	81.0	– 0.5	– 6.2	0.5	6.2
Wheat and corn futures	104.0	104.1	11.5	10.0	– 11.5	– 10.0
Gasoline derivatives	48.7	72.2	– 0.1	6.0	0.1	– 6.0
Bioethanol futures	7.1	6.5	– 0.5	0.0	0.5	0.0
Coal and fuel swaps	1.3	14.8	0.1	1.3	– 0.1	– 1.3
Total	**766.5**	**780.6**	**18.7**	**13.8**	**– 16.8**	**– 13.6**

TABLE 86

These positive, i.e. negative net mark-to-market changes would have changed equity by € 17.5 (12.3) million and € – 17.1 (– 11.4) million, respectively and changed earnings before income taxes by € 1.2 (1.5) million and € 0.3 (– 2.2) million, respectively.

(32) Additional disclosures on financial instruments

CARRYING AMOUNT AND FAIR VALUE OF FINANCIAL INSTRUMENTS The following table shows the carrying amount and fair value of financial assets and liabilities for each of the measurement categories under IAS 39. According to the definition of IFRS 13 (Fair Value Measurement), fair value is the price that would be received for the sale of an asset, i.e. the price that would be paid for the transfer of a liability in an orderly transaction between market participants at the measurement date.

28 February € million	IAS 39 measurement category	2014 Carrying amount	2014 Fair value	2013 Carrying amount	2013 Fair value
Financial assets					
Securities	Available for Sale	19.6	19.6	20.5	20.5
Securities	Available for Sale at Cost	85.0	85.0	85.0	85.0
Long term securities		**104.6**	**104.6**	**105.5**	**105.5**
Other investments	Available for Sale at Cost	23.8	23.8	30.2	30.2
Trade receivables	Loans and Receivables	931.0	931.0	1,025.7	1,025.7
Receivables due from the EU	Loans and Receivables	103.3	103.3	1.1	1.1
Remaining financial assets	Loans and Receivables	91.4	91.4	107.0	107.0
Positive market value derivatives	Financial Assets Held for Trading	3.6	3.6	4.7	4.7
Positive market value derivatives	Derivatives, at fair value directly in equity (Hedge-Accounting)	0.6	0.6	3.2	3.2
Short term securities	Available for Sale	40.8	40.8	42.1	42.1
Cash and cash equivalents	Loans and Receivables	511.1	511.1	483.5	483.5
		1,810.2	**1,810.2**	**1,803.0**	**1,803.0**
Financial liabilities					
Bonds	Financial liabilities measured at armotised cost	524.9	570.9	433.1	487.6
Liabilities to banks	Financial liabilities measured at armotised cost	692.5	697.4	662.2	671.6
Liabilities from finance leasing	n/a	0.4	0.4	0.2	0.2
Trade liabilities	Financial liabilities measured at armotised cost	1,160.0	1,160.0	1,316.9	1,316.9
Liabilities from production levy	Financial liabilities measured at armotised cost	23.9	23.9	22.3	22.3
Remaining financial liabilities	Financial liabilities measured at armotised cost	270.9	270.9	171.0	171.0
Negative market value derivatives	Financial Liabilities Held for Trading	7.6	7.6	14.8	14.8
Negative market value derivatives	Derivatives, at fair value directly in equity (Hedge-Accounting)	5.6	5.6	10.0	10.0
		2,685.8	**2,736.7**	**2,630.5**	**2,694.4**

TABLE 87

Total by IAS 39 measurement category

IAS 39 measurement category — 28 February € million	2014 Carrying amount	2014 Fair value	2013 Carrying amount	2013 Fair value
Financial assets held for trading	3.6	3.6	4.7	4.7
Available for Sale	60.4	60.4	62.6	62.6
Available for Sale at Cost	108.8	108.8	115.2	115.2
Loans and receivables	1,636.8	1,636.8	1,617.3	1,617.3
Financial liabilities measured at armotised cost	2,672.2	2,723.1	2,605.5	2,669.4
Financial Liabilities Held for Trading	7.6	7.6	14.8	14.8

TABLE 88

The fair value of the financial instruments was determined on the basis of the market information available as at the balance sheet date and on the basis of the methods and premises described in the following.

MEASUREMENT LEVELS For financial instruments measured at fair value, a distinction is made between three measurement levels with regard to the determination of the fair values. At Level 1, the measurement is based on unadjusted prices on active markets. Level 2 measurement takes place using prices derived from prices on active markets. Level 3 measurement is based on valuation techniques that include at least one significant non-observable factor. Südzucker Group currently does not apply Level 3 in the measurement of financial instruments.

Non-current and current securities include assets designated as available-for-sale. These are measured at market values equal to prices quoted on an exchange as at the balance sheet date (Level 1). If no listings on active markets are available, measurement takes place using prices derived from prices on active markets (Level 2).

Fair values cannot be determined for non-current securities measured at amortized cost and investments since market values or exchange prices were not available in the absence of an active market. Investments also comprise subsidiaries that are not included in consolidation due to their relative insignificance. These shares represent unlisted companies for which shares were not measured by discounting expected cash flows since future cash flows could not be reliably estimated. It is assumed that the carrying amount is equal to the fair value.

Due to the short maturities of trade receivables, other receivables and cash funds, it is assumed that their fair values are equal to their carrying amounts.

The positive and negative market values of currency and commodity derivatives are related in part to hedge-related derivatives. These are used to hedge future cash flows from firm commitments or from highly probable future transactions against fluctuations. There are also currency and commodity derivatives in the form of fair value hedges or without hedges against changes in the fair value of an asset or liability that are recognized in the income statement. The market value of commodity derivatives (sugar, wheat and corn and bioethanol futures) is determined on the basis of prices quoted as at the reference date (Level 1); the positive, i.e. negative market values of these derivatives were € 0.8 (3.4) million, i.e. € 3.2 (7.6) million. Measurement of market values for other commodity derivatives such as gasoline derivatives and coal and oil swaps is based on quoted prices for gasoline and coal from relevant trading and quote information platforms (Level 2). Forex futures are measured on the basis of reference rates, taking forward premiums or discounts into consideration (Level 2). The concluded interest rate derivatives with negative market values exclusively concern interest rate swaps. The market values of these interest rate hedging transactions were determined on the basis of discounted expected future cash flows (Level 2). The positive, i.e. negative market values of gasoline derivatives and coal and oil swaps as well as of currency and interest rate derivatives subject to Level 2 totaled € 3.4 (4.4) million, i.e. € 10.0 (17.2) million.

€ million 28 February	Fair value hierachy 2014	Evaluation level 1	Evaluation level 2	2013	Evaluation level 1	Evaluation level 2
Securities – Available for Sale	60.4	20.4	40.0	62.6	22.6	40.0
Positive market values – derivatives without hedge accounting	3.6	0.2	3.4	4.7	1.3	3.4
Positive market values – hedge accounting derivatives	0.6	0.6	0.0	3.2	2.1	1.1
Financial assets	**64.6**	**21.2**	**43.4**	**70.5**	**26.0**	**44.5**
Negative market values – derivatives without hedge accounting	7.6	2.1	5.5	14.8	1.2	13.6
Negative market value – hedge accounting derivatives	5.6	1.1	4.5	10.0	6.4	3.6
Financial liabilities	**13.2**	**3.2**	**10.0**	**24.8**	**7.6**	**17.2**

TABLE 89

For trade payables, liabilities related to the production levy and other current liabilities, the assumption given their short maturities is that their fair values are equal to their reported carrying amounts.

The fair value of the listed 2011/2018 bond in the amount of € 443.5 (451.5) million is based on the quoted price on the last trading day of the fiscal year. This corresponds to Level 1. For non-listed bonds and commercial papers it is assumed that, due to the short remaining terms, the fair values are equal to their reported carrying amounts.

The fair values of liabilities to banks and other financial liabilities are calculated as the present value of the payments associated with the liabilities, using the relevant current yield curve as the basis. This corresponds to Level 2.

NET PROFIT OR LOSS BY MEASUREMENT CATEGORY Financial instruments are disclosed by measurement category in the income statement with a net profit or loss as follows:

€ million	2013/14	2012/13
Financial Assets Held for Trading	4.9	6.2
Available for Sale	9.6	7.5
Loans and Receivables	17.8	– 1.4
Financial liabilities measured at armotised cost	– 56.0	– 52.4
Financial Liabilities Held for Trading	– 3.5	2.8
	– 27.2	**– 37.3**

TABLE 90

In accordance with IFRS 7, net profit or loss from financial instruments includes interest, dividends and gains or losses on the measurement of financial instruments. The net profit or loss from the measurement category "liabilities measured at amortized cost" largely comprises interest expense. The measurement category "loans and receivables" includes interest income totaling € 22.2 (30.5) million. Valuation allowances on other financial assets totaling € (0.0) 6.6 million were also reported in this measurement category. In addition, valuation allowances totaling € 0.0 (7.7) million were made on non-financial assets for prepayments.

(33) Contingent liabilities and other financial commitments/claims

Contingent liabilities and other financial commitments not recognized on the balance sheet are as follows:

€ million 28 February	2014	2013
Guarantees	26.3	28.3
Warranty commitments	1.1	1.2

TABLE 91

GUARANTEES AND WARRANTY COMMITMENTS The guarantees relate primarily to bank loans of jointly controlled investments in the sugar segment at AGRANA as well as to liabilities to third parties. We do not expect to have to make any performance payments from guarantees or warranty commitments.

Südzucker is exposed to possible obligations arising from various claims or proceedings which are pending or which could be asserted. Any estimates of future costs arising in this area are by nature subject to many uncertainties. Südzucker makes provisions for such risks to the extent a loss is deemed probable and the amount can be reliably estimated.

PURCHASE ORDERS FOR INVESTMENTS IN PROPERTY, PLANT AND EQUIPMENT Purchase orders for investments in property, plant and equipment in the amount of € 98.9 (102.5) million are mainly related to expenditures required at sugar factories in preparation for the next campaign and the renovation and new construction of the head office in Mannheim, Germany.

LIABILITIES FROM OPERATING LEASES The liabilities from operating leases are related to lease agreements for offices, machines, vehicles, IT systems and office equipment. Undiscounted minimum lease payments in subsequent periods total € 45.3 (44.4) million. The corresponding payment obligations are due as follows:

€ million 28 February	2014	2013
Due up to 1 year	13.4	12.5
Due 1 to 5 years	24.6	23.4
Due over 5 years	7.3	8.5
	45.3	**44.4**

TABLE 92

(34) Fees for services by the group's external auditors

Expenses in 2013/14 for services provided by the group's external auditors, PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, were made up of fees for the following services:

€ thousand	2013/14	2012/13
Auditing services	830	822
Other assurance services	20	20
Tax consulting fees	4	2
Other services	196	32
	1,050	**876**

TABLE 93

(35) Declaration of compliance per section 161 AktG

SÜDZUCKER AG The executive board and supervisory board of Südzucker AG issued the declaration of compliance relating to the German Corporate Governance Code in accordance with section 161 of the German Stock Corporation Act (AktG) on 21 November 2013, and made it permanently available to shareholders of Südzucker AG at www.suedzucker.de/en/Investor-Relations/Corporate-Governance/Entsprechenserklaerung/2013/.

CROPENERGIES AG The executive board and supervisory board of CropEnergies AG issued the declaration of compliance relating to the German Corporate Governance Code in accordance with section 161 of the German Stock Corporation Act (AktG) on 10 December 2013, and made it permanently available to shareholders on the CropEnergies corporate website at www.cropenergies.com/en/investorrelations/Corporate_Governance/Entsprechenserklaerungen/Entsprechenser-klaerung_2013/.

(36) Related parties

Related parties as defined in IAS 24 (Related Party Disclosures) include:

Süddeutsche Zuckerrübenverwertungs-Genossenschaft eG, Stuttgart (SZVG), which has a majority interest in Südzucker AG by means of its own holding of Südzucker shares, and those shares held by it on trust for its co-operative members.

Raiffeisen-Holding Niederösterreich-Wien reg. Gen.m.b.H. (Raiffeisen-Holding), Vienna, Austria, including its subsidiaries, which holds share capital via Zucker Invest GmbH, Vienna, Austria.

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. Some of the trustees are also members of Südzucker AG's executive board.

The joint venture companies and associates subject to control or significant influence by Südzucker Group.

Related parties as defined in IAS 24 are members of the executive and supervisory boards and their dependents.

Items recorded in the 2013/14 financial year on the accounts held for SZVG and SUW at Südzucker AG comprised payments received from dividends and interest from business transactions. At the balance sheet date, Südzucker AG had liabilities to SZVG and to SUW of € 0.8 (0.6) million and € 5.2 (5.5) million, respectively. In addition, there were financial receivables of € 143.6 (147.6) million from, i.e. financial liabilities of € 30.2 (46.5) million to Raiffeisen Group; financial receivables primarily relate to participation capital. There is an agreement to pay interest on the balances on these accounts at normal market rates.

Südzucker AG and its subsidiaries have extensive business relationships with joint ventures and associates in the ordinary course of business. Transactions are carried out with these companies in the same manner as with unrelated parties. The volume of transactions of Südzucker Group with significant related parties is made up as follows:

€ million [1]	2013/14	2012/13
Joint ventures	99.1	82.1
Companies consolidated at equity	345.0	433.9
Services performed for related parties	**444.1**	**516.0**
Joint ventures	102.7	117.9
Companies consolidated at equity	65.0	39.5
Services received from related parties	**167.7**	**157.4**

[1] Only relationships to fully consolidated subsidiaries.

TABLE 94

The receivables from and liabilities to joint ventures and associates at the balance sheet date are:

€ million [1] 28 February	2014	2013
Joint ventures	39.9	44.4
Companies consolidated at equity	134.8	214.4
Receivables from related parties	**174.7**	**258.8**
Joint ventures	8.6	15.4
Companies consolidated at equity	16.1	0.4
Liabilities to related parties	**24.7**	**15.8**

[1] Only relationships to fully consolidated subsidiaries.

TABLE 95

The table below shows the total compensation paid to members of Südzucker AG's executive board. The variable component is dependent on the dividend to be approved by the annual general meeting; payment is made after the respective annual general meeting.

€ million	2013/14	2012/13
Fixed compensation	3.2	3.0
Variable compensation	2.3	2.6
Total compensation	**5.5**	**5.6**

TABLE 96

Provisions for pensions of € 31.1 (27.1) 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 € 2.5 (2.2) million. Provisions for pensions for current executive board members amounted to € 18.6 (24.7) million. Additions in 2013/14 amounted to € 0.8 (0.5) million.

Total compensation paid to Südzucker AG's supervisory board members for all activities is presented in the following table. The variable component is dependent on the dividend to be approved by the annual general meeting.

€ million	2013/14	2012/13
Compensation from Südzucker AG	1.2	2.2
Compensation from subsidiaries	0.3	0.3
Total compensation	**1.5**	**2.5**

TABLE 97

In addition, supervisory board representatives who are also Südzucker Group employees also receive their normal contractually agreed wages, which are not related to their supervisory board activities.

The remuneration systems for the executive board and supervisory board are discussed in the corporate governance report, which is part of the group management report.

(37) Supervisory board and executive board

Supervisory board

Dr. Hans-Jörg Gebhard
Chairman
Eppingen
Chairman of Verband Süddeutscher Zuckerrübenanbauer e. V.

Board memberships[1]
SZVG Süddeutsche Zuckerrübenverwertungs-Genossenschaft eG, Ochsenfurt (chairman)
Vereinigte Hagelversicherung VVaG, Gießen
VK Mühlen AG, Hamburg

Dr. Christian Konrad
Deputy chairman
Vienna, Austria
Former chairman of Raiffeisen-Holding Niederösterreich-Wien reg.Gen.m.b.H.

Board memberships[1]
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)
Raiffeisenlandesbank Niederösterreich-Wien AG, Vienna, Austria (chairman)
Siemens Aktiengesellschaft Österreich, Vienna, Austria (deputy chairman)
SZVG Süddeutsche Zuckerrübenverwertungs-Genossenschaft eG, Ochsenfurt

Franz-Josef Möllenberg[2]
Deputy chairman
Rellingen
Former chairman of Gewerkschaft Nahrung-Genuss-Gaststätten

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

Board memberships
Benteler International AG, Salzburg, Austria (deputy chairman)
DJE Kapital AG, Pullach (chairman)
K+S Aktiengesellschaft, Kassel (chairman)
SZVG Süddeutsche Zuckerrübenverwertungs-Genossenschaft eG, Ochsenfurt

Dr. Jochen Fenner
Gelchsheim
Chairman of Verband Fränkischer Zuckerrübenbauer e. V.
Chairman of the executive board of SZVG Süddeutsche Zuckerrübenverwertungs-Genossenschaft eG

Manfred Fischer[2] (until 31 August 2013)
Feldheim

Yüksel Gediagac[2]
Berlin
Chairman of the central works council at Freiberger Lebensmittel GmbH & Co. Produktions- und Vertriebs KG

Erwin Hameseder
Mühldorf, Austria
Chairman of Raiffeisen-Holding Niederösterreich-Wien reg. Gen.m.b.H.

Board memberships[3]
Flughafen Wien AG, Vienna, Austria (1st deputy chairman)
UNIQA Versicherungen AG, Vienna, Austria (2nd deputy chairman)

Hans Hartl[2] (until 31 August 2013)
Ergolding

Ralf Hentzschel
Panschwitz-Kuckau
Chairman of Verband Sächsisch-Thüringischer Zuckerrübenanbauer e. V.

Board memberships
SZVG Süddeutsche Zuckerrübenverwertungs-Genossenschaft eG, Ochsenfurt (deputy chairman)

Reinhold Hofbauer[2] (until 15 July 2013)
Deggendorf

Wolfgang Kirsch
Königstein
Chairman of the executive board of DZ BANK AG

Board memberships[4]
Adolf Würth GmbH & Co. KG, Künzelsau
Landwirtschaftliche Rentenbank, Frankfurt am Main
SZVG Süddeutsche Zuckerrübenverwertungs-Genossenschaft eG, Ochsenfurt

Georg Koch
Wabern
Chairman of Verband der Zuckerrübenanbauer Kassel e. V.

Erhard Landes
Donauwörth
Chairman of Verband bayerischer Zuckerrübenanbauer e. V.

Günther Link[2] (since 15 July 2013)
Oberickelsheim
Chairman of the works council at the Ochsenfurt plant of Südzucker AG Mannheim/Ochsenfurt

Bernd Maiweg[2]
Gütersloh
Divisional officer of Gewerkschaft Nahrung–Genuss–Gaststätten

Joachim Rukwied
Eberstadt
President of Deutscher Bauernverband e. V.

Board memberships
BAYWA AG, Munich
Cost center Landesbauernverband Baden-Württemberg GmbH, Stuttgart (chairman)
Kreditanstalt für Wiederaufbau, Frankfurt am Main
LAND-DATA GmbH, Visselhövede (chairman)
Landwirtschaftliche Rentenbank, Frankfurt am Main
Messe Berlin GmbH, Berlin
R+V Versicherung AG, Wiesbaden

[1] Memberships in addition to Südzucker Group functions.
[2] Employee representative.
[3] Memberships in addition to Südzucker Group and Raiffeisen-Holding Niederösterreich-Wien Group functions.
[4] Memberships in addition to functions in DZ-Bank Group, Frankfurt am Main.

Ronny Schreiber[2]
Einhausen
Chairman of the works council at the Mannheim head office of Südzucker AG Mannheim/Ochsenfurt

Petra Schwalbe[2] (since 19 September 2013)
Berlin
East state area chairwoman of Gewerkschaft Nahrung-Genuss-Gaststätten

Board memberships
Philipp Morris GmbH, Munich

Nadine Seidemann[2] (since 1 September 2013)
Donauwörth
Member of the works council at the Rain plant of Südzucker AG Mannheim/Ochsenfurt

Franz-Rudolf Vogel[2]
Worms
Chairman of the central works council at the Offstein plant of Südzucker AG Mannheim/Ochsenfurt

Wolfgang Vogl[2]
Bernried
Manager of the Plattling and Rain plants of Südzucker AG Mannheim/Ochsenfurt

Rolf Wiederhold[2]
Wabern
Chairman of the works council at the Wabern plant of Südzucker AG Mannheim/Ochsenfurt

Committees of the supervisory board

General Committee
Dr. Hans-Jörg Gebhard (chairman)
Franz-Josef Möllenberg (deputy chairman)
Dr. Christian Konrad (deputy chairman)
Manfred Fischer (until 31 August 2013)
Franz-Rudolf Vogel (since 1 September 2013)

Agriculture Committee
Dr. Hans-Jörg Gebhard (chairman)
Dr. Jochen Fenner
Reinhold Hofbauer (until 15 July 2013)
Erhard Landes
Günther Link (since 15 July 2013)
Franz-Rudolf Vogel (until 15 May 2013)
Wolfgang Vogl
Ronny Schreiber (since 15 May 2013)

Audit Committee
Dr. Jochen Fenner (chairman)
Manfred Fischer (until 31 August 2013)
Dr. Hans-Jörg Gebhard
Erwin Hameseder
Franz-Josef Möllenberg
Franz-Rudolf Vogel (since 15 May 2013)
Rolf Wiederhold (since 1 September 2013)

Social Welfare Committee
Dr. Hans-Jörg Gebhard (chairman)
Dr. Jochen Fenner
Manfred Fischer (until 31 August 2013)
Hans Hartl (until 31 August 2013)
Dr. Christian Konrad
Bernd Maiweg (since 1 September 2013)
Franz-Josef Möllenberg
Franz-Rudolf Vogel (since 1 September 2013)

Arbitration Committee
Dr. Hans-Jörg Gebhard (chairman)
Manfred Fischer (until 31 August 2013)
Dr. Christian Konrad
Franz-Josef Möllenberg
Franz-Rudolf Vogel (since 1 September 2013)

1 Memberships in addition to Südzucker Group functions.
2 Employee representative.
3 Memberships in addition to Südzucker Group and Raiffeisen-Holding Niederösterreich-Wien Group functions.
4 Memberships in addition to functions in DZ-Bank Group, Frankfurt am Main.

Executive board

Dr. Wolfgang Heer (chairman)
Ludwigshafen

Dr. Lutz Guderjahn
Offstein

Dr. Thomas Kirchberg
Ochsenfurt

Thomas Kölbl
Speyer

Board memberships[1]
Baden-Württembergische Wertpapierbörse, Stuttgart
Boerse Stuttgart AG, Stuttgart
Boerse Stuttgart Holding GmbH, Stuttgart
EUWAX Aktiengesellschaft, Stuttgart (since 20 June 2013)

Prof. Dr. Markwart Kunz (until 1 August 2013)
Worms

Dipl.-Ing. Johann Marihart
Limberg, Austria

Board memberships[1]
BBG Bundesbeschaffungsges. m. b. H., Vienna, Austria
Österreichische Forschungsförderungsgesellschaft mbH, Vienna, Austria (deputy chairman)
Österreichische Nationalbank AG, Vienna, Austria
Ottakringer Getränke AG, Vienna, Austria
Spanische Hofreitschule – Bundesgestüt Piber, Vienna, Austria (chairman)
TÜV Austria Holding AG, Vienna, Austria (chairman)

[1] Memberships in addition to Südzucker Group functions.

(38) List of shareholdings in accordance with section 313 (2) HGB

I. Fully consolidated companies

	Location	Country	Group quota %	Direct[1] %	Indirect[2] %
Sugar segment					
Business Unit Sugar					
– Division Südzucker and sales companies					
Südzucker AG Mannheim/Ochsenfurt	Mannheim	Germany			
Sudzucker Hellas E.P.E.	Athen	Greece	100.00		100.00
Sudzucker Ibérica, S.L.U.	Barcelona	Spain	100.00		100.00
– Division Sugar Belgium					
Raffinerie Tirlemontoise S.A.	Brussels	Belgium	99.41		99.41
Tiense Suikerraffinaderij Services g.c.v.	Brussels	Belgium	99.41		100.00
Hosa Trading Importaçao e Exportaçao S.A.	Sao Paolo	Brazil	99.41		100.00
James Fleming & Co. Ltd.	Midlothian	Great Britain	99.41		100.00
Rafti BV	Wijchen	Netherlands	99.41		100.00
Raftir Nederland Beheer B.V.	Groningen	Netherlands	99.41		100.00
S.O.G.E.L.A.F. SARL	Paris	France	99.41		100.00
Tiense Suikerraffinaderij Nederland Holding B.V.	Wijchen	Netherlands	99.41		100.00
W.T. Mather Ltd.	Lancashire	Great Britain	99.41		100.00
Nougat Chabert & Guillot SA	Montelimar	France	99.16		99.75
S.C.I. DU MARINET	Upie	France	99.41		100.00
– Division Sugar France					
Saint Louis Sucre S.A.	Paris	France	99.21		99.80
Société Française d'Organisation et de Participations "S.F.O.P."	Paris	France	99.21		100.00
– Division Sugar Poland					
Südzucker Polska S.A.	Wroclaw	Poland	99.59		99.59
"POLTERRA" Sp. z o.o.	Wroclaw	Poland	99.59		100.00
Przedsiebiorstwo Rolne "KLOS" Sp. z o.o.	Wroclaw	Poland	73.77		100.00
Südzucker Polska Nieruchomosci Sp. z o.o.	Wroclaw	Poland	73.77		74.07
Division AGRANA Sugar					
– Sugar Austria					
AGRANA Zucker GmbH	Vienna	Austria	49.63		100.00
AGRANA Marketing- und Vertriebsservice Gesellschaft m.b.H.	Vienna	Austria	49.63		100.00
– Sugar Romania					
AGRANA AGRO SRL	Roman	Romania	45.37		100.00
AGRANA BUZAU SRL	Buzau	Romania	45.37		100.00
AGRANA TANDAREI SRL	Tandarei	Romania	45.37		100.00
S.C. AGRANA Romania S.A.	Bukarest	Romania	45.32		91.33

1 Direct share, directly held by Südzucker AG.
2 Indirect share, directly held by a subsidiary.
3 Majority of voting shares.

	Location	Country	Group quota %	Direct[1] %	Indirect[2] %
– Sugar Slovakia					
Slovenské Cukrovary s.r.o.	Sered	Slowakia	49.63		100.00
– Sugar Czech Republic					
Moravskoslezské Cukrovary A.S.	Hrusovany	Czech Republic	48.46		97.66
– Sugar Hungary					
AGRANA Magyarország Értékesitési Kft.	Budapest	Hungary	43.49		100.00
Biogáz Fejleszto Kft.	Kaposvár	Hungary	43.49		100.00
Koronás Irodaház Szolgáltató Korlátolt Felelösségü Társaság	Budapest	Hungary	43.47		100.00
Magyar Cukorgyártó és Forgalmazó Zrt.	Budapest	Hungary	43.47		87.59
– Sugar Bulgaria					
AGRANA Bulgaria AD	Sofia	Bulgaria	49.63		100.00
AGRANA Trading EOOD	Sofia	Bulgaria	49.63		100.00
– Sugar Bosnia					
AGRANA BIH Holding GmbH	Wien	Austria	62.22		100.00
AGRANA d.o.o.	Brcko	Bosnia-Herzegovina	62.22		100.00
– AGRANA Holding / Other					
AGRANA Beteiligungs-AG	Vienna	Austria	49.63	6.54	86.18
AGRANA Group-Services GmbH	Vienna	Austria	49.63		100.00
INSTANTINA Nahrungsmittel Entwicklungs- und Produktionsgesellschaft m.b.H.	Wien	Austria	33.08		66.67
Division Sugar Moldova					
Agro Credit S.R.L.	Drochia	Moldova	100.00		100.00
Agro-SZM S.R.L.	Drochia	Moldova	83.63		100.00
Südzucker Moldova S.A.	Chisinau	Moldova	83.64		83.64
Division Agriculture					
Agrar und Umwelt AG Loberaue	Rackwitz	Germany	100.00	100.00	
Rackwitzer Biogas GmbH	Rackwitz	Germany	100.00		100.00
Wolteritzer Agrar GmbH	Rackwitz	Germany	100.00		100.00
Zschortauer Agrar GmbH	Rackwitz	Germany	100.00		100.00
Zschortauer Futtermittel GmbH	Rackwitz	Germany	74.00		74.00
Sugar Other					
AHG Agrar-Holding GmbH	Mannheim	Germany	100.00	100.00	
AIH Agrar-Industrie-Holding GmbH	Mannheim	Germany	100.00	100.00	
BGD Bodengesundheitsdienst GmbH	Mannheim	Germany	100.00	100.00	
Mönnich GmbH	Kassel	Germany	100.00	100.00	
Sächsisch-Thüringische Zuckerfabriken Verwaltungsgesellschaft mbH	Mannheim	Germany	100.00	100.00	
Südprojekt Silo und Logistik GmbH & Co. KG	Mannheim	Germany	100.00	100.00	
Südzucker Holding GmbH	Mannheim	Germany	100.00	100.00	
Südzucker International Finance B.V.	Oud-Beijerland	Netherlands	100.00	100.00	
Südzucker Tiefkühl-Holding GmbH	Ochsenfurt	Germany	100.00	100.00	
Südzucker Versicherungs-Vermittlungs-GmbH	Mannheim	Germany	51.00	51.00	
AGRANA Zucker, Stärke und Frucht Holding AG	Vienna	Austria	50.00	50.00	
Z & S Zucker und Stärke Holding AG[3]	Vienna	Austria	50.00		100.00

	Location	Country	Group quota %	Direct [1] %	Indirect [2] %
Special products segment					
Division BENEO					
BENEO GmbH	Mannheim	Germany	100.00	100.00	
BENEO Asia Pacific Pte Ltd.	Singapore	Singapore	100.00		100.00
BENEO Iberica S.L. Unipersonal	Barcelona	Spain	100.00		100.00
BENEO Inc.	Morris Plains	USA	100.00		100.00
BENEO Latinoamerica Coordenaçao Regional Ltda.	Vila Olímpia, Sao Paulo	Brazil	100.00		100.00
BENEO-Orafti S.A.	Oreye	Belgium	100.00		100.00
BENEO-Palatinit GmbH	Mannheim	Germany	100.00	15.00	85.00
Orafti Chile S.A.	Pemuco	Chile	100.00		100.00
REMY ITALIA S.P.A.	Confienza (PV)	Italia	66.70		66.70
BENEO-Remy N.V.	Wijgmaal (Leuven)	Belgium	100.00		100.00
Nutriz N.V.	Wijgmaal (Leuven)	Belgium	100.00		100.00
Veniremy N.V.	Wijgmaal (Leuven)	Belgium	100.00		100.00
Division Freiberger					
Freiberger Holding GmbH	Berlin	Germany	100.00	10.00	90.00
Alberto Lebensmittel GmbH	Berlin	Germany	100.00		100.00
Favorit Lebensmittel-Vertriebs GmbH	Berlin	Germany	100.00		100.00
Feinschmecker Eiscreme und Tiefkühlkost GmbH	Berlin	Germany	100.00		100.00
Feinschmecker Feinkost GmbH	Berlin	Germany	100.00		100.00
Freiberger France S.A.R.L.	St. Didier au Mont d'Or	France	100.00		100.00
Freiberger GmbH	Berlin	Germany	100.00		100.00
Freiberger Lebensmittel GmbH	Berlin	Germany	100.00		100.00
Freiberger Lebensmittel GmbH & Co. Produktions- und Vertriebs KG	Berlin	Germany	100.00		100.00
Freiberger Polska Sp. z o.o.	Warszawa	Poland	100.00		100.00
Freiberger UK Ltd.	Spalding	Great Britain	100.00		100.00
Freiberger USA Inc.	Morris Plains	USA	100.00		100.00
Great Star Food Production GmbH & Co. KG	Berlin	Germany	100.00		100.00
Prim AS Tiefkühlprodukte Gesellschaft m.b.H.	Oberhofen	Austria	100.00		100.00
Sandhof Limited	Westhoughton	Great Britain	100.00		100.00
Stateside Foods Ltd.	Westhoughton	Great Britain	100.00		100.00

[1] Direct share, directly held by Südzucker AG.
[2] Indirect share, directly held by a subsidiary.
[3] Majority of voting shares.

	Location	Country	Group quota %	Direct[1] %	Indirect[2] %
Division PortionPack					
PortionPack Europe Holding B. V.	Oud-Beijerland	Netherlands	100.00	100.00	
Hellma Gastronomicky Servis Praha spol. s.r.o.	Praha	Czech Republic	99.24		99.24
Hellma Gastronomie-Service GmbH	Nuremberg	Germany	100.00		100.00
Hellma Lebensmittel-Verpackungs-Gesellschaft m.b.H	Vienna	Austria	100.00		100.00
Hellma Polska Sp. z o.o.	Krakow	Poland	100.00		100.00
PortionPack Belgium N.V.	Herentals	Belgium	100.00		100.00
PortionPack Holland B.V.	Oud-Beijerland	Netherlands	100.00		100.00
SAES The Portion Company, S.L	La Llagosta (Barcelona)	Spain	100.00		100.00
Van Oordt Drukkerij B.V.	Oud-Beijerland	Netherlands	100.00		100.00
Van Oordt Landgraaf B.V.	Landgraaf	Netherlands	100.00		100.00
Van Oordt the portion company B.V.	Oud-Beijerland	Netherlands	100.00		100.00
Single Source Limited	Telford / Shropshire	Great Britain	100.00		100.00
APCS Holdings Limited	Telford / Shropshire	Great Britain	100.00		100.00
AP Sachets Limited	Telford / Shropshire	Great Britain	100.00		100.00
Central Legal Funding Limited	Telford / Shropshire	Great Britain	75.00		75.00
Santeau Limited	Telford / Shropshire	Great Britain	75.00		100.00
Sugar Stix Limited	Telford / Shropshire	Great Britain	100.00		100.00
Division Starch					
AGRANA Stärke GmbH	Vienna	Austria	49.63		100.00
AGRANA Bioethanol GmbH	Vienna	Austria	49.63		100.00
S.C. A.G.F.D. Tandarei s.r.l.	Tandarei	Romania	49.62		99.99
CropEnergies segment					
CropEnergies AG	Mannheim	Germany	69.19	69.19	
BioWanze SA	Brüssel	Belgium	69.19		100.00
Compagnie Financière de l'Artois SA	Loon-Plage	France	69.19		100.00
CropEnergies Beteiligungs GmbH	Mannheim	Germany	69.19		100.00
CropEnergies Bioethanol GmbH	Zeitz	Germany	69.19		100.00
CropEnergies Inc.	Houston	USA	69.19		100.00
Ensus Limited	Yarm	Great Britain	69.19		100.00
Ensus UK Limited	Yarm	Great Britain	69.19		100.00
RYSSEN ALCOOLS SAS	Loon-Plage	France	69.19		100.00
Ryssen Chile SpA	Lampa, Santiago de Chile	Chile	69.19		100.00

	Location	Country	Group quota %	Direct[1] %	Indirect[2] %
Fruit segment					
Division Fruit preparations (AGRANA Fruit)					
AGRANA Fruit S.A.S.	Paris	France	49.63		100.00
AGRANA Fruit Argentina S.A.	Buenos Aires	Argentinia	49.62		99.99
AGRANA Fruit Australia Pty Ltd.	Central Mangrove	Australia	49.63		100.00
AGRANA Fruit Austria GmbH	Gleisdorf	Austria	49.63		100.00
AGRANA Fruit Brasil Indústria, Comércio, Importacao e Exportacao Ltda.	Sao Paulo	Brazil	37.22		75.00
AGRANA Fruit Brasil Participacoes Ltda.	Sao Paulo	Brazil	49.62		99.99
AGRANA Fruit Dachang Co., Ltd.	Dachang	China	49.63		100.00
AGRANA Fruit Fiji Pty Ltd.	Sigatoka	Fiji	49.63		100.00
AGRANA Fruit France S.A.	Paris	France	49.63		100.00
AGRANA Fruit Germany GmbH	Konstanz	Germany	49.63		100.00
AGRANA Fruit Istanbul Gida Sanayi ve Ticaret A.S.	Zincirlikuyu	Turkey	49.63		100.00
AGRANA Fruit Korea Co. Ltd.	Seoul	South Korea	49.63		100.00
AGRANA Fruit Latinoamerica S. de R.L. de C.V.	Michoacan	Mexico	49.62		99.99
AGRANA Fruit Luka TOV	Vinnitsa	Ukraine	49.61		99.97
AGRANA Fruit México, S.A. de C.V.	Michoacan	Mexico	49.63		100.00
AGRANA Fruit Polska SP z. o.o.	Ostroleka	Poland	49.63		100.00
AGRANA Fruit Services GmbH	Wien	Austria	49.63		100.00
AGRANA Fruit Services Inc.	Brecksville	USA	49.63		100.00
AGRANA Fruit Services S.A.S.	Paris	France	49.63		100.00
AGRANA Fruit South Africa (Proprietary) Ltd.	Kapstadt	South Africa	49.63		100.00
AGRANA Fruit Ukraine TOV	Vinnitsa	Ukraine	49.53		99.80
AGRANA Fruit US, Inc.	Brecksville	USA	49.63		100.00
Agrana Nile Fruits Processing SAE	Qalyoubia	Egypt	25.31		51.00
Dirafrost FFI N. V.	Herk-de-Stad	Belgium	49.63		100.00
Dirafrost Maroc SARL	Laouamra	Morocco	49.63		100.00
Financière Atys S.A.S.	Paris	France	49.63		100.00
o.o.o. AGRANA Fruit Moscow Region	Serpuchov	Russia	49.63		100.00
Yube d.o.o.	Pozega	Serbia	49.63		100.00
Division Fruit juice concentrates (Austria Juice)					
AGRANA Juice Holding GmbH	Gleisdorf	Austria	24.82		100.00
AGRANA Juice Denmark A/S	Køge	Danmark	24.82		100.00
AGRANA Juice Magyarorzság Kft.	Vásárosnamény	Hungary	24.82		100.00
AGRANA Juice Poland Sp. z. o.o.	Bialobrzegi	Poland	24.82		100.00
AGRANA Juice Romania Vaslui s.r.l.	Vaslui	Romania	24.82		100.00
AGRANA Juice Sales & Customer Service GmbH	Gleisdorf	Austria	24.82		100.00
AGRANA Juice Sales & Marketing GmbH	Bingen	Germany	24.82		100.00
AGRANA Juice Service & Logistik GmbH	Bingen	Germany	24.82		100.00
AGRANA Juice Ukraine TOV	Vinnitsa	Ukraine	24.82		100.00
AGRANA JUICE (XIANYANG) CO., LTD	Xianyang City	China	24.82		100.00
AUSTRIA JUICE GmbH	Allhartsberg	Austria	24.82		50.01
Ybbstaler Fruit Austria GmbH	Allhartsberg	Austria	24.82		100.00
Ybbstaler Fruit Polska Sp. Z. o.o	Chelm	Poland	24.82		100.00

[1] Direct share, directly held by Südzucker AG.
[2] Indirect share, directly held by a subsidiary.
[3] Majority of voting shares.

	Location	Country	Group quota %	Direct[1] %	Indirect[2] %
Fruit Other					
AGRANA Internationale Verwaltungs- und Asset-Management GmbH	Vienna	Austria	49.63		100.00
AGRANA J & F Holding GmbH	Vienna	Austria	49.63		100.00

TABLE 98

II. Joint ventures

	Location	Country	Group quota %	Direct[1] %	Indirect[2] %
Sugar segment					
Division AGRANA Sugar					
– Sugar Bosnia					
AGRANA-STUDEN Beteiligungs GmbH	Vienna	Austria	31.11		50.00
STUDEN-AGRANA Rafinerija Secera d.o.o.	Brčko	Bosnia-Herzegovina	31.11		100.00
AGRAGOLD Holding GmbH	Vienna	Austria	31.11		100.00
"AGRAGOLD" d.o.o.	Brčko	Bosnia-Herzegovina	31.11		100.00
AGRAGOLD d.o.o.	Zagreb	Croatia	31.11		100.00
AGRAGOLD dooel Skopje	Skopje	Macedonia	31.11		100.00
AGRAGOLD trgovina d.o.o.	Ljubljana	Slovenia	31.11		100.00
Company for trade and services AGRANA-STUDEN Serbia d.o.o. Beograd	Beograd	Serbia	31.11		100.00
AGRANA Studen Sugar Trading GmbH	Vienna	Austria	31.11		50.00
Special products segment					
Division Starch					
HUNGRANA Keményitö- és Isocukorgyártó és Forgalmazó Kft.	Szabadegyháza	Hungary	24.81		50.00
GreenPower E85 Kft	Szabadegyháza	Hungary	24.81		100.00
HungranaTrans Kft.	Szabadegyháza	Hungary	24.81		100.00
CropEnergies segment					
CT Biocarbonic GmbH	Zeitz	Germany	34.60		50.00

TABLE 99

III. Associated companies

	Location	Country	Group quota %	Direct[1] %	Indirect[2] %
Sugar segment					
Business Unit Sugar					
– Division Südzucker and sales companies					
Maxi S.r.l.	Bolzano	Italia	50.00		50.00
Sugar other					
ED&F MAN Holdings Limited	London	Great Britain	25.00		25.00

TABLE 100

IV. Companies of minor importance and other participations > 20 %

	Location	Country	Group quota %	Direct[1] %	Indirect[2] %
– Affiliated companies					
Sugar segment					
Business Unit Sugar					
– Division Sugar Belgium					
Golborne Ltd.	Lancashire	Great Britain	99.41		100.00
– Division Sugar France					
Acucar e Alcool do Sul Participacoes Ltda.	Alto de Pinheiros	Brazil	99.21		100.00
Division AGRANA Sugar					
– Sugar Austria					
AGRANA ZHG Zucker Handels GmbH	Vienna	Austria	49.63		100.00
– Sugar Czech Republic					
PERCA s.r.o.	Hrusovany	Czech Republic	48.46		100.00
– Sugar Bosnia					
AGRANA Croatia d.o.o.	Zagreb	Croatia	49.63		100.00
AGRANA Makedonija DOOEL Skopje	Skopje	Macedonia	49.63		100.00
– AGRANA Holding/Other					
Österreichische Rübensamenzucht Gesellschaft m.b.H.	Vienna	Austria	42.68		86.00
Zuckerforschung Tulln Gesellschaft m.b.H.	Vienna	Austria	49.63		100.00
Sugar other					
Arbeitsgemeinschaft für Versuchswesen und Beratung im Zuckerrübenanbau Zeitz GmbH	Kretzschau	Germany	80.00	80.00	
Sächsisch-Thüringische Zuckerfabriken GmbH & Co. KG	Mannheim	Germany	100.00	100.00	
Südprojekt Immobilienverwaltungsgesellschaft mbH	Mannheim	Germany	100.00	100.00	
Südtrans GmbH	Mannheim	Germany	100.00	100.00	
Südzucker Beteiligungs GmbH	Mannheim	Germany	100.00	100.00	
Südzucker International GmbH	Ochsenfurt	Germany	100.00		100.00
Südzucker Reise-Service GmbH	Mannheim	Germany	100.00	100.00	
Südzucker Verkauf GmbH	Mannheim	Germany	100.00		100.00
Südzucker Verwaltungs GmbH	Mannheim	Germany	100.00	100.00	

1 Direct share, directly held by Südzucker AG.
2 Indirect share, directly held by a subsidiary.
3 Majority of voting shares.

	Location	Country	Group quota %	Direct[1] %	Indirect[2] %
– Affiliated companies					
Special product segment					
Division Starch					
AGRANA Skrob s.r.o.	Hrusovany	Czech Republic	49.63		100.00
Dr. Hauser Gesellschaft m.b.H.	Hamburg	Germany	49.63		100.00
Fruit Segment					
Division Fruit juice concentrate (Austria Juice)					
Hungaro Ybbstal Kft	Veszprém	Hungary	24.82		100.00
– Joint ventures					
Sugar segment					
Division AGRANA Sugar					
– Sugar Bosnia					
SCO STUDEN & CO. BRASIL EXPORTACAO E IMPORTACAO LTDA.	Sao Paulo	Brazil	23.33		75.00
– Other participations > 20 %					
Segment Sugar					
Business Unit Sugar					
– Division Sugar France					
Eastern Sugar B.V.	Breda	Netherlands	49.60		50.00
GARDEL S.A.	Le Moule	France	24.08		24.28
S.C.I.C.A ROYE DESHYDRATATION S.A.	Roye	France	20.37		20.54
Sucrerie et Distillerie de Souppes-Ouvré Fils S.A.	Paris	France	44.15		44.50
Eastern Sugar Cukoripari Részvénytársaság	Kaba	Hungary	49.60		100.00
Eastern Sugar Slovensko A.S.	Dunajska Streda	Slovakia	47.44		95.64
Eastern Sugar s.r.o.	Dunajska Streda	Slovakia	49.60		100.00
Division AGRANA Sugar					
– Sugar Czech Republic					
DELHIA SHELF s.r.o.	Hrusovany	Czech Republic	48.46		100.00
– Sugar Hungary					
Cukoripari Egyesülés	Budapest	Hungary	19.24		44.27
Sugar Other					
Bio-Generator Regio – Leuven – PORT NV	Tienen	Belgium	35.50		35.71
Felix Koch Offenbach Couleur und Karamel GmbH	Offenbach	Germany	25.10		25.10
Fernwärmeversorgung Ochsenfurt GmbH	Ochsenfurt	Germany	33.33	33.33	
Special products segment					
Division BENEO					
INVITA Australia PTE Ltd	East Botany	Australia	35.00		35.00

TABLE 101

(39) Proposed appropriation of earnings

Retained earnings of Südzucker AG Mannheim/Ochsenfurt amount to € 102,565,963.04. It will be proposed to shareholders at the annual general meeting on 17 July 2014 that a dividend of € 0.50 per share be distributed and be appropriated as follows:

	2013/14
Issued shares (number)	204,183,292
Dividend (€)	0.50
Dividend amount (€)	102,091,646.00
Earnings carried forward (€)	474,317.04
Retained earnings (€)	**102,565,963.04**

TABLE 102

To the extent treasury shares are available on the day of the annual general meeting, the proposed resolution will be amended so that the distribution of € 0.50 per dividend-bearing share is maintained and the corresponding higher remainder carried forward.

The dividend will be paid on 18 July 2014.

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

Mannheim, 22 April 2014
THE EXECUTIVE BOARD

DR. WOLFGANG HEER CEO	**DR. LUTZ GUDERJAHN**	**DR. THOMAS KIRCHBERG**	**THOMAS KÖLBL**	**JOHANN MARIHART**

The financial statements and the management report of Südzucker AG Mannheim/Ochsenfurt, prepared in accordance with German accounting principles and upon which PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, has issued an unqualified auditors' report, will be submitted to the operator of the Federal Gazette (Bundesanzeiger Verlagsgesellschaft mbH, Cologne) and published in the Federal Gazette. The financial statements and the management report can be obtained from the company on request.

INDEPENDENT AUDITORS' REPORT

TO SÜDZUCKER AG MANNHEIM/OCHSENFURT, MANNHEIM

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Südzucker Aktiengesellschaft Mannheim/Ochsenfurt, Mannheim and its subsidiaries, which comprise the income statement, the statement of income and expense recognized directly in equity, the balance sheet, the statement of changes in shareholders' equity, the cash flow statement and the notes to the financial statements for the business year from 1 March 2013 to 28 February 2014.

Management's responsibility for the consolidated financial statements

The management of Südzucker AG Mannheim/Ochsenfurt is responsible for the preparation of these consolidated financial statements. This responsibility includes that these consolidated financial statements comply with IFRSs, as adopted by the EU, and the additional requirements of German law pursuant to section 315a (1) of the German Commercial Code (HGB), and give a true and fair view of the financial position and performance of the group in accordance with these requirements. Management is also responsible for the internal controls it deems necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit of the consolidated financial statements in accordance with section 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institute of Public Auditors in Germany (Institut der Wirtschaftsprüfer – IDW) as well as in accordance with International Standards on Auditing (ISA). Accordingly, we are required to comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The selection of audit procedures depends on the auditor's professional judgment. This includes the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In assessing those risks, the auditor considers the internal control system relevant to the entity's preparation of consolidated financial statements that give a true and fair view. The aim of this is to plan and perform audit procedures that are appropriate in the given circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control system. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit opinion

In accordance with section 322 (3) sentence 1 HGB, we declare that our audit of the consolidated financial statements has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply in all material respects with IFRSs, as adopted by the EU, and the additional requirements of German law pursuant to section 315a (1) HGB, and give a true and fair view of the financial position performance of the group as at 28 February 2014 as well as the results of operations for the financial year ending on this date.

Report on the group management report

We have audited the accompanying group management report of Südzucker AG Mannheim/Ochsenfurt for the financial year from 1 March 2013 to 28 February 2014. The management of Südzucker AG Mannheim/Ochsenfurt is responsible for the preparation of the group management report in accordance with the requirements of German law pursuant to section 315a (1) HGB. We conducted our audit in accordance with section 317 (2) HGB and German generally accepted standards for the audit of the group management report promulgated by the Institute of Public Auditors in Germany (Institut der Wirtschaftsprüfer – IDW). Accordingly, we are required to plan and perform the audit of the group management report to obtain reasonable assurance about whether the group management report is consistent with the consolidated financial statements and the audit findings and, as a whole, provides a suitable view of the group's position and suitably presents the opportunities and risks of future development.

In accordance with section 322 (3) sentence 1 HGB, we declare that our audit of the group management report has not led to any reservations.

In our opinion, based on the findings of our audit of the consolidated financial statements and group management report, the group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the group's position and suitably presents the opportunities and risks of future development.

Frankfurt am Main, 22 April 2014
PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

DR. RALF WORSTER
AUDITOR

OLAV KRÜTZFELDT
AUDITOR

GLOSSARY

A

ACP COUNTRIES African, Caribbean and Pacific countries.

B

BACKLOADING IN EU EMISSIONS TRADING Backloading will temporarily reduce the supply of CO_2 emissions certificates traded in the EU by delaying the auction of certain blocks of CO_2 emissions certificates until later than originally planned.

C

C4 MODULE A petrochemical term for a non-halogenated hydrocarbon, which consists mainly of unsaturated links between four carbon atoms. It is used primarily as a chemical feedstock; for example, in the production of plastics. Such C4 modules can also be produced from bioethanol; that is, on the basis of renewable raw materials.

CARBON LEAKAGE The risk of relocating CO_2 emissions. Energy intensive sectors in which there is a risk that production facilities and jobs will be moved outside of the EU to relocate CO_2 emissions due to the economic pressure of emission trading are to be allocated CO_2 credits free of charge. The criteria to evaluate whether such a risk exists will be reviewed for the 2014 allocations and every five years in 2015 and following.

CLEAN LABELING Used to describe foods in which modified ingredients or additives are deliberately omitted.

CONVENIENCE FOOD Prepackaged food that can be cooked quickly and easily. Food producers partially prepare the food in advance to make life easier for private individuals, restaurants and bars and catering companies. Südzucker's subsidiary Freiberger produces chilled and frozen pizzas, pastas and snacks, which are blanched or prebaked to the stage where they only need to be reheated prior to consumption.

D

DIVERSITY Used in business administration and in economics to define a strategy of minimizing risk by better utilizing human resources. Diversity management in a company is a concept that utilizes the diversity of the employees as a competitive advantage.

E

ECOVADIS The French company EcoVadis operates a community platform that enables companies to assess the performance of their suppliers' sustainability in over 150 sectors and 95 countries. EcoVadis aims to improve environmental and social standards.

EUROPEAN HEALTH CLAIMS REGULATION European regulation regarding nutritional value and health-related statements. It was launched in 2005/2006 with the original objective of improving consumer protection in the food sector.

F

FORECAST Part of corporate budgeting by the financial department. Updated cumulative year-end profit forecasts for the current fiscal year are outlined in each of the three forecasts prepared annually in conjunction with the quarterly reports.

FUNCTIONAL FOOD Food or food ingredients with health applications

G

GLUTEN A protein substance contained in cereal grains. Gluten is used in industry as a foodstuff and animal feed.

GLYCEMIC Blood-sugar raising effect

I

INDUSTRIAL SUGAR Sugar produced outside the quota system, supplied to the chemical and pharmaceutical industries and used for producing bioethanol, starch, citric acid and vitamins.

INULIN Pre-biotic ballast substance from chicory root with proven healthy properties. Also used in many food additives as a substitute for fat because of its technological attributes (particularly ones related to texture).

ISOGLUCOSE Isoglucose is a syrup made from starch. It consists of glucose and fructose and is used primarily in industrial food production to sweeten food and beverages. Isoglucose is produced from starchy plants such as corn (corn syrup), potatoes and wheat.

ISOMALT The only sugar substitute produced from sugar and which tastes as natural as sugar. It is dental-friendly, reduces calories and has hardly any effects on blood-sugar levels. The most commonly used raw material in sugar-free candies worldwide, it is also used in chewing gum, chocolate and by bakeries.

L

LDCS Least developed countries. A socio-economic status defined by the United Nations that refers to a group of particularly poor countries throughout the world.

M

MERCOSUR Acronym for Mercado Común del Cono Sur, the South American common market. It was created on the basis of a common agreement between Argentina, Brazil, Paraguay and Uruguay in 1991. Venezuela joined in 2006. Under the terms of the plan, member states agreed to create a common market step-by-step. To date this has not been achieved.

MOEL German abbreviation for Central and Eastern European countries (CEECs).

N

NON-EU COUNTRIES Used in this report to describe countries that are not EU member states.

NON-QUOTA SUGAR Sugar produced outside the quota system: It can be marketed; for example, as non-food industrial sugar, exported to non-EU countries or carried over into the next sugar marketing year.

P

PALATINOSE™ The only low glycemic carbohydrate that supplies the body with long-lasting energy from glucose. Furthermore, Palatinose™ is dental-friendly and is solely produced from sugar. The main application areas are drinks in the functional food and wellness areas.

PROTIGRAIN® Brand name of the animal feed produced by CropEnergies from distillers grain. It is sold as a premium protein-rich animal feed product.

PROTIWANZE® Brand name for the animal feeds CropEnergies produces in Wanze, Belgium, from distiller's grain. They are byproducts of the bioethanol production process that are subsequently thickened. ProtiWanze® is a high-protein, liquid animal feed.

Q

QUOTAS The volume of sugar and isoglucose defined for each EU member state. These quantities are in turn divided among the entities and are called quotas. Quotas serve to limit production and avoid excesses. The quota system will end on 30 September 2017.

QUOTA BEETS Sugar beets needed to produce the sugar quota allocated. The quota system will end on 30 September 2017.

QUOTA SUGAR Sugar allocated to a specific sugar marketing year produced in line with quotas and eligible to be marketed. The quota system will end on 30 September 2017.

R

RATING Normal estimate of creditworthiness of a creditor on international capital markets and bonds issued by these creditors by rating agencies using standardized evaluation ratios such as cash flow and debt situation. The creditworthiness evaluation is made on a scale from, for example, AAA or Aaa (highest creditworthiness for long-term ratings) to D or C (lowest creditworthiness for long-term ratings). Ratings are aimed at assisting investors to evaluate the credit risk of the company itself as well as its current and non-current securities issued as third-party financing.

RAW SUGAR VALUE Relates to unrefined raw sugar.

S

SAI Sustainable Agriculture Initiative. Food industry organization to promote sustainable farming taking into consideration all stakeholders in the production chain.

SUGAR EXPORTS Exports of non-quota sugar are presently limited to 1.35 million tonnes due to the EU's WTO obligations.

SUGAR MARKETING YEAR 1 October to 30 September.

W

WHITE SUGAR VALUE Relates to refined sugar and is 10 % lower than the raw sugar value.

WORLD MARKET PRICES FOR SUGAR Prices for sugar that are quoted primarily on the New York markets (raw sugar No. 11) and in London (white sugar No. 5) in response to supply and demand.

WTO World Trade Organization

Forward looking statements/forecasts

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

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Financial Calendar

Q1
1ST QUARTER REPORT 2014/15
10 July 2014

ANNUAL GENERAL MEETING
FOR FISCAL 2013/14
17 July 2014

Q2
1ST HALF YEAR REPORT 2014/15
9 October 2014

Q3
1ST TO 3RD QUARTER REPORT 2014/15
13 January 2015

PRESS AND ANALYSTS'
CONFERENCE FISCAL 2014/15
21 May 2015

Q1
1ST QUARTER REPORT 2015/16
9 July 2015

ANNUAL GENERAL MEETING
FOR FISCAL 2014/15
16 July 2015

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