ANNUAL REPORT 2014/15

SÜDZUCKER AG

SÜDZUCKER

Financial calendar on page 197.

CONTENTS

SÜDZUCKER AG
COMPANY PROFILE

Südzucker has evolved from the position of a regional sugar producer to that of a multinational corporation, and with its sugar, special products, CropEnergies and fruit segments, is one of the world's leading food industry companies.

In the traditional sugar business, the group is Europe's number one supplier of sugar products, 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 ingredients for food and animal feed (BENEO) division, as well as chilled / frozen products (Freiberger), portion packs (PortionPack Europe) and starch divisions, conducts business in high-growth dynamic markets. The CropEnergies segment is responsible for the bioethanol and animal feed businesses 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 2014 / 15, the group had about 18,500 employees and generated revenues of € 6.8 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, 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.

GROUP 2014/15

CONSOLIDATED GROUP REVENUES:
down **10 %** from last year at
€ 6,778 [7,533] million.

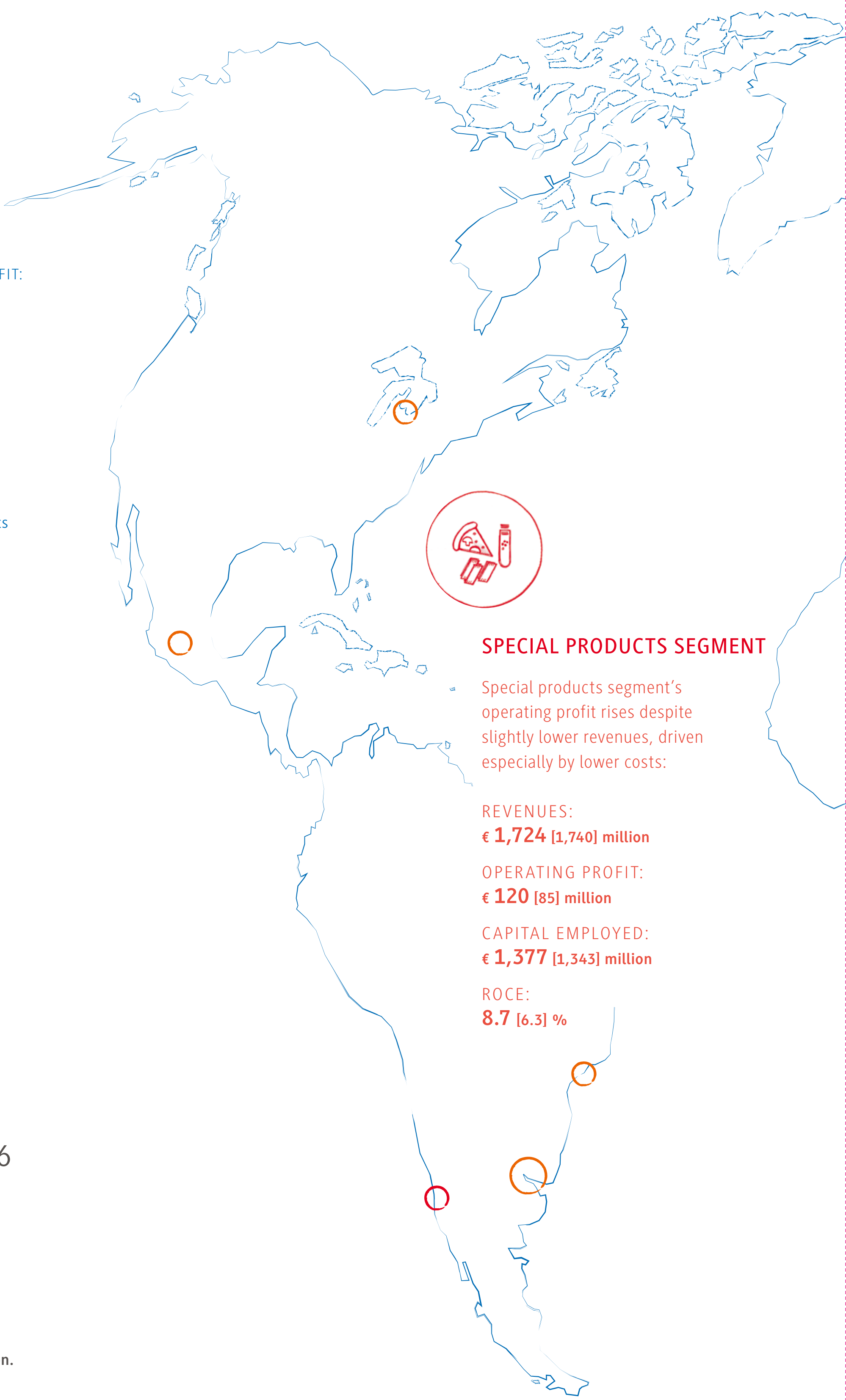
CONSOLIDATED GROUP OPERATING PROFIT:
falls sharply to **€ 181 [622] million**
driven by lower sugar segment and
CropEnergies segment profits.

CASH FLOW:
tracks operating profit and falls to
€ 389 [697] million.

INVESTMENTS:
decline to **€ 387 [399] million**; investments
in fixed assets rise to **€ 386 [377] million.**

ROCE:
declines to **3.1 [10.6] %**; capital employed
unchanged at **€ 5.9 [5.9] billion.**

NET FINANCIAL DEBT:
rises to **€ 593 [536] million.**



SPECIAL PRODUCTS SEGMENT

Special products segment's
operating profit rises despite
slightly lower revenues, driven
especially by lower costs:

REVENUES:
€ 1,724 [1,740] million

OPERATING PROFIT:
€ 120 [85] million

CAPITAL EMPLOYED:
€ 1,377 [1,343] million

ROCE:
8.7 [6.3] %

OUTLOOK FOR 2015/16

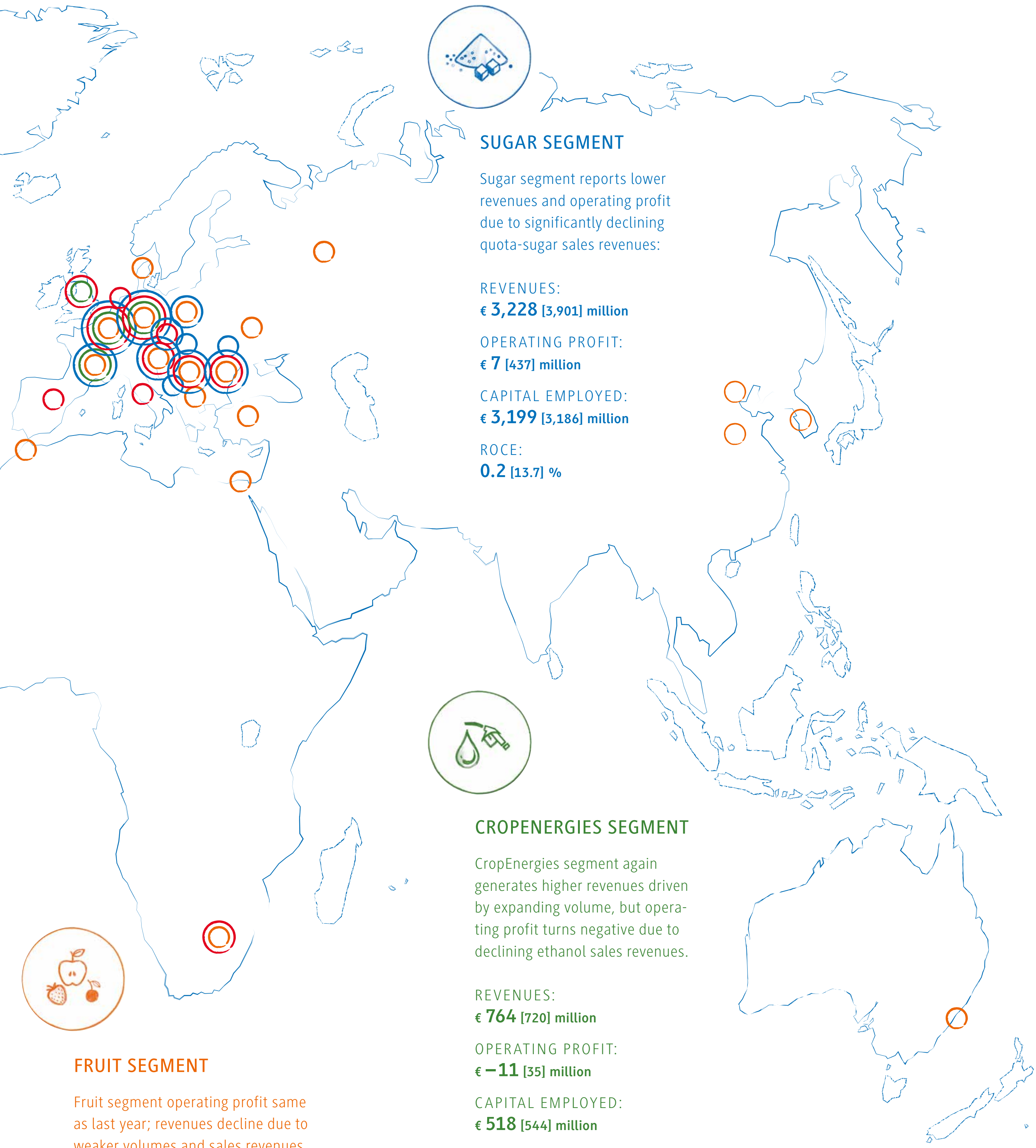
CONSOLIDATED GROUP REVENUES:
expected to decline to around **€ 6.0** to
€ 6.3 [2014/2015: € 6.8] billion.

OPERATING PROFIT:
expected to drop considerably to about
€ 50 to **€ 150 [2014/2015: € 181] million.**

INVESTMENTS:
Budget for investments in fixed assets about
€ 400 million.

ROCE:
Capital employed same as last year; ROCE to
drop sharply.

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.



SUGAR SEGMENT

Sugar segment reports lower revenues and operating profit due to significantly declining quota-sugar sales revenues:

REVENUES:
€ **3,228** [3,901] million

OPERATING PROFIT:
€ **7** [437] million

CAPITAL EMPLOYED:
€ **3,199** [3,186] million

ROCE:
0.2 [13.7] %

CROPENERGIES SEGMENT

CropEnergies segment again generates higher revenues driven by expanding volume, but operating profit turns negative due to declining ethanol sales revenues.

REVENUES:
€ **764** [720] million

OPERATING PROFIT:
€ **–11** [35] million

CAPITAL EMPLOYED:
€ **518** [544] million

ROCE:
–2.2 [6.4] %

FRUIT SEGMENT

Fruit segment operating profit same as last year; revenues decline due to weaker volumes and sales revenues but offset by lower costs:

REVENUES:
€ **1,062** [1,172] million

OPERATING PROFIT:
€ **65** [65] million

CAPITAL EMPLOYED:
€ **782** [801] million

ROCE:
8.4 [8.1] %

PRODUCTION LOCATIONS

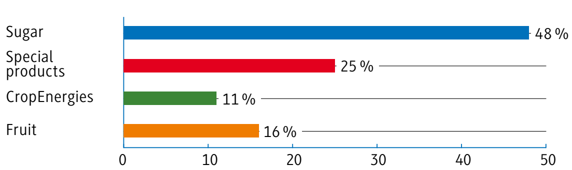
SUGAR SEGMENT
SPECIAL PRODUCTS SEGMENT
CROPENERGIES SEGMENT
FRUIT SEGMENT

KEY FIGURES

		2014/15	2013/14[1]	2012/13	2011/12	2010/11
Revenues and earnings						
Revenues	€ million	6,778	7,533	7,879	6,992	6,161
EBITDA	€ million	453	889	1,246	1,015	775
EBITDA margin	%	6.7	11.8	15.8	14.5	12.6
Operating profit	€ million	181	622	972	751	521
Operating margin	%	2.7	8.3	12.3	10.7	8.5
Net earnings	€ million	74	387	734	515	346
Cash flow and investments						
Cash flow	€ million	389	697	996	823	606
Investments in fixed assets[2]	€ million	386	377	338	276	245
Investments in financial assets/acquisitions	€ million	1	22	183	10	6
Total investments	€ million	387	399	521	286	251
Performance						
Fixed assets[2]	€ million	2,832	2,699	2,676	2,605	2,612
Goodwill	€ million	1,145	1,145	1,147	1,141	1,131
Working capital	€ million	1,787	1,916	2,015	1,848	1,451
Capital employed	€ million	5,877	5,873	5,950	5,707	5,314
Return on capital employed	%	3.1	10.6	16.3	13.2	9.8
Capital structure						
Total assets	€ million	8,474	8,663	8,806	8,289	7,260
Shareholders' equity	€ million	4,461	4,625	4,731	3,970	3,687
Net financial debt	€ million	593	536	464	791	854
Net financial debt to cash flow ratio		1.5	0.8	0.5	1.0	1.4
Equity ratio	%	52.6	53.4	53.7	47.9	50.8
Net financial debt as % of equity (gearing)	%	13.3	11.6	9.8	19.9	23.2
Shares						
Market capitalization	€ million	2,782	4,114	6,850	4,117	3,768
Total shares issued as of 28/29 February	Millions of shares	204.2	204.2	204.2	189.4	189.4
Closing price on 28/29 February	€	13.63	20.15	33.55	21.75	19.90
Earnings per share	€	0.10	1.37	3.08	1.99	1.33
Dividend per share[3]	€	0.25	0.50	0.90	0.70	0.55
Yield as of 28/29 February	%	1.8	2.5	2.7	3.2	2.8
Employees		**18,460**	**18,186**	**17,940**	**17,489**	**17,658**

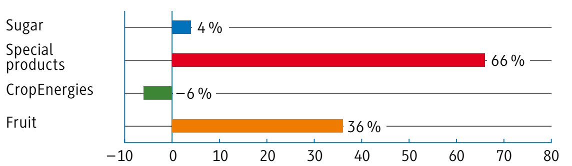
[1] The prior year numbers have been adjusted in accordance with IAS 8. Further disclosures are included in note (1) of the notes.
[2] Including intangible assets.
[3] 2014/15: Proposal.

Revenues by segment in %



€ million	2014/15	2013/14	+/– in %
Sugar segment	3.228	3.901	–17.3
Special products segment	1.724	1.740	–0.9
CropEnergies segment	764	720	6.1
Fruit segment	1.062	1.172	–9.4
Group total	**6.778**	**7.533**	**–10.0**

Operating profit by segment in %



€ million	2014/15	2013/14	+/– in %
Sugar segment	7	437	–98.4
Special products segment	120	85	41.8
CropEnergies segment	–11	35	–
Fruit segment	65	65	1.1
Group total	**181**	**622**	**–70.8**

PROSPECTS AND OPPORTUNITIES: MEGATRENDS THAT ARE MAKING A DIFFERENCE AT SÜDZUCKER.

Read more about Südzucker's future prospects starting on page 04.

SUGAR SEGMENT

		2014/15
Revenues	€ million	**3,228**
EBITDA	€ million	133
Depreciation	€ million	–126
Operating profit	€ million	**7**
Restructuring/special items	€ million	–7
Income from companies consolidated at equity	€ million	–5
Income from operations	€ million	**–5**
EBITDA margin	%	4.1
Operating margin	%	0.2
Investments in fixed assets	€ million	186
Investments in financial assets	€ million	0
Total investments	€ million	**186**
Shares in companies consolidated at equity	€ million	250
Capital employed	€ million	3,199
ROCE	%	0.2
Employees		**8,097**

- European market leader
- 29 sugar factories, 3 refineries
- 405,000 ha cultivation area
- 34.0 million t beets processed
- 5.4 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

		2014/15
Revenues	€ million	**1,724**
EBITDA	€ million	192
Depreciation	€ million	–72
Operating profit	€ million	**120**
Restructuring/special items	€ million	–3
Income from companies consolidated at equity	€ million	27
Income from operations	€ million	**144**
EBITDA margin	%	11.2
Operating margin	%	7.0
Investments in fixed assets	€ million	125
Investments in financial assets	€ million	1
Total investments	€ million	**126**
Shares in companies consolidated at equity	€ million	81
Capital employed	€ million	1,377
ROCE	%	8.7
Employees		**4,406**

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

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

PORTIONPACK EUROPE
- Portion packs
- 7 production locations (Belgium, Great Britain, Netherlands, Spain, South Africa, Czech Republic)

STARCH
- Starch for food and non-food sectors as well as bioethanol
- 3 production locations in Austria; 1 each in Hungary, Romania and Germany (under construction)

CROPENERGIES SEGMENT

		2014/15
Revenues	€ million	**764**
EBITDA	€ million	25
Depreciation	€ million	−36
Operating profit	€ million	**−11**
Restructuring/special items	€ million	−28
Income from companies consolidated at equity	€ million	0
Income from operations	€ million	**−39**
EBITDA margin	%	3.3
Operating margin	%	−1.5
Investments in fixed assets	€ million	32
Investments in financial assets	€ million	0
Total investments	€ million	**32**
Shares in companies consolidated at equity	€ million	2
Capital employed	€ million	518
ROCE	%	−2.2
Employees		**438**

FRUIT SEGMENT

		2014/15
Revenues	€ million	**1,062**
EBITDA	€ million	103
Depreciation	€ million	−38
Operating profit	€ million	**65**
Restructuring/special items	€ million	−6
Income from companies consolidated at equity	€ million	0
Income from operations	€ million	**59**
EBITDA margin	%	9.8
Operating margin	%	6.1
Investments in fixed assets	€ million	43
Investments in financial assets	€ million	0
Total investments	€ million	**43**
Shares in companies consolidated at equity	€ million	0
Capital employed	€ million	782
ROCE	%	8.4
Employees		**5,519**

CROPENERGIES

- One of the leading European manufacturers of sustainably produced bioethanol, predominantly for the fuel sector, with an annual production capacity of over 1.2 million m³ 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 m³ of bioethanol for fuel and traditional applications as well as 260,000 tonnes of dried protein animal feed
- 1 production location in Belgium with an annual bioethanol production capacity of up to 300,000 m³, 55,000 tonnes of gluten and more than 300,000 tonnes of liquid protein animal feed
- 1 production location in Great Britain with an annual bioethanol production capacity of up to 400,000 m³ and 350,000 tonnes of dried protein animal feed (currently not in operation)
- 1 production location in France with an annual capacity of up to 180,000 m³ of 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 PREPARATIONS (AGRANA FRUIT)

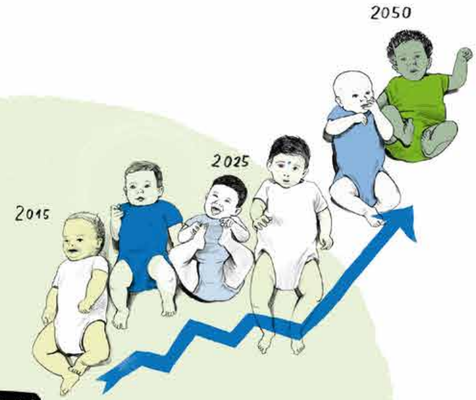
- World market leader
- Fruit preparations for international food companies (e. g., dairy, ice cream and baked goods industries)
- 25 production locations around the world (Austria, Belgium, Germany, France, Poland, Russia, Serbia, Turkey, Ukraine; Egypt, Argentina, Australia, Brazil, China, Fiji, Morocco,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

FRUIT JUICE CONCENTRATES (AUSTRIA JUICE)

- Leading producer of fruit juice concentrates in Europe
- Fruit juice concentrates, fruit purees, natural flavors as well as beverage bases and direct juices for the processing industry
- 14 production locations (China, Denmark, Germany, Austria, Poland, Romania, Hungary, Ukraine)

READY FOR THE FUTURE: TRENDS THAT ARE BENEFITING THE SÜDZUCKER PRODUCT PORTFOLIO

The main features of megatrends are that they have a long-term impact and influence each other. These three major trends are also changing our world today and will continue to do so in the future: there are more of us, we are more mobile and we are better off. All three are having a positive effect on Südzucker's product portfolio, which consists of the sugar, special products, CropEnergies and fruit segments. Find out how all these factors influence each other on the following pages of this annual report. The future holds many prospects and opportunities in store for Südzucker. We intend to seize them.



MEGATREND 01

GROWING GLOBAL POPULATION

The conclusion is clear: More people means greater need for food – and higher sugar consumption.

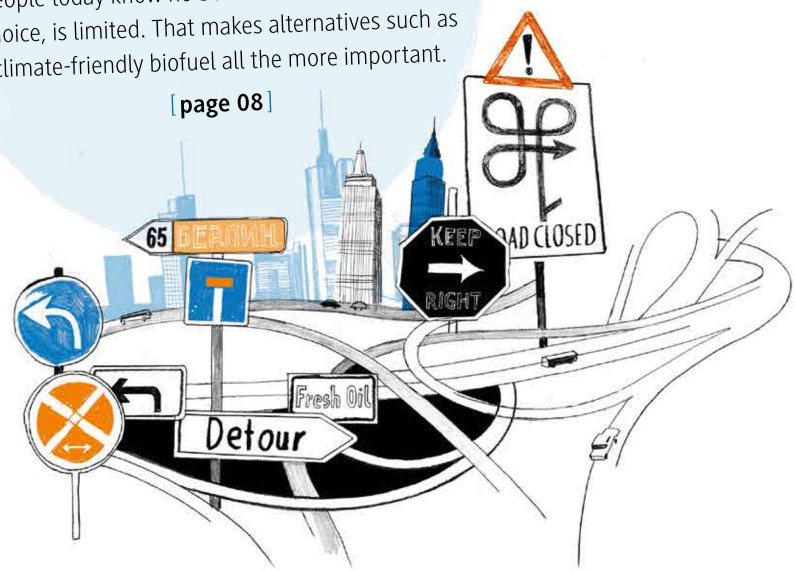
[page 06]

MEGATREND 02

INCREASING MOBILITY

People today know no borders. Yet oil, our fuel of choice, is limited. That makes alternatives such as climate-friendly biofuel all the more important.

[page 08]



MEGATREND 03

RISING STANDARD OF LIVING

Many people are better off than in the past – and that trend is set to continue. This is creating new needs when it comes to food, too. The challenge at hand is to satisfy these needs with the right products.

[page 10]

THE WORLD NEEDS CARBOHYDRATES

Südzucker delivers.

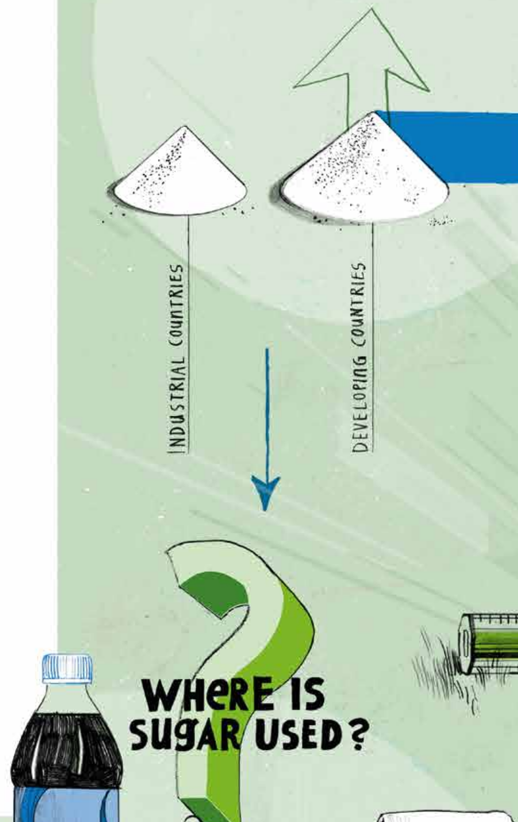
According to estimates, the world's population will increase from around 7.2 billion people today to around 8.1 billion by 2025. Global sugar production, with a current volume of around 180 million metric tonnes, needs to keep up with this trend in the long term without depleting resources. These little white crystals are highly versatile and are both food and luxury. That makes sugar in its various forms so very essential.

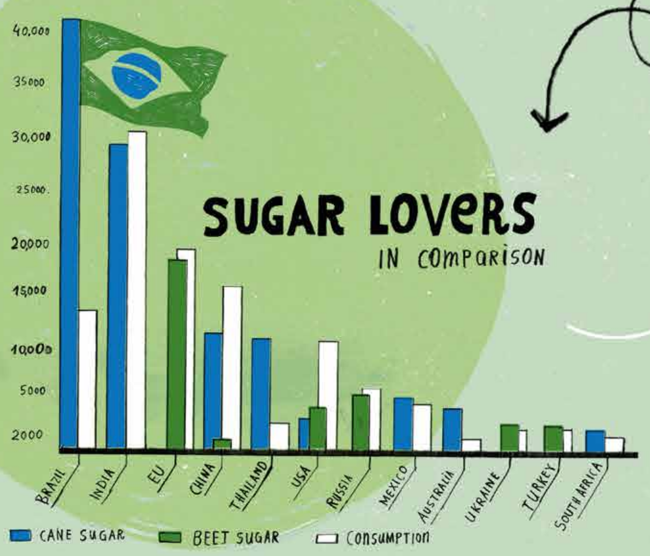
As a carbohydrate consisting of glucose and fructose, sugar is an important source of energy. Our brain, kidneys and red blood cells alone need between 160 and 180 grams of glucose every day just to keep going.

In its role as a sugar company with a rich tradition and a market leader in Europe, Südzucker is prepared for international demand thanks to its stake in the globally positioned British agricultural commodities wholesaler ED&F Man, among other factors. The world's second-largest sugar trading company offers an ideal platform for once again promoting the sugar business outside Europe in the future.

At the same time, our production has always combined targeted high product quality with systematic sustainability management. This ranges from our zero-waste policy in sugar processing and the expansion of soil-protection measures to efficient energy production at our sugar factories.

The population continues to grow rapidly, especially in developing countries. In Africa alone, the number or people – and the number of potential sugar consumers – is set to almost double by 2050 to nearly 2 billion. And more than 1 billion people will call Asia their home.





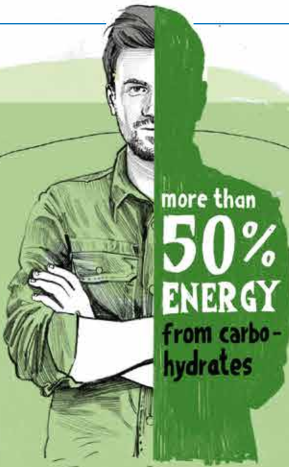
Brazil leads the world when it comes to cane sugar production and export. India comes in second. However, the country consumes all the sugar it produces domestically.

MEGATREND 01
GROWING GLOBAL POPULATION

There are more of us every day. As the population grows, so does the global need for food. But there is only so much land available for agriculture. The challenge is to produce food in a particularly efficient and sustainable manner while meeting the growing demand – which extends to sugar, too.

Year	2015	2050
Global population	7.2 Billion	9.7 Billion

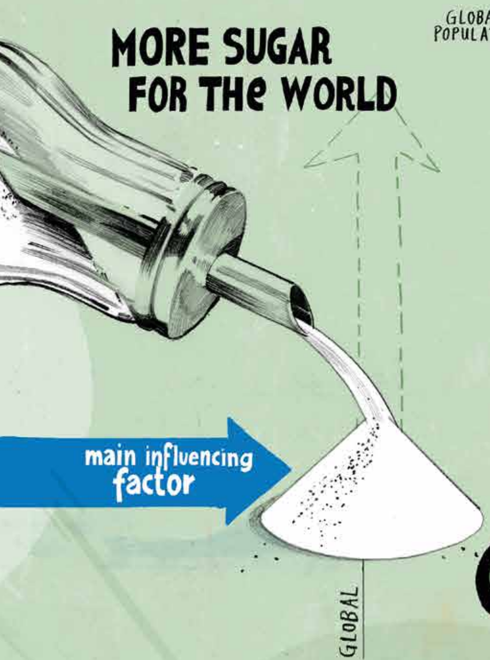
As the population grows, so does the need for carbohydrates. According to guidelines for healthy nutrition, adults should get more than 50 % of their daily energy needs from carbohydrates, such as sugar or starch.



2050
RISING DEMAND FOR CARBOHYDRATES BY
34.7%

HIGH ENERGY!

MORE SUGAR FOR THE WORLD

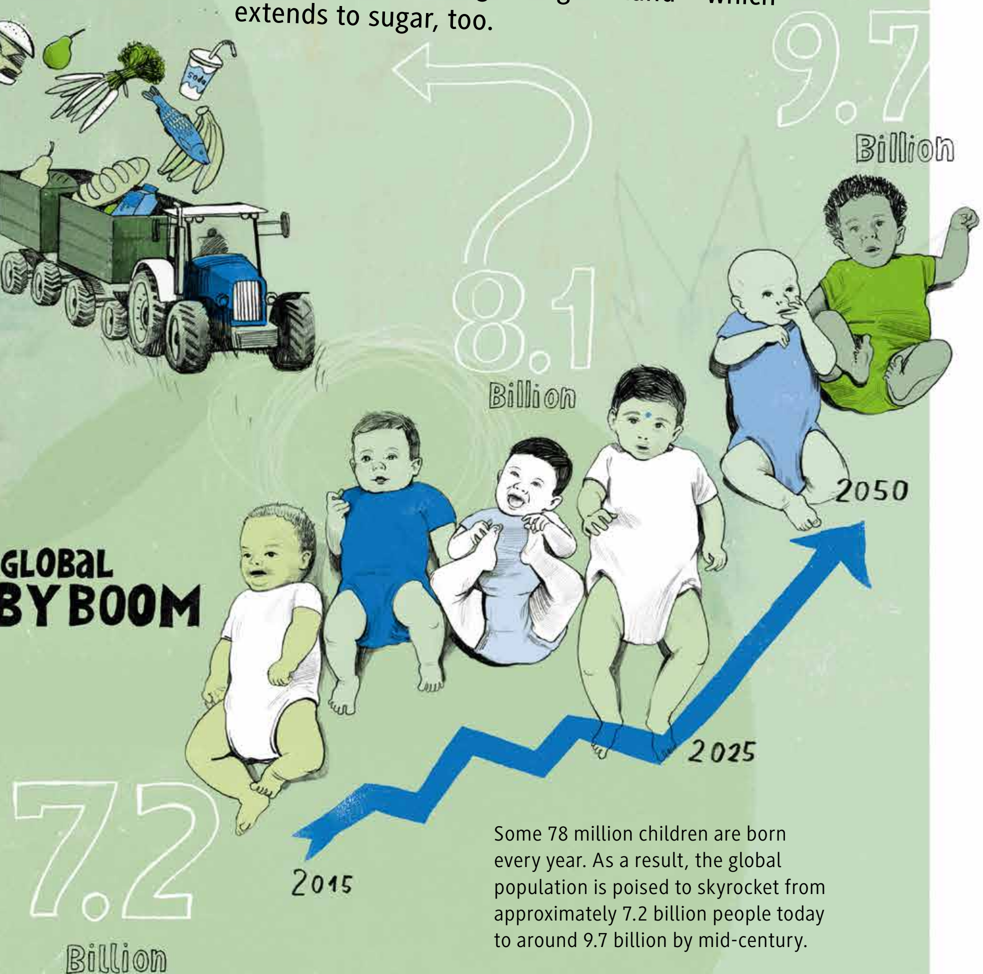


FOOD, GLORIOUS FOOD

The industry that feeds us: Around 4 billion metric tonnes of food are produced around the world every year – and that number is on the rise.

Sugar is highly versatile. Almost 85 % of the annual volume produced is processed in the food, beverage, pharmaceutical or chemical industry. The remaining 15 % ends up in people’s homes.

GLOBAL BABY BOOM



Some 78 million children are born every year. As a result, the global population is poised to skyrocket from approximately 7.2 billion people today to around 9.7 billion by mid-century.

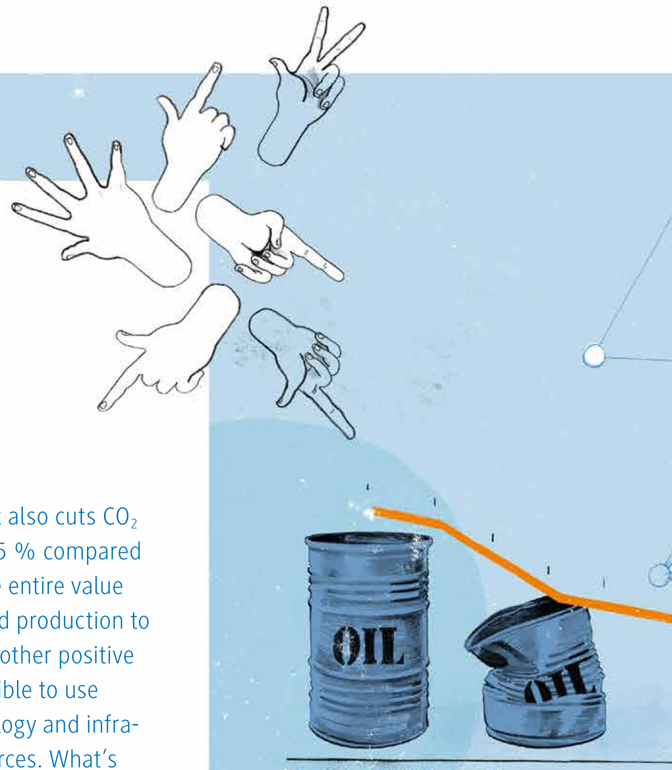
FOR A WORLD IN MOTION

Südzucker is combining mobility and sustainability.

Many aspects of modern life, such as long commutes or frequent travel for business and pleasure, demand constantly growing mobility. At the same time, freight traffic is also rising rapidly. These trends are set to gain even more momentum worldwide and increase demand for energy. After all, nothing can move without it – in the form of calories for people's bodies or in the form of fuel for engines.

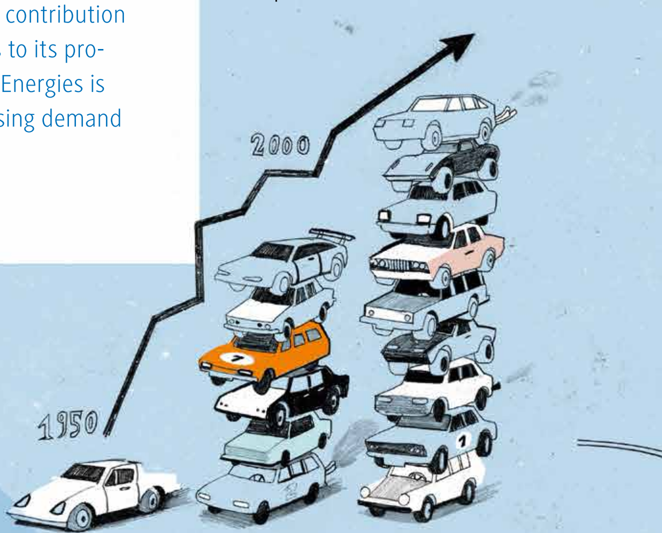
Südzucker is at home in both worlds. The company makes sugar, a classic source of energy that makes a contribution to our daily nourishment in a variety of forms, as well as bioethanol. Unlike oil, which is a limited resource, bioethanol is produced from renewable raw materials, such as grain that has not been cultivated for human consumption. It also cuts CO_2 emissions by at least 35 % compared to fossil fuels along the entire value chain, from farming and production to engine combustion. Another positive aspect is that it is possible to use existing vehicle technology and infrastructure, saving resources. What's more, the production of bioethanol also results in high-quality food and animal feed – to get engines, people and animals moving.

As a result, bioethanol has the right stuff to fuel the mobility megatrend while making a valuable contribution to sustainability. Thanks to its production capacities, CropEnergies is equipped to meet the rising demand in Europe.

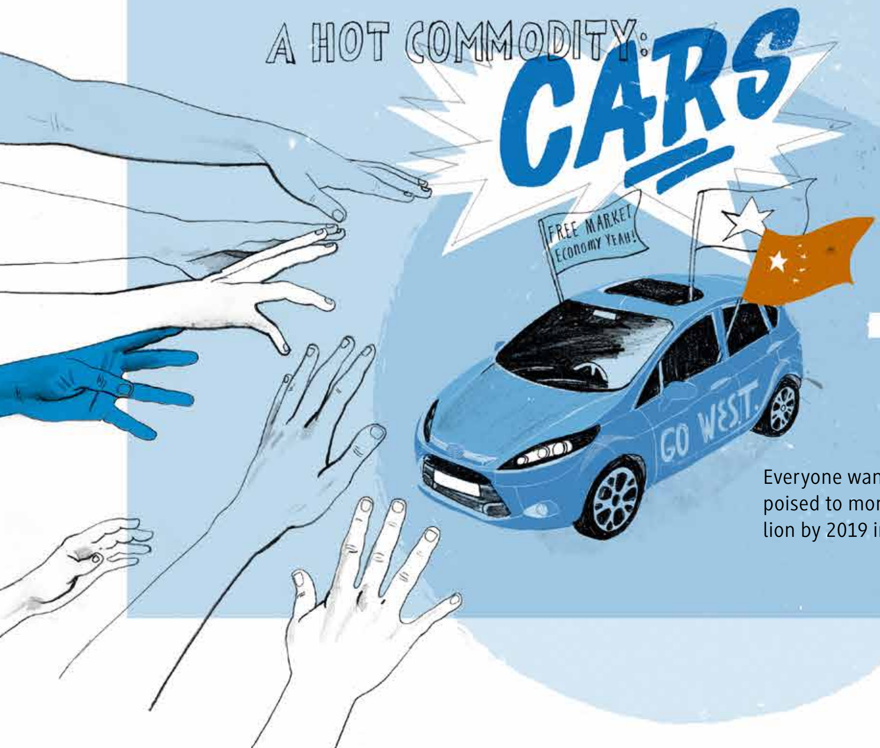


BYE-BYE, OIL

The days of "easy oil" are coming to an end. Billions are being spent on technologies such as fracking to tap into increasingly inaccessible sources, making alternatives such as bioethanol all the more important.



Between 1950 and 2000, the number of cars produced worldwide increased from just over 10 million to almost 60 million. This growth is set to continue unabated.



Everyone wants a car. Auto sales are poised to more than double to 27.7 million by 2019 in China alone.

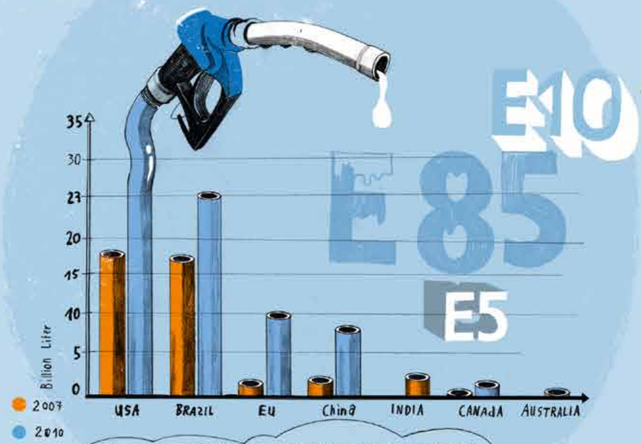
TAKE OFF FOR AIR TRAFFIC

Global air traffic is set to double by 2035. At the same time, environmental standards are rising. In the United States, many planes are already flying on bioethanol instead of kerosene.

MEGATREND 02

INCREASING MOBILITY

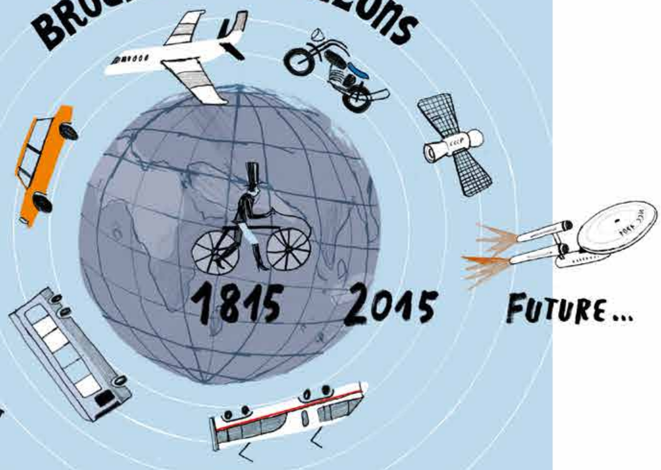
Our need for mobility is growing – and so is the demand for the energy to guarantee our mobility. However, oil is a limited source of energy, making renewable and sustainable alternatives such as bioethanol all the more important in the future.



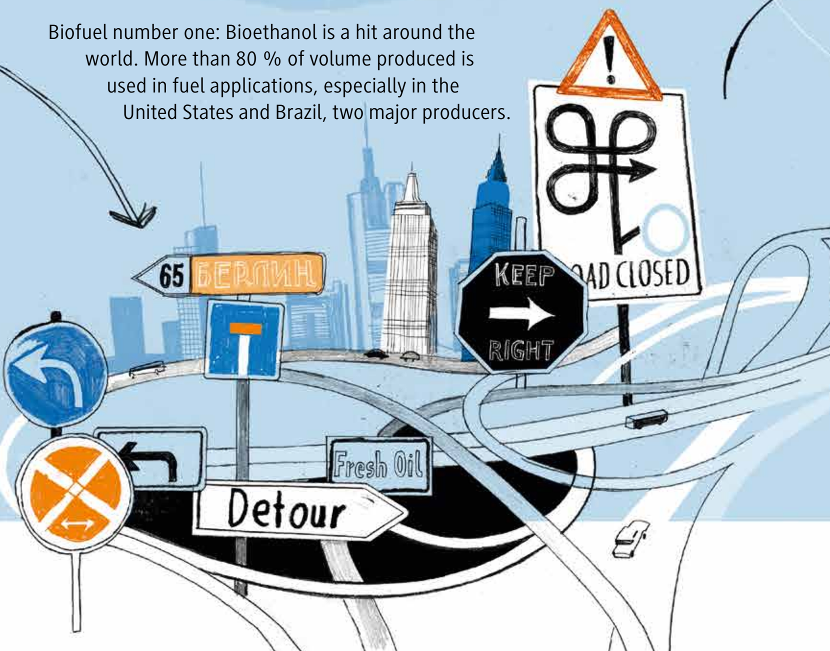
BIOETHANOL CONSUMPTION THE TOP 7

Biofuel number one: Bioethanol is a hit around the world. More than 80 % of volume produced is used in fuel applications, especially in the United States and Brazil, two major producers.

BROADENING HORIZONS



Thanks to improved transport conditions, our desire to travel is growing. The word “tourism” was first coined in the early 19th century. And today, the world is ours.



MOVING TO MEGACITIES

People around the world are moving to the city. Urban areas are merging, creating megacities. According to estimates, 3.9 billion people will live in cities by 2050.

THE WORLD HAS A HANKERING

Südzucker makes food taste good.

Good food needs to do more than just satisfy a person’s hunger: It also needs to comply with quality and sustainability standards, taste good, be easy to prepare and much more. Südzucker is catering to this trend both directly and indirectly with a wide range of various products.

Our best-known product, other than sugar, is probably pizza. It is easy to prepare and adapt to different cultures to satisfy a wide variety of tastes and preferences. We are currently working on entering the American market in addition to the European market. An increasing variety of fruit juices and yogurts, for example, are also available in a growing number of countries. We supply the “fruit” in the form of fruit juice concentrates and fruit preparations.

Demand is also rising for food that does more than just satisfy hunger. We develop and produce the ingredients: Isomalt for better dental health, inulin and oligofructose for digestive health and controlling weight, rice derivatives for gluten-free baby food and Palatinose for endurance athletes. We are also seizing additional market opportunities by building a new wheat starch factory in Zeitz.

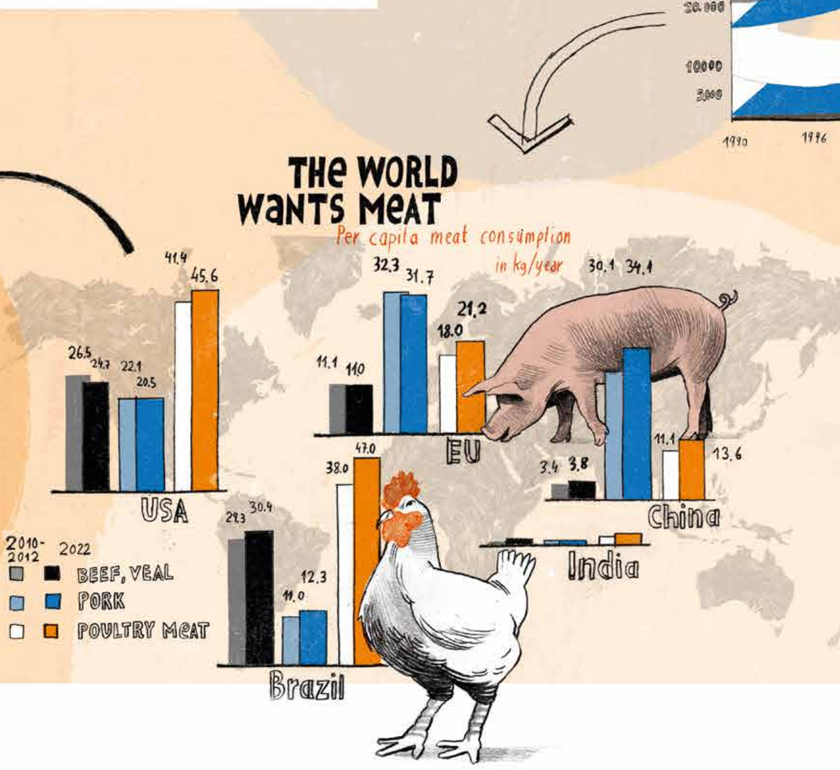
As the standard of living rises, so does demand for meat – and the need for animal feed. By providing high-quality animal feed that is a byproduct of sugar and bioethanol production, Südzucker offers a sustainable alternative to the large-scale cultivation of soy.

The market for food that is more than just filling or delicious is huge. More and more people are looking for functional foods that help them improve their well-being and prevent illness.

MORE AND MORE MONEY

Average incomes are set to rise in many countries in the long term. But there are still massive differences between the poorest of them – such as Liberia, at USD 240 – and Monaco, which leads the pack at over USD 183,000 per year.

Animal feed production also means high-quality processing of byproducts. Around half of straight feedingstuffs come from food-industry players, such as sugar factories and oil or flour mills.



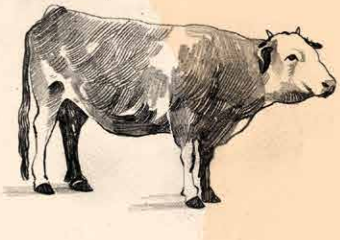
Demand for baby food based on rice derivatives is growing. Rice derivatives open the door to clean labeling. They are also gluten-, lactose- and allergen-free. Rice, rice baby!

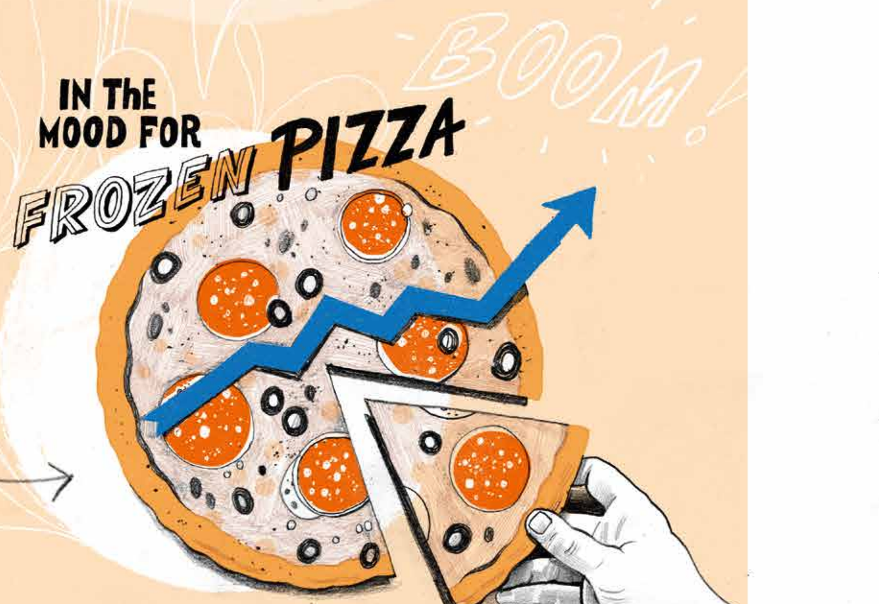
MEGATREND 03

RISING STANDARD OF LIVING

Per capita income is rising around the world. For more and more people, this mainly means that they have the money to buy food. At the same time, people in many countries have growing disposable incomes, leading them to buy high-quality convenience products. The result is a wide range of different needs that need to be met.

In many parts of the world, more money means more meat on the table. According to experts, meat production is set to rise from 300 million metric tonnes today to nearly 500 million metric tonnes by mid-century.





Frozen pizza is popular around the world. Consumption in Germany alone has increased a hundredfold since 1973, with sales rising from 2,800 metric tonnes to more than 281,000 metric tonnes in 2014.

TO OUR SHAREHOLDERS

MANNHEIM, 24 APRIL 2015

Dear shareholders,

As we anticipated and forewarned, the difficult situation in the European sugar and bioethanol markets has led to a turning point for Südzucker Group after years of record revenues and profits. Group revenues declined to € 6.8 (7.5) billion. The slump in operating profit was worse by far. This was driven especially by the extremely low price levels for our sugar and bioethanol products, starting especially in the second half of the fiscal year. Both segments began reporting quarterly operating losses as the year progressed. These negative developments were somewhat cushioned by the excellent results in the special products and fruit segments, but their contributions were by far not enough to offset the shortfall. For the fiscal year overall operating profit declined 70 % to € 181 (622) million.

This earnings development is also reflected in the dividend recommendation we together with the supervisory board will present for approval to you our shareholders at the annual general meeting: We propose a dividend of € 0.25 (0.50) per share.

You are of course quite rightly asking about the causes of this slump, and more importantly, what we plan to do to position Südzucker successfully for the long term.

One of the root causes is European sugar policy, which again and again presents companies with new challenges – for example, right now, the expiry of minimum beet price regulations and sugar production quotas in 2017, which has already increased pressure on prices and thereby price competition. In addition, the EU Commission introduced measures that added sugar volumes to an already well served market, even though it was unnecessary. At the same time, the volume of beets now growing in Europe far exceeds any previous volumes, which has led to record sugar production. And finally, an extremely low world market price level has added pressure to EU prices.

In response, we increased our efforts very early to adjust the company to this renewed obstacle, especially the sugar segment. We are examining every process, starting from the planting of the raw material, beets in the field, right through to the finished product we send to customers. Our goal is to be the cost leader at all stages of the value chain. Our employees have taken on this task with great passion. This commitment and the readiness of the beet growing industry to work with the company to overcome these challenges is a clear signal that we once again aim to emerge from this crisis as a stronger company. We have already taken some steps to this end.

We see the elimination of export restrictions as of October 2017 in a positive light. The European sugar industry will once again have unrestricted access to the world market and we together with our partner ED&F Man plan to serve it.

In the bioethanol segment, strong price pressure combined with the higher value of the British pound forced CropEnergies to suspend production at Ensus in Wilton, Great Britain, toward the end of the fiscal year. This was caused among other things by the difficult situation in the European ethanol market, which is to a great extent due to the prolonged political process in the EU, which aims to increase the share of renewable energies in the transportation sector, in accordance with legislated climate targets. Countless companies, including CropEnergies, had expected the climate targets to be implemented quickly and built up their production capacities accordingly. Now large volumes of available bioethanol are adding to the pressure on prices. Initial political indicators are now making us confident. Here we are counting above all on upcoming EU policy decisions that must be made with a view toward sustainable power generation. This should increase demand and thus also boost prices.

The business results in the individual segments varied widely last fiscal year. In the third quarter we were forced for the first time in Südzucker's history to report a negative result in the sugar segment. Overall, operating profit slumped to € 7 (437) million on revenues of € 3.2 (3.9) billion.

Yet the record beet harvest in 2014, with an average yield per hectare of 84 tonnes, about 20 % above the five-year average, could have been cause for celebration. It was an impressive demonstration of the high yield potential of sugar beets. Looking forward, we were able to demonstrate that our sugar factories will have no problem dealing with the longer campaigns planned for the future. This will significantly cut fixed per unit costs. However, the massive volume of sugar produced then had to be sold into an already saturated market, which had a predictable impact on prices and significantly intensified volume and price competition in the European market. We were not surprised by the basic developments: What was new were the strength and speed with which the European sugar market reacted.

The news from the special products segment is positive: even though revenues were the same as last year at € 1.7 billion, operating profit jumped sharply, to € 120 (85) million. Our strategy of establishing and expanding businesses other than the sugar segment has paid off, even though the contributions were not enough to offset the downturn in the other divisions. This is why we are strengthening the segment through investments, a major share of which is going toward construction of a wheat starch factory at the Zeitz site. The new plant will enable us to expand our product portfolio.

We had to cope with major setbacks in the CropEnergies segment. Ethanol sales revenues began declining at the beginning of the fiscal year and did not recover. Instead, they came under increased pressure. Even though revenues grew from € 720 to € 764 million, operating profit was negative at € −11 (35) million.

In addition to the political framework already mentioned, there is no doubt that the price of oil, which for a time fell to its lowest level in many years, also contributed to the shortfall, as well as exerting negative pressure on the production of sustainable alternatives to fossil fuels. We had to take these developments in stride and as mentioned above, temporarily shut down one factory.

Although the fruit segment also had to contend with falling prices and stagnating markets, it was able to cut costs because of falling raw material prices and production plant optimization. In the end, the division was able to generate the same excellent operating profit as last year, € 65 million, from revenues of € 1.1 (1.2) billion. Our goal is to grow faster than the market and capture more market share.

In an ever increasingly networked world, individual crises and conflicts might have ramifications that at first glance were neither foreseeable nor budgeted. For example, the financial markets reacted to the Greek crisis and conflict in Ukraine, currency exchange rates fluctuate from one day to the next, business and financial sanctions cause markets to dry up or create new ones. Our job is to position Südzucker to be capable of appropriately responding to all such events over the long term, which means having the leanest and most flexible organizational structures possible. We are working on just that. We are optimistic that we will again be able to generate excellent profits in the medium term.

But while many business conditions can change overnight, adjusting our strategy and implementing a new one is a process that is not necessarily quickly reflected in results and profit numbers.

What makes us optimistic about the future are the so-called megatrends, such as population growth, rising demand for food, increasing mobility – and thus demand for energy – as well as an overall rising living standard. You will see some of the ways our company can benefit from these trends in the long term as you read through the pages of this annual report.

Still, our outlook for the current fiscal 2015/16 year from today's perspective is cautious. The continuing extremely low prices for sugar and ethanol, which already weighed on the profits of the fiscal year just ended, are having an even greater impact. We do not foresee a turnaround in sugar prices in the near term, and ethanol prices are currently fluctuating widely. We are certain that the markets will rebound, because at current prices uncompetitive manufacturers can hardly be profitable. This will reduce volumes in the market and thereby improve the price situation. Against this backdrop, we expect group revenues to decline once more in fiscal 2015/16, to between € 6.0 and 6.3 billion and operating profit to range between € 50 and 150 million.

Südzucker Group is in the midst of changing profoundly, and this harbors major challenges and uncertainties for our employees. We ask every employee to help Südzucker weather this difficult phase. We thank everyone for their commitment toward helping to make the necessary changes. Together with you we want to prove that the largest European sugar company can also successfully master difficult circumstances and remain an enduring player in the market.

And we thank you our shareholders for your trust. It is the basis of our sustainable corporate growth.

Sincerely,
Südzucker AG
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.

FRANZ-JOSEF MÖLLENBERG**
First Deputy Chairman
Rellingen
Trade Union Secretary of the
Food and Catering Union

ERWIN HAMESEDER
Second Deputy Chairman
(since 17 July 2014)
Mühldorf, Austria
Chairman of Raiffeisen-Holding
Niederösterreich-Wien

DR. CHRISTIAN KONRAD
Until 17 July 2014
Former Second Deputy Chairman
Vienna, Austria

DR. RALF BETHKE
Until 17 July 2014
Deidesheim

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

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

VERONIKA HASLINGER
Since 17 July 2014
Vienna
Managing Director of Raiffeisen-Holding
Niederösterreich-Wien

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

WOLFGANG KIRSCH
Königstein
Chairman of the executive board
DZ BANK AG

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

SUSANNE KUNSCHERT
Since 17 July 2014
Stuttgart
Managing director of
Pilz GmbH & Co. KG

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

GÜNTHER LINK**
Oberickelsheim
Chairman of the works council at the
Ochsenfurt factory of Südzucker AG

BERND MAIWEG**
Bellheim
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

PETRA SCHWALBE**
Berlin
State area chairman of the
Food and Catering Union

NADINE SEIDEMANN**
Donauwörth
Member of the works council
at the Rain factory of
Südzucker AG

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

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

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

* Other board memberships are listed starting on page 181 of the annual report.
** Employee representative.

Executive board*

DR. WOLFGANG HEER
(CEO)
LUDWIGSHAFEN AM RHEIN

- Sales / sugar trading
- Corporate development
- Compliance
- Audit
- Public relations
- Human resources
- Organisation / IT
- Food law / consumer policy / quality control Marketing

DR. LUTZ GUDERJAHN
OFFSTEIN

Until 30 April 2015

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

DR. THOMAS KIRCHBERG
OCHSENFURT

- Agricultural raw materials
- Animal feed / by-products
- Farms / raw material markets
- Agricultural research and development
- Agricultural policies

THOMAS KÖLBL
SPEYER

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

JOHANN MARIHART
LIMBERG, AUSTRIA

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

* Other board memberships are listed starting on page 181 of the annual report.

Dear shareholders,

Let us look back a little. In 2006, EU beet cultivation and sugar production policies changed fundamentally, and conditions for beet farmers and sugar producers deteriorated dramatically. After this setback, the company was able to return to the path of success and drive revenues and profits to record highs over the past few years. In 2013/14, the settlement in February 2014 related to an antitrust case cast a shadow on performance.

Today, sinking sugar prices and the EU Commission's decision to let minimum beet price and quota regulations expire without replacement in 2017 are presenting the European sugar industry with new challenges. We had already seen signs of these pending developments in fiscal 2013/14. The supervisory and executive boards' job was to evaluate the foreseeable consequences for the company and introduce appropriate countermeasures. More importantly, the supervisory board and executive board last year intensively discussed the strategic direction of the sugar segment in the context of the position of the overall company and the other segments.

Again in fiscal 2014/15, we were able to work on the basis of mutual trust and in the spirit of a goal-oriented team with the executive board and examine in depth 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 latter's management of the company.

The supervisory board was directly involved in all decisions of material importance affecting Südzucker Group and was continuously advised in detail and in a timely manner on all issues related to corporate planning and further strategic development, business activities, the status and development of Südzucker Group (including risk situation), 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 executive board reports were mainly updates about the company's situation and development, corporate policy and profits as well as Südzucker AG's and Südzucker Group's corporate, treasury, investment, research and personnel budgets. In addition, the supervisory board chairman took part in executive board meetings and was informed by the CEO 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 2014/15. One executive board member did not attend the supervisory board meeting on 27 January 2015. 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 supervisory board dealt with issues affecting Südzucker's operating business and the fallout from the antitrust case in line with its consulting and monitoring responsibilities at the four ordinary meetings. In this connection, it awarded contracts to specialists to assess the responsibilities of the company's various bodies.

On 10 March 2014, the supervisory board approved by written procedure an AGRANA-Beteiligungs-AG acquisition project.

The only item on the agenda of the extraordinary supervisory board meeting on 13 May 2014 was the sugar segment strategy, which the executive board presented in detail. It was subsequently discussed intensively, decisions have not been taken.

The meeting regarding the balance sheet on 14 May 2014 dealt with the audit and endorsement of Südzucker AG's financial statements and the consolidated financial statements dated 28 February 2014. 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. In addition, preparations were made for the 2014 annual general meeting. The supervisory board adopted the agenda and proposed resolutions, in particular the recommended supervisory board candidates and the planned amendments to the articles of association with regard to changing the company name to Südzucker AG and the changes to supervisory board remuneration. Finally, the supervisory board approved a plan to acquire a stake in PortionPack Europe.

The medium-range plan was presented and discussed in a meeting on 16 July 2014, the day before the annual general meeting. The supervisory board approved the investment plan for 2015/16, the long-term investment program and investment ammendments. In addition, Mr. Erwin Hameseder was elected to succeed Dr. Konrad as the second deputy chairman of the supervisory board and member of the mediation and social committees.

On 14 November 2014, the supervisory board approved by written procedure an AGRANA-Beteiligungs-AG financing proposal.

The earnings projections for 2014/15 were presented at the board's 20 November 2014 meeting. Corporate governance was discussed in detail as always during the November meeting. In addition, the board conducted its annual test of effectiveness and completed the 2014 declaration of compliance. The board also approved an AGRANA Beteiligungs-AG acquisition project and financing plan.

The latest earnings projections for 2014/15 were presented at the supervisory board meeting on 27 January 2015. The supervisory board approved ammendments to the investments. It elected Ms. Veronika Haslinger – as the successor to Mr. Erwin Hameseder – as a member of the audit committee. She is a financial expert on the supervisory board and the audit committee as defined in section 100, paragraph 5 of the German Stock Corporation Act.

Two members were excused at the extraordinary supervisory board meeting on 13 May 2014. One member each was excused at the supervisory board meetings on 14 May 2014 and 16 July 2014. However, the absent members took part in the decision making via written votes. Otherwise, all supervisory board members personally attended the meetings.

SUPERVISORY BOARD COMMITTEES The supervisory board set up five committees to enable its efficient fulfillment of duties (general 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. 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 chairs of the committees reported their findings at each subsequent supervisory board sitting.

GENERAL COMMITTEE The supervisory board general committee met three times in fiscal 2014/15. The board discussed the status of the antitrust case in its meetings on 16 July and 20 November 2014 and 27 January 2015. At the meeting on 27 January 2015, it prepared the regular adjustment of the executive board's remuneration.

AUDIT COMMITTEE The audit committee convened five times during the year, in three meetings and two telephone conferences. At its 6 May 2014 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 meeting on 16 July 2014, the audit committee discussed the auditor's quotation for the audit assignment and commissioned the auditor subject to election of the auditor at the annual general meeting on the following day. In the 7 October 2014 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 financial report. In telephone conferences on 8 July 2014 and 9 January 2015, the audit committee discussed the Q1 and Q3 2014/15 quarterly financial reports with the executive board.

All members participated at the audit committee meetings and telephone conferences.

AGRICULTURAL COMMITTEE The agricultural committee met on 20 November 2014. Topics on the agenda included a business update by the agricultural / raw material markets division on the development in the agricultural commodity markets, the implementation of the EU agricultural reform and the practice of smart farming.

MEDIATION AND SOCIAL COMMITTEE 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, without external assistance. Each year, the questionnaire is revised according to the latest changes to the code. The questionnaires were assessed in the meeting on 20 November 2014, 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 27 January 2015, the executive board, external auditor, chairman of the supervisory board and audit committee sat for the regular fraud review meeting. The topics presented and discussed included the assessment of business risks, measures to limit the risks arising from fraud and responses to cases of fraud.

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 2014 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.

ANNUAL FINANCIAL STATEMENT 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 2014/15, the recommendation of the executive board for appropriation of retained earnings and the consolidated financial statements and management report for 2014/15, and issued a qualified 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 11 May 2015 meeting and in the supervisory board's financial review meeting of 20 May 2015 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 20 May 2015, 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 € 0.25 per share.

PERSONNEL The following changes occurred on the supervisory board in fiscal 2014/15:

In accordance with the rules of procedure for the supervisory board, shareholder representatives Dr. Ralf Bethke and Dr. Christian Konrad resigned from the supervisory board effective as of the adjournment of the annual general meeting on 17 July 2014.

Shareholders at the annual general meeting on 17 July 2014 appointed Ms. Veronika Haslinger (managing director of Raiffeisen-Holding Niederösterreich-Wien) and Ms. Susanne Kunschert (managing director of Pilz GmbH & Co. KG) to succeed the two gentlemen.

On 16 July 2014, the supervisory board elected Mr. Erwin Hameseder to succeed Dr. Konrad as the second deputy chairman of the supervisory board and member of the mediation committee and the social committee effective as of the adjournment of the annual general meeting on 17 July 2014.

On 27 January 2015, the supervisory board elected Ms. Veronika Haslinger to the audit committee as the successor to Mr. Erwin Hameseder, effective immediately.

We wish to express our warm thanks to the departing supervisory board members Dr. Konrad and Dr. Bethke for their many years of service to the benefit of the company.

Together with the executive board, the members of the supervisory board would like to pay their respect 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, 20 May 2015

On behalf of the supervisory board

DR. HANS-JÖRG GEBHARD
CHAIRMAN

SÜDZUCKER SHARES AND CAPITAL MARKET

Stock and bond markets were very volatile during fiscal 2014/15; nevertheless, in spite of geopolitical risks such as the Russia/Ukraine crisis, several records were set during the course of the year. The developments were driven less by fundamental economic and corporate earnings data, but rather by the monetary policy of the European Central Bank (ECB). In this environment, Südzucker's share price reflected the also highly volatile price performance of the European soft commodity markets, specifically sugar and bioethanol. The stock opened at € 19.72 on the first day of trading of fiscal 2014/15, 3 March 2014, but the release of the first operating profit guidance of about € 200 million on 8 April 2014 caused the price to correct to € 16.23. The group guidance was confirmed at Südzucker's analyst conference on 15 May 2014 and further broken down by segment. The guidance was reconfirmed right up to the end of fiscal 2014/15, although the contributions from the various segments shifted in favor of the special products and fruit segments as the price pressure on sugar and bioethanol continued. From the time of release of the report for the first half of fiscal 2014/15 on 9 October 2014, the company made clear it had become more challenging to achieve the guidance. Südzucker's share price subsequently sank to around € 10. The first qualitative guidance for the segments for the following fiscal year 2015/16, were made with the release of the nine-month figures on 13 January 2015. Subsequent positive assessments by analysts resulted in a significant price rise from about € 11 to € 13 at the beginning of February 2015. Since then the share price stabilized, and at the end of the fiscal year, 27 February 2015, closed at € 13.63.

Considering price performance and dividend distributions, Südzucker's shares were down 30 % overall in fiscal 2014/15. During the same time, the MDAX® and DAX® rose 19 % and 18 % respectively, driven in part by the European Central Bank's monetary policy.

Reflecting the increasing volatility of the Südzucker markets in general, Südzucker's shares were again more volatile. The share price volatility was higher than that of the capital market, hence the beta factor based on fifty-two weeks was calculated at 1.39 (0.56).

Südzucker share price movement vs. MDAX®

From 1 March 2014 to 28 February 2015
in €

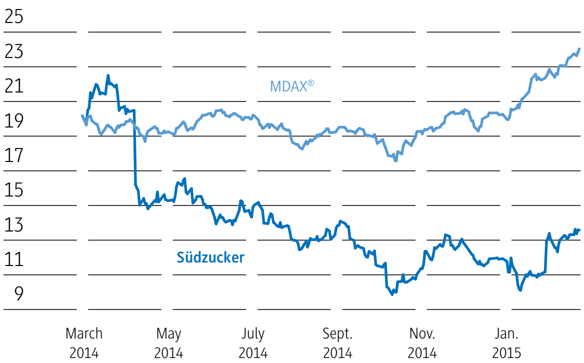


DIAGRAM 01

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

From 1 March 2010 to 28 February 2015
(Indexed) in %

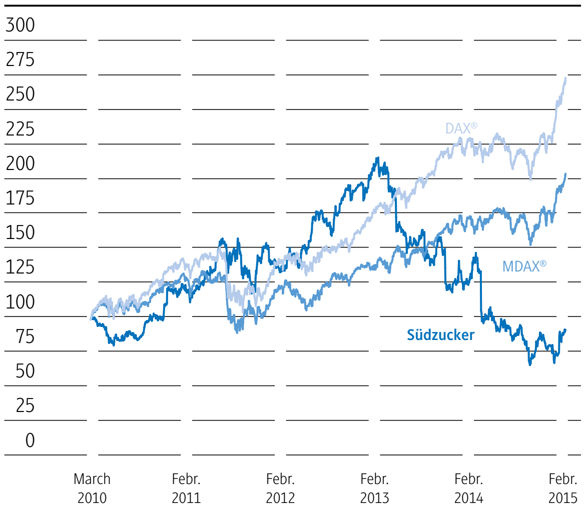


DIAGRAM 02

Market capitalization and indices

At an XETRA® closing price of € 13.63 per share and 204.2 million common shares outstanding, the company's market capitalization on the last trading day of fiscal 2014/15 was € 2.8 billion. Based on a free float of 34 %, free float market capitalization reached € 0.9 billion. Südzucker was thus ranked twenty-eighth on the MDAX®, or forty-fifth based on free float market capitalization. The price corrections over the course of the fiscal year drove down the weighting on the MDAX® from 1.3 % to 0.7 %.

The average daily trading volume of the shares on all German stock markets was up significantly from last year, rising from about 1.2 million to about 1.9 million shares. As a result, daily euro volume remained essentially stable at € 26.7 (27.4) million per trading day, despite the lower average share price of € 14.0 (24.2). Cumulative trading volume for the fiscal year came in at € 6.8 (6.9) billion. Referred to the MDAX®, Südzucker shares ranked twelfth in terms of cumulative trading volume[1].

Südzucker share data

		2014/15	2013/14
Market capitalization (balance sheet date)	€ million	2,782	4,114
Number of shares issued at € 1 (balance sheet date)	million shares	204.2	204.2
Xetra® closing price (balance sheet date)	€	13.63	20.15
High for the year (Xetra®)	€	22.45	34.01
Low for the year (Xetra®)	€	9.95	18.18
Average trading volume/day [1]	thousand of shares	1,872	1,180
MDAX® closing rate (balance sheet date)	points	20,092	16,892
Performance Südzucker share (1 March to 28 February) [2]	%	−30.0	−37.6
Performance MDAX® (1 March to 28 February)	%	18.9	27.0
Dividend [3]	€/share	0.25	0.50
Dividend yield	%	1.8	2.5
Earnings per share	€	0.10	1.37
Cash flow per share	€	1.90	3.41

[1] Total daily trading volume on all German stock exchanges where the share is admitted for trading.
[2] Südzucker total return index, considers share development and dividend distribution.
[3] 2014/15: Proposal.

TABLE 001

Shareholder structure

Südzucker AG has two major long-term oriented shareholders. In fiscal 2014/15, the share of Süddeutsche Zuckerrübenverwertungs-Genossenschaft eG (SZVG) holdings in Südzucker AG rose from about 52 % to about 56 %. The second major shareholder, Zucker Invest GmbH, representing Austrian shareholders of Raiffeisengruppe, continued to hold about 10 % of the shares. The free float came in about 34 %.

Investor Relations

The highly volatile price environment and associated negative impact on the group's consolidated operating profit made communicating with both shareholders and bondholders significantly more challenging.

The company had already announced on 18 February 2014 that it would be faced with additional charges in fiscal 2014/15. This was clearly communicated along with the prediction of further deterioration of the European sugar and ethanol market environment , which was already foreseeable at that time. An initial quantitative guidance was published as early as possible, in April 2014, prior to the balance sheet press conference in May 2014. This forecast then continued to be reconfirmed throughout the fiscal year, notwithstanding the huge price distortions in the European sugar and bioethanol markets. Over the course of fiscal 2014/15, the company also provided a qualitative guidance with respect to continued earnings pressure in the sugar and CropEnergies segments looking forward to fiscal 2015/16. But a key component of communications was also the presentation of the investment programs, especially in the starch and fruit segments, the strategic initiatives and the cost cutting measures aimed at improving competitiveness in the current market environment and in view of the far-reaching changes in the EU sugar market that will begin on 1 October 2017.

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 in accordance with the principles of transparency, balance and timeliness. The executive board and investor relations team delivered their presentations at their own analysts' conference in Frankfurt and at roadshows to the key financial centers in Europe and North America. They also held telephone conferences in connection with publication of the quarterly financial reports, during which the CFO presented the quarterly results and answered 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 leading domestic and international banks continued to issue regular research reports on Südzucker shares and listed bonds last fiscal year.

[1] Measured as twelve-month order book turnover (single counting) on the Xetra® and Frankfurt exchanges.

Südzucker AG bonds

Bond	Coupon	Volume	ISIN	Listed on
Hybrid bond 2005 Perpetual NC 10[1]	5.250 %	€ 700 million	XS0222524372	Luxembourg (official market)
Bond 2011/2018	4.125 %	€ 400 million	XS0606202454	Luxembourg (official market)

[1] First issuer call right for Südzucker as of 30 June 2015; subject to Südzucker having issued, within the twelve months preceding the call becoming effective, parity securities and/or junior securities (hybrid capital or shares) under terms and conditions similar to those of the bond (according to § 6 para. 5 and 6 of terms and conditions).

TABLE 002

Rating

Südzucker is one of only about forty German stock listed companies being rated with respect to its corporate creditworthiness and its listed bonds by rating agencies. In addition to optimized capital market refinancing, the rating opens Südzucker 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 a higher creditworthiness, cash flow strength 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 investment rules to only participate in financial instruments of companies with investment grade ratings, since the risk premium paid for these financial instruments on the capital markets is lower, as is the likelihood of default. Südzucker's strategic aim is to continue to confirm its investment grade rating.

In fiscal 2014/15 just ended, the rating was influenced by the price decline in the European sugar and bioethanol markets and the associated significantly sinking operating profit, while at the same time the company was boosting investments aimed at further growth.

On 17 June 2014, Moody's lowered its investment grade credit rating (company and bond rating) from Baa1 to Baa2 with a stable outlook. On 23 January 2015, the outlook was lowered from stable to negative and the rating for the hybrid bond went from Ba2 to Ba3. Moody's continues to assess the hybrid bond with an equity credit of 75 %.

On 20 June 2014, Standard & Poor's (S&P) lowered the investment grade credit rating from BBB+ to BBB with a stable outlook. On 16 January 2015 the outlook was lowered from stable to negative. S&P continues to assess the hybrid bond with an equity credit of 50 %.

Dividend for fiscal 2014/15

The executive and supervisory boards will recommend to shareholders at the annual general meeting called for 16 July 2015 to vote on a dividend of € 0.25 per share. Based on 204.2 million shares outstanding, this corresponds to a distribution of € 51.0 million.

Südzucker stock market data

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

TABLE 003

CONSOLIDATED MANAGEMENT REPORT

ABOUT THE GROUP

Corporate strategy and sustainability

A sustainable corporate policy can only be realized by achieving long-term economic success, which is also a prerequisite for forward-looking investments and research projects. It is because of this that Südzucker pursues a strategy of value-based, profitable growth geared towards a balance between economic and ecological factors as well as social responsibility. To achieve this, we always focus on our core competencies and guiding principles.

Südzucker's business fields geared towards megatrends

Overall, Südzucker Group's four segments conduct business in sectors that will benefit in the short, medium and long term alike from megatrends such as the expanding world population, rising incomes – especially in the emerging economies, where dietary habits are changing accordingly – and the increasing demand for food, animal feed and energy. These megatrends remain intact and will therefore keep driving growth and offering new perspectives. We continue to align our business divisions to meet rising demand for agricultural raw materials, food, animal feed and renewable energies.

Our core competencies for all segments

We continue to regard the large-scale conversion of agricultural products as our core competency, which we make use of in all of our divisions. We are continuously developing our processes in this area and adapting them to changes in general conditions to allow us to provide our customers with products that meet their requirements. We also offer precisely harmonized logistics concepts that enable us to handle the transport of large quantities, from raw materials all the way to the finished products.

OUR GUIDING PRINCIPLES

- **Our aim is to compete fairly, set benchmarks in our business fields and continue to be successful by innovating and delivering high quality, excellent service and reliability.**
- **In doing so, we must adhere to our corporate compliance principles.**
- **We have a long-standing tradition of conducting business sustainably – from the farming methods we apply to produce raw materials to our processes along the entire value chain.**
- **Our goal is to be a responsible employer that helps its employees fulfill their potential and takes into consideration and values their individual personalities.**
- **Our experience and expertise in marketing, sales and logistics make us a reliable partner for our customers.**
- **We augment Südzucker Group's innovation strength with intragroup competency in research and development and by cooperating with other entities.**
- **In the capital markets, we stand for transparency and an open dialogue with all stakeholders.**

We create value that generates sustainable, rewarding corporate growth.

Strategic positioning

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

Future orientation in the sugar segment

After the regulations concerning minimum beet prices and quotas expire on 30 September 2017, all stakeholders in the sugar added value chain will have to adapt to even greater volume and price fluctuations than have existed thus far in the EU sugar market. As Europe's largest supplier of beet sugar with high-performance factories in the most competitive beet growing regions of Europe, Südzucker considers itself well positioned in this changing market environment. To additionally improve competitiveness, Südzucker plans to steadily cut costs and improve logistics processes in the sugar segment. This will also involve utilizing the company's existing beet sugar factories at full capacity in order to realize economies of scale. Thanks to its production facilities in the European core markets and thus its proximity to industrial customers and the key sugar consumption markets, Südzucker is today already able to supply customers all over Europe with sugar products at optimised cost. The company's product portfolio is supplemented by raw and white sugar imports as well as starch saccharification products.

Global market offers growth opportunities
It is already evident that world sugar production will not be able to meet rising demand at the low global market prices prevailing today. This will have a positive impact on prices.

In addition, opportunities for the sugar segment will again come from the export markets beginning from October 2017, when export restrictions for beet sugar from the EU will be lifted. Before the export restrictions took effect in 2006, the global market was supplied with up to 6 million tonnes per year of white sugar from the EU. In general, global sugar consumption is expected to continue to increase by 2 % to 3 % per annum – from the current 180 million tonnes to about 200 million tonnes by 2020. This type of quantity growth offers Südzucker additional marketing opportunities, which we also benefit thanks to our cooperation with the London trading company ED&F Man Holdings Ltd.

Targeted investments
To secure our future growth, we will continue to reinforce those Südzucker business divisions that are only minimally affected by fluctuations in the sugar and bioethanol markets. Although we will continue to make investments in improving energy efficiency in the sugar and bioethanol area and will replace existing equipment, most new investments will be made in other divisions. We are nonetheless keeping our options open for taking advantage of growth opportunities in the sugar segment by making acquisitions.

Employees support success
Südzucker's employees are key pillars of its success. The success of our company is embodied and supported by the specialist competence, experience, social skills and commitment of our approximately 18,500 employees worldwide. Our various human resources policy measures are implemented such as to underpin the company's strategy and to enable our employees to successfully respond to changing conditions.

Sustainability as an integral part of our corporate strategy
Ever since the company was founded 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.

From raw materials to finished products
Our intention is to gear our actions towards ensuring sustainability along the entire value chain from raw materials to finished products.

RAW MATERIALS 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 mainly originate from European fields. They comply with the EU's cross compliance principles and associated constraints on the agricultural industry, which aim to ensure that 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, animal feed, functional ingredients for food and animal feed, 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 developing and improving our production technologies and processes and the associated supply chains with respect to their environmental impact and energy efficiency.

The goal is to fully utilize the input raw materials. For example, we deploy sugar beets to produce sugar beet pellets, carbocalk and molasses in addition to sugar. The sugar beet pellets are used as animal feed or as a raw material in the generation of energy from renewable sources, carbocalk as a lime fertilizer for agricultural applications and molasses as both animal feed and a raw material in the fermentation industry for the production of yeast, ethanol and citric acid.

In addition to using the animal feed and fertilizers we produce in agriculture, we also create materials cycles with agricultural operations to utilize the production residue that accumulates. Soil residue that is attached to the sugar beets upon delivery is removed when the plants are cleaned, and we return the residue to agricultural land.

Südzucker's efficient production processes and modern energy management systems are first class. For example, co-generation systems and systems utilizing multiple energy sources result in above-average energy efficiency for the company. For us, increasing the energy efficiency of our production processes is a key component of environmental protection at our company. This allows us to reduce fuel consumption while at the same time lowering emissions of air pollutants and climate-relevant greenhouse gases. For example, our 2014 beet campaign involved using waste heat that had thus far not been utilized to operate low-temperature drying equipment for pre-drying the sugar beet pellets at the Ochsenfurt and Rain sites.

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. RedCert certification of the bioethanol plants pursuant to biomass sustainability regulations ensures that at least 35 % less greenhouse gases are generated compared with facilities producing conventional gasoline. This figure will rise to a full 50 % effective 2017. A second biomass power station was built at BENEO in Chile and has now been put into operation.

A hallmark of our production facilities is that we reduce our fresh water needs to a minimum via a cycle in which water is deployed multiple times.

Südzucker adds value in environmental terms by developing and introducing innovative production processes. We use integrated production plant concepts to produce ethanol as well as high-protein food and animal feed from grains and sugar beets. The biogenic carbon dioxide created in alcoholic fermentation is also used, for example as carbonic acid for the drink industry. To develop additional sales markets for the liquid carbon dioxide from our bioethanol facility, we are researching its application in the generation of algae biomass and the production of bioplastics.

Currently, an energy management system that complies with the international standard ISO 50001 is being implemented at the production plants of Südzucker AG, BENEO-Palatinit GmbH and CropEnergies Bioethanol GmbH, with certification scheduled for June 2015. The goal is to reduce energy consumption as well as greenhouse gas emissions.

Südzucker analyzes life cycles in order to calculate the environmental impact of its supply chains. This enables us to reduce emissions in this area as well, especially greenhouse gas emissions. One area in which we focus in this context is the cultivation of the agricultural raw materials used. We are carrying out a cross-segment project of great significance for Südzucker in the Walloon region of Belgium. The project involves us determining and implementing measures for reducing greenhouse gas emissions and increasing energy efficiency for the production sites of the CropEnergies, special products and sugar segments, including their supply chains.

QUALITY At Südzucker, sustainability is also demonstrated by the quality and safety of the products we produce. We systematically adhere to high technical standards and comply with internationally recognized quality assurance and quality management systems (ISO 9001: 2008; ISO 22000: 2005; GFSI-equivalent standards; GMP+ International; QS Qualität und Sicherheit).

SAI GUIDELINES In 2014, Südzucker decided together with its sugar beet growers to gradually introduce the principles issued by the Sustainable Agriculture Initiative (SAI) in the Südzucker Group. The SAI guidelines set forth comprehensive prerequisites for achieving sustainable agriculture from an ecological, economic and social perspective. The objective is to systematically continue developing and documenting good practice methods for agricultural sugar beet cultivation, as has been ongoing for decades. Südzucker also participates in the EcoVadis sustainability initiative. EcoVadis gives Südzucker customers an overview of key sustainability parameters such as those relating to the environment, personnel, occupational health and safety, fair business practices and purchasing.

SOCIAL RESPONSIBILITY Another aspect of sustainable business operations 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. The code 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.

Group structure and corporate management

Group structure

Südzucker AG, 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 157 (159) other entities, of which Südzucker AG is directly or indirectly the majority shareholder. A total of 15 (15) of those entities were accounted for in the consolidated financial statement using the equity method. For additional details about Südzucker's share ownership in other companies, please see the list of shareholdings in item 38 of the notes to the consolidated financial statements ("List of shareholdings in accordance with section 313 (2) HGB") 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 thirteen divisions that manage the operating businesses. The CropEnergies segment is managed as an independent corporate entity.

The group's departments are as follows: business administration/controlling, procurement of operating supplies, purchase of capital goods, maintenance supplies and services, finance and accounting, research/development/services, animal feed/by-products, engineering, investor relations, agricultural research, food law/consumer policies/quality assurance, real estate/insurance, public relations, organization/IT, human resources, legal, internal audit, taxes, strategic corporate planning/group development/shareholdings, sugar sales/sugar trading, 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 its four divisions located in Belgium (Raffinerie Tirlemontoise S.A., Tienen), Germany (Südzucker AG, Mannheim), 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 sugar division's production operations are located in 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/raw material markets division and Agrar und Umwelt AG Loberaue, Rackwitz). The following entities have been accounted for in the consolidated financial statements using the equity method: British trading company ED&F Man Holdings Limited, the Studen Group (including its sugar production operation in Bosnia) and Maxi s.r.l., an Italian marketing joint venture.

SPECIAL PRODUCTS SEGMENT The special products segment is comprised of four divisions: BENEO, Freiberger, PortionPack Europe and starch. BENEO produces and sells functional food ingredients made from various raw materials. The ingredients provide dietary and technology benefits when processed into food and animal feed end-products. Freiberger Group produces chilled and frozen pizzas as well as frozen pasta dishes and snacks and focuses strongly on the private label business. PortionPack Europe specializes in developing, packaging and marketing portion packs. The starch division comprises AGRANA's starch and bioethanol business, which includes Austrian potato, corn and wheat starch manufacturers, a corn starch factory in Romania and bioethanol producers in Austria. Südzucker AG is moreover investing in the construction of a wheat starch production plant in Zeitz for the starch division. The starch and bioethanol activities of the Hungrana Group in Hungary are included in the consolidated financial statements as equity-accounted investments.

SUGAR SEGMENT

6 Divisions

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

1 Division

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

Investments / Joint venture

- ED&F Man Great Britain (25 % share)
- Agrana-Studen Sugar Trading GmbH (refinery Bosnia, 50 % Joint venture)

SPECIAL PRODUCTS SEGMENT

4 Divisions

- Functional ingredients for food, animal food, and pharmaceutical sectors
- 5 production locations

- Frozen and chilled pizza as well as frozen pasta dishes and snacks
- 5 production locations

- Portion packs
- 7 production locations

- Starch for food and non-food sectors as well as bioethanol
- 4 production locations
- Maize starch-, isoglucose- and bioethanol plant Hungrana Kft. (50 % Joint venture)
- Wheat starch production plant at Zeitz

CROPENERGIES SEGMENT

Listed company

- One of the leading European manufactors of sustainably produced bioethanol, predominantly for the fuel sector, as well as protein feed
- 4 production locations

FRUIT SEGMENT

2 Divisions

Fruit preparations (AGRANA Fruit)
- Fruit preparations for international food companies
- 25 production locations around the world

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

CROPENERGIES SEGMENT Südzucker Group's bioethanol business, with its four production sites in Germany, Belgium, France and the United Kingdom as well as trading activities in Brazil and Chile, is managed under the CropEnergies segment as a listed stock corporation. CropEnergies is a leading manufacturer of sustainably produced bioethanol for the fuel sector in Europe and of animal feed. CropEnergies owns 50 % of CT Biocarbonic GmbH, which has been operating a food-grade CO_2 liquification plant in Zeitz since 2010. This company is included in the consolidated financial statements as an equity-accounted investment.

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 responsible for managing the entire company. Notwithstanding the overall responsibility of all executive board members, individual board members bear sole responsibility for carrying out the decisions made by the executive board that concern 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 the consent of 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.

VALUE BASED MANAGEMENT The corporation's policies focus on steadily improving shareholder value. The objective of Südzucker's value-based management system is to generate a higher return on capital employed than the cost of capital in each segment and division and thus create 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, the income from operations reported in the income statement is adjusted to reflect the results of restructuring and special items as well as companies consolidated at equity. Capital employed comprises the invested items of property, plant and equipment plus acquired goodwill and working capital as of the reporting date. Return on capital employed, or ROCE, is the ratio of operating profit to capital employed. Südzucker calculates the cost of capital for the operating assets as the average of equity and debt capital. The costs of capital are specified for the segments and divisions by taking into account the respective country and business risks. Other than the aforementioned financial performance indicators, Südzucker Group currently has no non-financial performance indicators that it considers relevant for management purposes.

FINANCIAL MANAGEMENT Südzucker's financing bases on a sustainable cash flow generation, a stable relationship with the company's various shareholder groups, access to international capital markets and reliable banking relationships. The foundation for the financing is the company's investment grade rating, which secures the company's access to equity and loan financing instruments. Südzucker operates 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 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 the financial structure. These short-term financing needs are primarily covered through a commercial paper program in the amount of € 600 million and syndicated credit lines.

The capital structure is managed alongside 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 the debt factor (ratio of net financial debt to cash flow), debt to equity ratio (net financial debt as a percentage of equity) and the equity ratio (equity as a percentage 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 how the costs of equity are derived. Additional information regarding financial 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

Overview / major projects

Südzucker AG's activities in research, development and technical services are carried out by a central unit for the benefit of all segments and divisions of the group, no matter in what country they are based. This creates synergies to be leveraged. Activities involve extensive work on projects along the entire value chain, starting with agricultural raw materials and extending to process technology for the purpose of extracting and processing our products as well as application-related concepts for customers.

The focus lies on developing new products for the food industry, creating concepts for food and food ingredients, improving product quality, expanding and optimizing existing product lines and designing an energy-efficient production process. For the non-food sector, we develop and provide customised product solutions based on carbohydrates. We also develop product concepts for animal feed ingredients.

Existing alliances with research institutes, universities and other companies, which supplement the group's own work, have been intensified to enable faster market implementation of the research findings.

The activities in the area of research, development and technical services were carried out by 409 (405) employees, and the total budget for research, development and technical services was € 40.4 (42.5) million in 2014/15. In fiscal 2014/15, the company filed various 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 – primarily due to lengthy campaigns – on the increasingly strict requirements applicable to raw materials processing and product quality. One example is the requirement to reduce sugar losses by adapting extraction process parameters. Process adaptations in juice purification enabled bottlenecks in sugar production to be avoided while at the same time positively impacting the quality of the sugar. Selected changes in the crystallization process resulted in a significant improvement in quality parameters. Adherence to high technical standards in factories and consistent energy optimization are additional topics on which the entire group focuses. Installation of low-temperature drying systems led to considerable energy savings and emissions reductions, as demonstrated by the levels measured.

FONDANT / CARAMEL / COMPRI-SUGAR The recipes and the associated production processes for the various product groups are enhanced in collaboration with our customers in line with market requirements. Focus continues to be placed on functional attributes as well as the clean label declaration.

Functional food ingredients

Dietary and physiological aspects
The scientific dietary research concentrates on reinforcing the physiological properties and health claims relating to the BENEO Group's products.

PALATINOSE™ The main objective with regard to Palatinose™ is to prove its effect on energy metabolism, fat metabolism and body weight. Confirmation has been obtained of the good level of acceptance and tolerance of Palatinose™ as a carbohydrate component in baby food. It has also been shown that Palatinose™ extends the release of blood glucose and energy in other complex foods such as baked goods and cereals. This expands the application possibilities for Palatinose™.

INULIN Based on the results of new studies, the European Food Safety Authority (EFSA) has positively assessed a health claim application on the effect of inulin on intestinal activity. This paves the way for approval of a claim to this effect by the European Commission and enables new applications in foods. Additional studies have confirmed the positive effect of Orafti® oligofructose on the feeling of satiation and the resulting reduction in calorie intake.

Application technology / product and process development
GalenIQ™ Scientific studies on the sensory profile of galenIQ™ continued. Based on the specific properties of galenIQ™, customer and application-related development activities focus on its use in tablets, coated products and syrups.

INULIN Product concepts for the application of inulin in baked goods, dairy products and cereals continued to be developed and implemented in recipes enabling an optimized texture, taste profile and appearance. Specialized concepts for inulin-based, low-fat formulas for baked goods, dairy products and cereals were successfully implemented. In addition, scientific studies were initiated on the texturing behavior of inulin in drinks.

ISOMALT The technological advantages of Isomalt in chewing gums were additionally refined. For example, Isomalt can be applied in the chewing gum base of coated, strip and liquid-filled chewing gums.

PALATINOSE™ The development of applications for Palatinose™ focused on its use in the area of packaged bakery goods. The concept for non-adhesive glazings based on Palatinose™ and sugar was extended to cover white applications. The glazings are especially suited to extending the shelf life of packaged bakery goods and reducing stickiness.

RICE STARCH Development work continued on the manufacturing 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 complies with that of chemically modified starches. This makes the starches of interest for clean label products. The process of transferring this technology to production scale has begun. A scientific study was initiated with the objective of optimizing the texturizing properties of rice starch, particularly in fermented dairy products.

GLUTEN The gluten production process was further improved. A new product was developed on the basis of gluten and rice starch which will be launched on the market as a texturized protein for application in the field of meat substitutes.

Starch

RAW MATERIALS A project was initiated together with a grower for the purpose of researching the suitability of special types of conventionally grown wheat for extracting and utilizing the containing starch.

FOOD Development activities in the area of food starches concentrated primarily on the organic segment. A cold-swelling organic starch was developed for the production of low-fat, organic specialty products such as organic mayonnaises, sauces and dressings. Another innovation was a newly developed starch product that is able to produce a texture similar to fat and is especially suited for use in sweet, low-fat spreads such as hazelnut and chocolate spreads.

NON-FOOD The trend towards using renewable ecological products is also being followed in the area of technical starch applications. For instance, modified starches are being developed that can be used in paper, adhesives and textiles as a substitute for synthetic, petroleum-based products. Along with their ecological benefits, these new starches are also of great economic interest for the market. Bioplastics represent another promising field in which special thermoplastic starches have been developed for the broad area of film applications. Optimizing costs while retaining quality is a key topic in the area of dry mortar applications. It was possible to offer new products to interested processors thanks to new combinations of accordingly modified raw materials.

Bioethanol

CropEnergies continues to intensely pursue its objective of utilizing as broad as possible a spectrum of raw materials for the purpose of fermentation in production facilities. In this context, emphasis was placed on evaluating new, commercially available enzymes and yeasts for biotechnology process steps. One example of this is Ensus in Wilton / Great Britain, where the use of various response parameters and the effects of different enzymes and enzyme complexes on breaking down starches were examined and the findings successfully implemented. Activities also continue to focus on identifying and executing projects with the potential to save energy. The advances made in process optimization and adaptation were applied to the various facilities of the CropEnergies segment in order to leverage synergy potentials. The requirements for adding a gluten line in Wanze / Belgium and preparations for commissioning the rectified spirit production plant were successfully completed.

In addition to handling issues aimed at supporting marketing, support was also given to the ethanol and ethanol-based fuel standardization process at German and EU level. Further research was conducted to enable the use of higher bioethanol components in fuels. Focus was placed on improving the energy efficiency of those types of fuels compared to normal gasoline.

Fruit

We continued to systematically pursue the long-term project established in 2013/14 for the purpose of steadily increasing the quality of the individual links in the fruit preparation value chain. In doing so, our innovative, customer-centric strategy helps us to define the individual parts of the project to correspond with market demand. The aim is to retain the natural texture of the pieces of fruit while at the same time maintaining the fruits' flavors and colors.

The past fiscal year saw large-scale technical optimizations implemented for fruit raw materials. Research in the area of product development focused on alternative systems known as clean label stabilization systems as well as on improving the quality of the fruit pieces in ice cream.

We continued to work together with systems integrators for filling and dosing equipment in order to support our joint customers in solving their problems as well as to advance new developments.

New technologies

Our research and development work relating to the newly established protein platform concentrated on the efficient use of proteinaceous by-products from bioethanol production streams, such as gluten, Distillers Dried Grains with Solubles (DDGS) and Condensed Distillers Solubles (CDS). Südzucker is researching the development of new processes and process technologies in integrated biorefineries for the purpose of extracting new, high-content protein products as well as increasing the value of existing protein products. Another objective is to develop new types of protein products for food and animal feed meeting the high requirements placed on quality and the functionality of technical applications.

The use of CO_2 from bioethanol production to generate algae biomass is another topic that is being intensively pursed in connection with the biorefinery design. Research is being conducted on the generation of algae biomass containing starch in closed photobioreactors in a research project subsidized by the German government called "biorefinery on the basis of high-carbohydrate algae biomass, use of starch and protein." The main research activities on cultivating algae and optimizing photobioreactors is being conducted jointly with partners. The algae biomass generated in the process was used to test different methods of developing the algae cells and isolating initial usable products.

Südzucker also participates in further publicly supported , innovative projects and collaborations involving the topics of CO_2 as a source of raw materials, chemical-catalytic butyl alcohol extraction and isosorbide production.

Agricultural research

Corporate agricultural research across the group focuses on scientific support and consulting for all agricultural commodities within the Südzucker Group, and in particular for sugar beets. In addition to transferring the knowledge gained from research to agricultural production, our work includes the identification and processing of future issues such as new methods of cultivation, crop rotation, integrated crop protection, the adaptation of fertilizers to locations and types of crop as well as harvesting and storage options. New varieties with high, stable yields combined with resistance to major diseases as well as need-based, integrated use of pesticides are primary focal points of our practice-based agricultural research. Our work likewise includes research on new pathogens to facilitate the development of strategies for controlling them. All of these activities form the basis for intensive consulting with the objective of increasing the efficiency of our raw material suppliers.

Product safety and specification management

Group-wide activities continue to focus on implementing the additionally harmonized criteria for additives, materials and packaging in the sugar and CropEnergies segments and the BENEO division. For example, various adaptations were made as requested by regulatory developments and customer expectations.

Topics included the introduction of packaging complying with statutory EU requirements, the implementation of standardized, analytical monitoring programs as well as the harmonization of process and product specific information making it available across the group.

These activities also involved drafting joint product specifications for gluten. This will enable a flexible response to market demand from different production facilities under a single brand name.

Activities in the sugar segment involved the annual monitoring reports for sugar, special varieties and animal feed as well as evaluating the data against the backdrop of the HACCP review. The product information for powdered sugar, caramel products and compri-sugar was revised.

In the CropEnergies segment, harmonized monitoring plans for Ensus – comparable with Zeitz and Wanze – were implemented in addition to the work on the rectified spirit plant in the area of animal feed.

Quality management

As part of harmonizing the quality management systems in the sugar segment, a group-wide HACCP concept for crystallized white sugar was implemented in 2015. The HACCP concept is based on the international standard ISO 220000 on management systems for the food safety chain. This has ensured a uniform procedure for crystallized white sugar as defined in the HACCP concept.

EMPLOYEES

In fiscal 2014/15 just ended, the average number of Südzucker Group employees rose to 18,460 (18,186). The number of employees in the fruit segment was up about 3 % to 5,519 (5,371) due to seasonal factors, while the totals changed only slightly in the other segments.

Employees by segment

	2014/15	2013/14	+/– in %
Sugar	8,097	8,050	0.6
Special products	4,406	4,335	1.6
CropEnergies	438	430	1.9
Fruit	5,519	5,371	2.8
Group	**18,460**	**18,186**	**1.5**

TABLE 004

Neither were there any material changes in the number of employees by region. Almost one-quarter of all employees continue to work in Germany; slightly over half in other EU countries. Nearly 10 % work for the group companies in Eastern European countries, and 16 % in other countries around the world.

Employees by region

	2014/15	2013/14	+/– in %
Germany	4,053	4,056	–0.1
Other EU	9,690	9,592	1.0
Other countries	4,717	4,538	3.9
	18,460	**18,186**	**1.5**

TABLE 005

Südzucker is not opposed to the discussion about introducing a special quota of women for management positions. The main selection criteria are education, suitability as well as the candidate's commitment and willingness to learn.

Because there are so few female students and apprentices enrolled in learning the so-called MINT professions, even at the introductory level, the overall percentage of female employees at Südzucker Group's companies is necessarily only about 31 %.

Furthermore, the company is aware of the positive implications of diversity for the organization. Especially because of the corporation's increasing international presence, a certain degree of diversity is desirable among staff members; however, it should not be enforced using quotas or targets.

We are presently examining our cost structures, especially in the sugar segment's companies. This will also impact the employees in these areas. Now especially, as we possibly restructure Südzucker, we depend on skilled, motivated, flexible employees. That is why training and continuing education, as well as qualifications, will continue to play an important role and programs that provide placements within the company will be offered accordingly. For example, we have increased our focus on sales training, especially in the area of improved relationship management.

The trainee programs are having a positive impact, especially in the technical, scientific and agricultural areas. They last eighteen months and include stops at various Südzucker Group locations in different countries. Trainees participate in projects, which they may be able to complete independently depending on scope. The placements include review meetings, during which the young trainees can present their projects and exchange experiences. Young employees can thus familiarize themselves with the company in a relatively short time. The program forms a fundamental cornerstone of successful succession planning and makes the company somewhat less reliant on the external labor market.

We also continue to highly value basic vocational training: last year Südzucker AG alone had 200 individuals enrolled in eleven different apprenticeships. The apprenticeship ratio has been about 10 % for over fifteen years. This is another way we take steps at an early stage to counter later skilled worker shortages.

AGE DISTRIBUTION AND LENGTH OF SERVICE There has been no major change in the age distribution of our employees compared to previous years and the structure continues to be balanced. The numbers for length of service are also about the same as last year.

Employees by age group in %

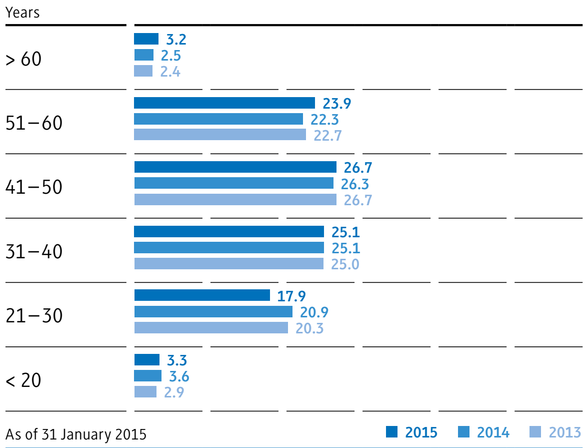


DIAGRAM 03

EMPLOYER APPEAL We continued to increase our focus on social media, which allow employees, apprentices and external parties to evaluate Südzucker. We successfully rolled out an e-recruiting tool that facilitates interaction between the company and applicants.

OCCUPATIONAL HEALTH AND SAFETY Occupational health and safety programs are essential to the continued success of Südzucker Group. The number of work-related accidents is comparatively low and the accident-related lost work hours are very low. This success was achieved with the help of both employees and managers.

The occupational health and safety programs are based on a work safety management system, which defines procedures for risk evaluation, accident analysis and training, as well as responsibilities. Tools have been put in place for communicating work safety targets, improvement suggestions and work safety procedures.

Employee training is taken very seriously. This includes not only recurring training as required by law, but especially maintaining a continuous dialogue on the topic of work safety in order to keep it top of mind. Every month, the company highlights a particular topic and issues information accordingly. In addition, full day work safety drives are held at all the locations.

Length of service in years in %

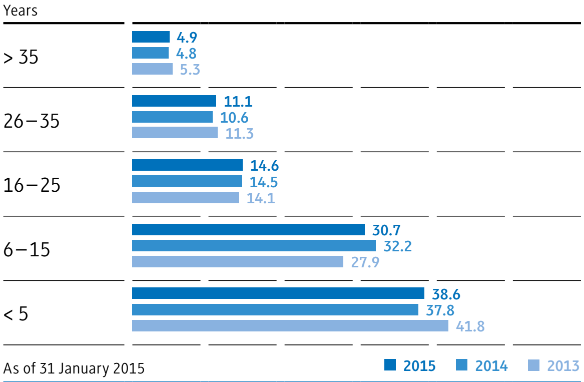


DIAGRAM 04

Every employee is also required to directly address any deficiencies or improper conduct. Before starting any work, employees are required to pause briefly and think about possible hazards and how to avoid injury. The program is communicated under the heading "Take two seconds – think two seconds"; that is, think first, then act. For the second time in a row, employees at Südzucker's Rain factory received the German promotional prize "Work-Safety-Health" sponsored by the professional association of raw materials and the chemical industry since 2011, which shows how committed they are to the program.

EMPLOYEE SUGGESTION PROGRAM The number of improvement suggestions submitted at Südzucker AG, CropEnergies AG and BENEO Palatinit GmbH in Germany again rose slightly. Together with the quality of the suggestions, this demonstrates how strongly motivated employees are to successfully contribute their specialized knowledge, make processes more efficient and reduce costs.

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 Czech Republic, was held in Leipzig, Germany, on 10/11 July 2014. In addition to exchanging experiences and discussing transnational topics, delegates visited the CropEnergies site in Zeitz.

THANK YOU FROM THE EXECUTIVE BOARD Now especially, Südzucker is relying on each and every employee to commit to helping the company successfully overcome the current difficult situation. We know that this commitment will be far greater than what is normally required. The executive board thanks all Südzucker Group employees who last fiscal year worked diligently towards the success of Südzucker Group under difficult conditions. We thank the employee representatives for their constructive collaboration, which took into account both the interrests of the employees an the wellbeing of the entire 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 on Südzucker's website (www.suedzucker.de/en/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 INFORMATION 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 added value. The duties assigned to the executive board members are outlined in the rules of procedure for the executive board dated 3 December 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 positioning 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. Ms. Veronika Haslinger, Vienna/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 is aiming 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:

The regular elections of employees' representatives by the workforce and of shareholder representatives by shareholders at the annual general meeting were held in 2012. The supervisory board since then 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 in particular meet the criterion of "internationality". There are now four women on the supervisory board: two women were elected by the workforce as alternate employee representatives on 1 September and 19 September 2013, while shareholders elected two women as shareholder representatives at the annual general meeting on 17 July 2014.

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 general meetings held at least once a year. On an annual general 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 meeting the general requirements for participating and exercising voting rights and who registered by the due date is entitled to participate in the annual general meeting. Shareholders who are unable to attend personally have the option of exercising their voting rights by proxy through a financial institution, a shareholder association, Südzucker AG appointees who are bound by the directives of the shareholders or by some other authorized representative of their choice. Shareholders also have the option of submitting their vote in advance of the general meeting via the Internet or to give instructions to Südzucker AG's proxies via the Internet.

2015 ANNUAL GENERAL MEETING The invitation to the annual general meeting scheduled for 16 July 2015, 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 executive board regularly keeps the supervisory board abreast of existing risks and how they evolve. Details regarding risk management are outlined in the risk report.

Corporate governance report

Corporate governance aims to ensure that companies are managed and controlled responsibly and that they provide lasting 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 the claim 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 2014 amendment.

Effective corporate governance is a given at Südzucker and has been practiced since 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 24 June 2014 as largely balanced, practical and of high standard when compared internationally. As in previous years, we have thus not found it necessary to prepare individual, company-specific corporate governance principles. We comply with the recommendations of the code with the exception of the items outlined in the declaration of compliance.

2014 Declaration of Compliance
The mutual declaration of compliance by the executive board and supervisory board for 2014 and prior years is posted on Südzucker's website (www.suedzucker.de/de/Entsprechenserklaerung/). The current declaration reads as follows:

"The executive board and the supervisory board of Südzucker AG Mannheim / Ochsenfurt adopted the resolution on 20 November 2014 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 13 May 2013, and will in future comply with the recommendations in the version dated 24 June 2014, 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 (see item 4.2.3, paragraph 4), 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 AND 4.2.5 – 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 – SUPERVISORY BOARD REMUNERATION Our company's articles of incorporation stipulate that supervisory board members receive in addition to fixed remuneration a performance-based pay tied to the dividend (see item 5.4.6, paragraph 2, sentence 2). 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 (see item 5.4.6, paragraph 3). 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

EXECUTIVE BOARD 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.

SUPERVISORY BOARD The supervisory board is compensated in accordance with article 12 of Südzucker AG's articles of incorporation.

Each member of the supervisory board receives a basic remuneration in addition to the reimbursement of his or her cash outlays and the value-added tax incurred arising from supervisory board activities. This base amount consists of a fixed sum of € 60,000 payable at the end of the fiscal year plus a variable remuneration of € 500 for each € 0.01 of distributed dividends on ordinary shares exceeding € 0.50. Tax-related special dividends are not considered in the remuneration calculation. The chair receives triple this amount and the deputy and other members of the executive committee receive one-and-a-half times this remuneration. Committee members' remuneration increases by 25 % for each committee of which they are a member and committee chairs' by 50 %, assuming the committee actually met during the fiscal year. The latter does not apply to members of the executive and mediation committees. As discussed in detail in the declaration of compliance, Südzucker AG does not disclose the level of compensation of individual executive and supervisory board members because the benefits of such information bear no reasonable relation to the associated invasion into their privacy.

The total remuneration of executive and supervisory board members is presented under item 36 "Related parties" of the notes to the annual report.

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 2014/15, the members of the executive and supervisory boards have not informed Südzucker AG about any notifiable dealings in securities.

Compliance

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 management system
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 was continuously enhanced in fiscal 2014/15 to further 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. Moreover, these guiding principles are presented in writing, particularly with regard to antitrust law and corruption prevention. The objective of these written guidelines is to prevent employees from violating antitrust laws and to provide practical support in the application of relevant company rules and statutory regulations. Recommended conduct illustrated with practical examples and training courses help ensure that employees understand the key issues.

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

Compliance – corporate policy
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/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 holds true for 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 corporate information that could impact the company's share price on the stock market.
- Proper documentation
  The company's internal control system requires business processes to be adequately documented. Audits have to be conducted in order to ensure that accounting-related information has been fully and correctly captured.
- Adequate and transparent financial reporting
  Südzucker commits to providing open and transparent financial reporting based on international accounting standards to ensure equal treatment of all stakeholders.
- 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 patent rights
  Business secrets must 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 have to 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.

Compliance with antitrust laws

Again in fiscal 2014/15, Südzucker further strengthened its antitrust law compliance program. Training courses aimed at avoiding the violation of antitrust laws are conducted regularly. Contact with competitors is subject to approval by the executive board. The program is being intensively pursued, with due consideration of the lessons learned from 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 2015, Südzucker's subscribed capital amounts to € 204,183,292 million and consists of 204,183,292 ordinary bearer shares, each of which represents a notional holding of € 1 per share. The company held no treasury shares as of the balance sheet date.

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 56 % 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 holds a share of about 66 % 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's articles of incorporation in the current version dated 23 December 2014, 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 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 has signed an agreement with a banking consortium providing 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 group management report.

BUSINESS REPORT

General and industry-specific business conditions

In 2014, the world economy grew 3.3 % (real gross domestic product) roughly the same as in 2013. The EU's growth in 2014 was significantly lower at 1.3 %; overall, the economy had stagnated in 2013. Growth varied widely from region to region. While growth in Germany was on average the same as in the EU, 1.3 %, it came in at only 0.8 % for the euro zone. Growth in the United States was significantly higher at 2.8 %. In the emerging markets, development was rather moderate. While growth in China has now been about 7.5 % for three years in a row, expansion in India was more restrained at 5.4 % and significantly lower in Brazil, where it was calculated at 1.8 %.

The exchange rate development between the US dollar and the euro in 2014 was driven by the ongoing growth lead the United States has over the euro zone, as well as the diametrically opposed monetary policies on the two sides of the Atlantic. In the first half of 2014 there was still a noticeable improvement in the economic situation in southern Europe and as a result, the euro strengthened to about USD 1.40 / €, but in the second half of the year the euro lost ground and at the end of the year was trading at about USD 1.20 / €. The ECB's announced plan in January 2015 to spend more than € 1,000 billion by September 2016 to purchase government bonds signaled that easing monetary policy would continue and led to further devaluation of the euro.

At the end of the fiscal year, one euro was worth 1.12 US dollars, representing a gain of about 23 % for the US dollar in fiscal 2014 / 15. The average for the year was USD 1.29 / €, compared to the prior year's USD 1.33 / €.

The US dollar also rose against the currencies of other key emerging markets. This was being driven in part by the crisis in Ukraine but mainly the price collapse of many raw materials, especially oil.

The world market price for sugar also continued to slip over the course of the fiscal year. The reasons include especially the continuous rise in inventories over several years, up to and including 2013 / 14, driven by excess sugar production in relation to world consumption. The strong US dollar compared to the Brazilian real and generally retreating raw material prices also weighed on prices. In 2014 / 15, inventories are expected to shrink because of slightly declining global sugar production and increasing world sugar consumption.

The price of wheat largely began to diverge from the falling raw material price trend in fall 2014, after reaching a record low of 150 € / t in September 2014. Prices on grain markets fluctuated very widely throughout 2014 / 15. By the end of the fiscal year, wheat price levels had returned to over 185 € / t. The price of bioethanol in Europe stabilized at a low level over the course of 2014 despite the sharp drop in gasoline prices.

In the fruit juice concentrates market in Europe, residual inventories from the previous year, excellent harvest forecasts, and Russian and EU trade policies caused prices in Europe to retreat significantly. Demand for fruit preparations grew slightly in non-European markets, while continuing to decline somewhat in the EU.

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

Südzucker Group business performance – earnings

solidated through the end of 2013 / 14 will be accounted for at equity starting with the beginning of fiscal 2014 / 15. This has led to changes in the income statement, the cash flow statement and the balance sheet, which are explained in detail in the notes to the interim financial statements. Prior year figures were adjusted accordingly.

Revenues and operating profit

		2014/15	2013/14	+/– in %
Revenues	€ million	**6,778**	**7,533**	**–10.0**
EBITDA	€ million	453	889	–49.0
Depreciation on fixed assets and intangible assets	€ million	–272	–267	1.9
Operating profit	€ million	**181**	**622**	**–70.8**
Result from restructuring/special items	€ million	–44	–116	–62.0
Income from companies consolidated at equity	€ million	22	48	–54.6
Income from operations	€ million	**159**	**554**	**–71.3**
EBITDA margin	%	6.7	11.8	
Operating margin	%	2.7	8.3	
Investments in fixed assets [1]	€ million	386	377	2.5
Investments in financial assets/acquisitions	€ million	1	22	–96.4
Total investments	€ million	**387**	**399**	**–3.1**
Shares in companies consolidated at equity	€ million	333	285	17.0
Capital employed	€ million	5,877	5,873	0.1
Return on capital employed	%	3.1	10.6	
Employees		18,460	18,186	1.5

[1] Including intangible assets.

TABLE 006

REVENUES AND OPERATING PROFIT Consolidated group revenues for fiscal 2014/15 were sharply lower than last year at € 6,778 (7,533) million. The CropEnergies segment's revenue grew, while the sugar and fruit segments' declined.

As anticipated, consolidated group operating profit fell significantly last fiscal year, to € 181 (622) million. The result was driven mainly by the decline in the sugar and CropEnergies segments' operating profit. The special products segment's operating profit was substantially higher and the fruit segment's was roughly the same as last year.

CAPITAL EMPLOYED AND RETURN ON CAPITAL EMPLOYED (ROCE) Capital employed was € 5,877 (5,873) million, about the same as last year. Here the declines in the CropEnergies and fruit segments' numbers were offset by an increase in the sugar and special products segments. Due to the low operating profit of € 181 (622) million, ROCE was down sharply to 3.1 (10.6) %.

Income statement

€ million	2014/15	2013/14	+/– in %
Revenues	**6,778**	**7,533**	**–10.0**
Operating profit	181	622	–70.8
Result from restructuring/ special items	–44	–116	–62.0
Income from companies consolidated at equity	22	48	–54.6
Income from operations	**159**	**554**	**–71.3**
Financial result	–32	–63	–49.2
Earnings before income taxes	**127**	**491**	**–74.1**
Taxes on income	–53	–104	–48.4
Net earnings	**74**	**387**	**–80.9**
of which attributable to Südzucker AG shareholders	20	280	–92.8
of which attributable to hybrid capital	26	26	0.0
of which attributable to other non-controlling interests	28	81	–65.8
Earnings per share (€)	**0.10**	**1.37**	**–92.7**

TABLE 007

INCOME FROM OPERATIONS Income from operations of € 159 (554) million for fiscal 2014/15 breaks down into the operating profit of € 181 (622) million, the result of restructuring and special items of € –44 million (–116) million and the result from companies consolidated at equity of € 22 (48) million.

RESULT FROM RESTRUCTURING AND SPECIAL ITEMS The result from restructuring and special items of € –44 (–116) million in the sugar segment includes restructuring charges for an early retirement program to reduce administration costs at Raffinerie Tirlemontoise, as well as for the closure of the raw sugar refining factory in Marseille, France, and the Regensburg, Germany, packaging plant. Also included is income from the sale of the former factory site in Groß-Gerau, Germany, the conclusion of the legal case in connection with value added tax payments for sugar deliveries to Italy, as well as a resolution of proceedings against Raffinerie Tirlemontoise in Belgium related to wastewater levies. The charges in the CropEnergies segment were for the temporary shutdown of the bioethanol factory in Wilton, England. In the fruit segment, there were charges for the closure of the Herk-de-Stad site in Belgium and shutdown of the fruit preparations production operation at the Kröllendorf factory in Austria.

Last year, the result from restructuring and special items in the sugar segment included the cost of the cartel fine and income from the reimbursement of excess levies collected during sugar marketing years 2001/02 to 2005/06. In addition, there were insurance settlements in the special products segment related to the explosion of a spray dryer in the BENEO-Orafti inulin factory in Chile, and expenses in the CropEnergies segment in connection with the bioethanol plant in Wilton, Great Britain.

INCOME FROM COMPANIES CONSOLIDATED AT EQUITY The income from companies consolidated at equity totaled € 22 (48) million. The sugar segment's total of € –5 (20) million relates mainly to its share of earnings from British trading company ED&F Man Holdings Ltd., Studen Group and joint-venture distributor Maxi S.r.l. The special products segment's total of € 27 (29) million includes its share of earnings from Hungrana Group's starch and bioethanol businesses.

FINANCIAL RESULT The financial result improved to € –32 (–63) million in fiscal 2014/15. Although average debt was higher, net interest expense was reported at € –34 (–41) million. The cost of other financing activities totaled € 2 (–22) million. The year prior this item included mainly currency exchange losses attributable to the financing of subsidiaries in Eastern Europe, as well as South and Central America.

TAXES ON INCOME Earnings before taxes were reported at € 127 (491) million and taxes on income totaled € –53 (–104) million. The increase in the group's tax rate to 42 (21) % is mainly due to additional tax charges related to the temporary shutdown of the bioethanol plant in Wilton, Great Britain.

CONSOLIDATED NET EARNINGS Of the consolidated net earnings of € 74 (387) million, € 20 (280) million were allocated to Südzucker AG shareholders, € 26 (26) million to hybrid bondholders and € 28 (81) million to other minority interests, mainly the co-owners of AGRANA Group and CropEnergies Group.

EARNINGS PER SHARE Earnings per share came in at € 0.10 (1.37). The calculation is based on the time-weighted average of 204.2 (204.2) million shares outstanding.

Investments and financing – financial position

CASH FLOW Cash flow tracked declining operating profits and came in at € 389 million, down from € 697 million last year. Cash flow was thus 5.7 (9.3) % of revenues.

WORKING CAPITAL The improved cash availability resulting from a reduction of € 131 million in working capital was primarily driven by lower inventory prices (purchasing and production cost), as well as reduced trade receivables and payables.

INVESTMENTS IN FIXED ASSETS Investments in fixed assets (including intangible assets) totaled € 386 (377) million. The sugar segment's investments of € 186 (197) million were mainly for replacements and investments in improving energy efficiency, as well as new construction and replacements at Mannheim headquarters. The special products segment invested € 125 (110) million, most of which was for construction of the starch plant in Zeitz and the installation of the biomass boiler at the BENEO location in Pemuco, Chile. The CropEnergies segment invested € 32 (18) million for the construction of the rectified spirit plant in Zeitz, which was completed at the beginning of the year, and to optimize its production systems. The fruit segment invested € 43 (52) million, mainly in the fruit preparations area and the construction of a fourth fruit preparations factory in Lysander, New York.

Cash flow statement

€ million	2014/15	2013/14	+/– in %
Cash flow	**389**	**697**	**–44.2**
Increase (–)/decrease (+) in working capital	**131**	**14**	**> 100**
Investments in fixed assets			
Sugar segment	186	197	–5.1
Special products segment	125	110	13.1
CropEnergies segment	32	18	75.3
Fruit segment	43	52	–17.0
Total investments in fixed assets [1]	**386**	**377**	**2.5**
Investments in financial assets/ acquisitions	**1**	**22**	**–96.4**
Total investments	**387**	**399**	**–3.1**
Increases in stakes held in subsidiaries	**33**	**193**	**–82.8**
Capital increase/decrease	**0**	**62**	**–100.0**
Dividends paid	**–173**	**–259**	**–33.2**

[1] Including intangible assets.

TABLE 008

ADDITIONAL SUBSIDIARY SHARE PURCHAESES AND CAPITAL INCREASE Additional subsidiary share purchases related mainly to AGRANA Stärke GmbH's purchase of minority shares of AGRANA Bioethanol GmbH at a cost of € 33 million. Last year, the additional interests acquired at a cost of € 193 million were mainly for the purchase of shares of AGRANA Beteiligungs-AG, based in Vienna, Austria, whereby Südzucker AG increased its holdings from 38.3 % to 49.6 %. The cash inflow from the capital increase totaling € 62 million relates mainly to the acquisition of AGRANA shares by Austrian shareholders.

PROFIT DISTRIBUTION Profit distributions throughout the group in the fiscal year just ended totaled € 173 (259) million and included € 102 (184) million paid out to Südzucker AG's shareholders and € 71 (75) million to minority interests.

DEVELOPMENT OF NET FINANCIAL DEBT Cash flow of € 389 million and a cash inflow of € 131 million in working capital were not enough to fully cover cash outflow for investments totaling € 387 million, € 33 million that went toward the acquisition of shares in AGRANA Bioethanol GmbH and € 173 million for the dividend distribution. Accordingly, net financial debt rose € 57 million to € 593 million, from € 536 million on 28 February 2014.

Balance sheet – assets

NON CURRENT ASSETS Non-current assets rose € 101 million to € 4,510 (4,409) million. This was mainly due to the € 134 million increase in fixed assets to bring the total to € 2,790 (2,656) million because of the € 376 (366) million invested in fixed assets since last fiscal year, while depreciation was reported at € 259 (250) million. The remaining assets of € 533 (564) million relate mainly to the carrying amount of companies consolidated at equity, which rose € 48 million to € 333 (285) million. Intangible assets declined slightly year over year to € 1,187 (1,189) million, while goodwill was unchanged.

CURRENT ASSETS Current assets declined € 290 million to € 3,964 (4,254) million. The main reason is the price-driven reduction of € 232 million in inventories, especially in the sugar segment, which brought the total to € 2,128 (2,360) million. In addition, trade receivables were down € 47 million to € 870 (917) million due to lower prices, while other assets fell € 11 million to € 966 (977) million. Last year this item contained the reimbursement claim against the EU for excess production levies imposed for sugar marketing years 2001/02 to 2005/06.

Balance sheet

€ million	28 February 2015	28 February 2014	+/− in %
Assets			
Intangible assets	1,187	1,189	−0.1
Fixed assets	2,790	2,656	5.0
Remaining assets	533	564	−5.5
Non-current assets	**4,510**	**4,409**	**2.3**
Inventories	2,128	2,360	−9.8
Trade receivables	870	917	−5.1
Remaining assets	966	977	−1.1
Current assets	**3,964**	**4,254**	**−6.8**
Total assets	**8,474**	**8,663**	**−2.2**
Liabilities and shareholders' equity			
Equity attributable to shareholders of Südzucker AG	3,125	3,268	−4.4
Hybrid capital	684	684	0.0
Other non-controlling interests	652	673	−3.1
Total equity	**4,461**	**4,625**	**−3.5**
Provisions for pensions and similar obligations	826	659	25.3
Financial liabilities	774	681	13.6
Remaining liabilities	285	314	−9.2
Non-current liabilities	**1,885**	**1,654**	**14.0**
Financial liabilities	500	502	−0.4
Trade payables	956	1,145	−16.5
Remaining liabilities	672	737	−8.8
Current liabilities	**2,128**	**2,384**	**−10.8**
Total liabilities and equity	**8,474**	**8,663**	**−2.2**
Net financial debt	593	536	10.7
Equity ratio	52.6	53.4	
Net financial debt as % of equity (gearing)	13.3	11.6	

TABLE 009

SHAREHOLDERS' EQUITY Shareholders' equity declined € 164 million to € 4,461 (4,625) million; the equity ratio was the same as last year at 53 (53) % as total assets contracted. The reduction in Südzucker AG shareholders' equity to € 3,125 (3,268) million reflects mainly the impact of income-neutral revaluation of defined benefit pension obligations as a result of the sharply lower discount rate as well as the lower year-end result. Non-controlling interests declined € 21 million to € 652 (673) million.

NON-CURRENT LIABILITIES Non-current liabilities rose € 231 million to € 1,885 (1,654) million. This was driven mainly by higher provisions for pensions and similar obligations, which rose € 167 million to € 826 (659) million after the discount rate was adjusted from 3.50 % to 1.75 % for material plans. Non-current financial liabilities rose € 93 million to € 774 (681) million. Other liabilities fell € 29 million to € 285 (314) million. Included therein are tax liabilities totaling € 79 (109) million.

CURRENT LIABILITIES Current liabilities fell € 256 million to € 2,128 (2,384) million. This was due to the drop in trade payables, which were down € 189 million to € 956 (1,145) million. Included therein are € 435 (693) million for liabilities toward beet farmers, while other liabilities fell € 65 million to € 672 (737) million. Last year this item included reimbursement claims from beet growers against excess production levies as well as AGRANA Stärke GmbH purchase price obligations related to the acquisition of minority shares in AGRANA Bioethanol GmbH. Financial liabilities of € 500 (502) million were comparable to last year.

NET FINANCIAL DEBT Net financial debt rose € 57 million to € 593 (536) million as of 28 February 2015. The ratio of net financial debt to equity was 13.3 (11.6) %.

The group's long-term financing requirements as of 28 February 2015 were covered by € 410 (408) million in bonds, € 126 (110) million in promissory notes and € 238 (163) million in long-term bank loans.

Short-term financing as of the record date was in the form of short-term bonds totaling € 227 (117) million, of which € 200 (90) million was in the form of commercial papers with one-month maturities. As of the record date, Südzucker Group had access to adequate liquidity reserves of € 1.4 (1.3) billion, consisting of non-utilized syndicated credit lines and other bilateral bank credit lines.

Value added, capital structure and dividend

Value added

€ million	2014/15	2013/14	2012/13	2011/12	2010/11
Operating profit	**181**	**622**	**972**	**751**	**521**
Capital employed	5,877	5,873	5,950	5,707	5,314
Return on capital employed (ROCE)	3.1 %	10.6 %	16.3 %	13.2 %	9.8 %

TABLE 010

Capital employed was comparable to last year at € 5,877 (5,873) million. In 2014/15, return on capital employed (ROCE) fell to 3.1 % from 10.6 %, driven by the sharply lower operating profit of € 181 (622) million. Fixed assets were higher because of higher investments, which at € 376 (366) million exceeded depreciation of € 259 (250) million. This was offset by a reduction in working capital, mainly in the sugar segment, as a result of lower inventories driven by lower prices, as well as reduced trade receivables and payables. There were no fully consolidated acquisitions in fiscal 2014/15; the goodwill carrying amount remained the same.

Capital structure

		2014/15	2013/14	2012/13	2011/12	2010/11
Debt factor						
Net financial dept	€ million	593	536	464	791	854
Cash flow	€ million	389	697	996	823	606
Net financial debt to cash flow ratio		1.5	0.8	0.5	1.0	1.4
Debt equity ratio						
Net financial debt	€ million	593	536	464	791	854
Shareholders' equity	€ million	4,461	4,625	4,731	3,970	3,687
Net financial debt as % of equity (gearing)	%	13.3	11.6	9.8	19.9	23.2
Equity ratio						
Shareholders' equity	€ million	4,461	4,625	4,731	3,970	3,687
Total assets	€ million	8,474	8,663	8,806	8,289	7,260
Equity ratio	%	52.6	53.4	53.7	47.9	50.8

TABLE 011

The debt ratio (ratio of net financial debt to cash flow) as of the balance sheet date was 1.5. Net financial debt as of 28 February 2015 was 13.3 % of shareholder's equity of € 4,461 million. The equity ratio on the balance sheet date was 52.6 % on total assets of € 8,474 million.

For years, Südzucker's dividend policy has been transparent and commensurate with the group's profit and debt situation, and aims for continuity. Distributions are based above all on the group maintaining sustainable earnings from operations. The historic dividend per share payments in relation to earnings numbers are shown below.

Dividend

		2014/15	2013/14	2012/13	2011/12	2010/11
Operating profit	€ million	181	622	972	751	521
Cash flow	€ million	389	697	996	823	606
Earnings per share	€	0.10	1.37	3.08	1.99	1.33
Dividend per share [1]	€	0.25	0.50	0.90	0.70	0.55
Payout ratio	%	–	36.5	29.2	35.2	41.4

[1] 2014/15: Proposal.

TABLE 012

The executive and supervisory boards' recommended dividend of € 0.25 (0.50) / share reflects the lower earnings. Based on the 204.2 million shares in circulation, the total dividend distribution will be € 51.0 million. Last year the total distribution was € 102.1 million.

Sugar segment

Market developments and economic environment

WORLD SUGAR MARKET German market analyst F. O. Licht's second estimate of the world's sugar balance for the 2014/15 campaign year, released in February 2015, forecasts that sugar production will fall for the second year in a row, to 179.7 (181.9) million tonnes. With consumption rising further to 179.8 (176.5) million tonnes and taking into consideration other volume changes, sugar inventories will decline for the first time in four years to 75.7 (76.8) million tonnes or 42.1 (43.5) % of one year's consumption.

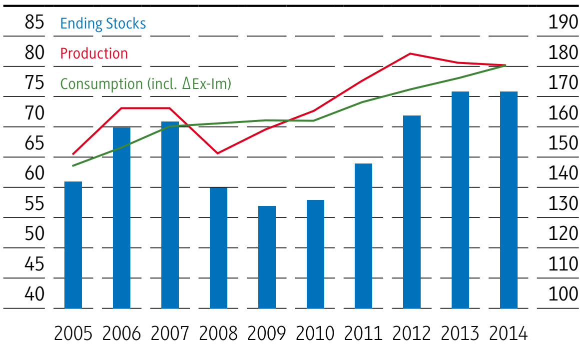
Global sugar balance

Million of tonnes raw value	2014/15	2013/14	2012/13	2011/12	2010/11
Opening balance	**76.8**	**72.2**	**64.5**	**58.1**	**56.9**
Production	179.7	181.9	184.3	174.8	165.4
Consumption	−179.8	−176.5	−173.0	−168.4	−162.7
Volume adjustments	−1.0	−0.8	−3.6	0.0	−1.5
Closing balance	**75.7**	**76.8**	**72.2**	**64.5**	**58.1**
In % of consumption	42.1	43.5	41.7	38.3	35.7

Source: F. O. Licht, 2cd World sugar balance estimate, February 2015.
All data only for sugar (without isoglucose and sugar for ethanol).

TABLE 013

Global sugar balance



Source: F. O. Licht

DIAGRAMM 05

Global market sugar prices

1 March 2012 to 31 March 2015
London, nearest forward trading month

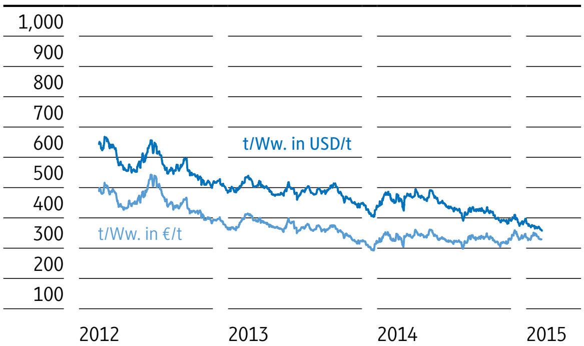


DIAGRAMM 06

The world market price for white sugar at the end of the first quarter was about 345 €/t (about USD 470), the same as at the beginning of the fiscal year. At the beginning of July 2014, the price started to decline further, reaching about 320 €/t (about USD 420) at the end of the second quarter. The world market price for white sugar has traded in the same range since then. At the end of February 2015, it was quoted at 331 €/t (about USD 372).

The main reason for the declining world market price for sugar continues to be steady high inventories and the strong US dollar. Most recently, the strong US dollar actually caused the world market price expressed in Brazilian Real to rise as a result of the sharp drop in the Real's exchange rate to the US dollar.

Global sugar production is expected to decline in 2014/15, especially given the drop in Brazil's sugar production volume. Market analysts are forecasting this trend to continue in Brazil, and even strengthen, since the current low price of sugar will not cover rising production costs during the 2015/16 campaign year either. As world sugar consumption continues to climb, it is expected that inventories will be reduced, which will form a basis for a recovery in world market sugar prices.

The following is a summary of the trends in each of the five most important sugar producing and consuming nations. Despite lower production numbers on account of weather conditions, Brazil remains the world's leading sugar producer and exporter, with a total production share of 21 % and exports of 24.7 million tonnes.

Million of tonnes raw value	2014/15	2013/14	2012/13	2011/12	2010/11
Top 5 producer					
Brazil	36.3	39.5	41.2	35.3	38.7
India	28.3	26.6	27.3	28.6	26.5
EU	19.3	17.1	17.4	19.1	15.9
China	11.6	14.5	14.2	12.5	11.3
Thailand	10.7	11.7	10.3	10.6	9.9
Top 5 consumer					
India	27.0	26.3	25.5	24.5	22.6
EU	19.2	19.1	19.1	19.0	19.2
China	16.6	16.2	15.8	15.3	14.7
Brazil	13.2	13.0	12.9	12.7	12.6
USA	10.9	11.1	10.7	10.2	10.4
Top 5 exports					
Brazil	24.7	24.7	29.7	22.1	27.0
Thailand	7.5	6.5	6.1	7.3	6.1
Australia	3.2	3.1	3.1	2.6	2.1
Guatemala	2.0	1.9	2.0	1.7	1.4
India	1.7	2.7	1.1	3.8	3.2
Top 5 Importers [1]					
Indonesia	4.1	3.5	3.8	2.8	3.1
China	3.8	4.1	3.7	4.3	2.1
USA	3.4	4.0	4.5	4.0	4.3
EU	2.6	3.2	3.7	3.5	3.6
Bangladesh	1.9	1.9	1.7	1.7	1.5

Source: F. O. Licht, 2cd World sugar balance estimate, February 2015.
All data only for sugar (without isoglucose and sugar for ethanol).
[1] Sugar consumed in the country without refining for third countries.

TABLE 014

EU SUGAR MARKET Given the record beet sugar yields throughout Europe, European beet sugar production (including isoglucose) is expected to reach a record 20.1 (17.5) million tonnes in the current 2014/15 sugar marketing year (1 October 2014 – 30 September 2015). Sugar quotas have been almost completely filled, while non-quota sugar production has risen sharply. This will boost inventories of surplus sugar, which may not be sold until the following sugar marketing year, to 2.9 (0.6) million tonnes as of 30 September 2015. Even though imports will – as predicted – decline due to the significantly lower price of sugar in the EU, the European sugar market will continue to be adequately served from EU beet sugar supplies.

Export licenses for 1.35 million tonnes of non-quota sugar were granted for the 2014/15 sugar marketing year, the same as last year. The amount of sugar exported in processed products such as chocolate and sweets was 0.7 (0.7) million tonnes, unchanged from last year.

During the previous sugar marketing year, 2013/14, the beet sugar quota was largely filled even though the volume of sugar produced fell to 17.5 (18.1) million tonnes. Imports from preferred nations (ACP and LDC) were largely stable at 2.2 (2.1) million tonnes. For the first time, the Central American countries Costa Rica, Guatemala, Honduras, Nicaragua, Panama and El Salvador and the Andean nations Columbia and Peru almost completely filled their EU duty-free export quotas of 0.25 million tonnes of sugar in 2014 [1]. On the other hand, imports that qualified for reduced duties as per WTO import quotas fell to 0.35 (0.68) million tonnes. The main reason for the lower imports is that the EU Commission did not grant special imports at reduced duties in a bid to raise inventories. Last year the Commission allowed 0.5 million tonnes under such a scheme.

According to EU price reports, the price of bulk quota sugar declined over the course of fiscal 2014/15 from 604 €/t in March 2014 to 421 €/t in January 2015. In March 2013, at the beginning of the previous fiscal year, the price for quota sugar was still being quoted at 726 €/t.

ENERGY In fiscal 2014/15, energy markets were caught in a tug of war between geopolitical risks on the one hand and the continuing global oversupply on the other.

[1] Duty free imports to the EU from these countries have been granted since fall 2013 and are applicable each calendar year.

EU sugar balance

Million of tonnes white sugar	2014/15	2013/14	2012/13	2011/12	2010/11
Beginning stocks incl. carry over	**2.5**	**3.2**	**2.4**	**1.2**	**1.6**
Production	20.1	17.5	18.1	19.5	16.2
Import	2.6	3.2	3.7	3.5	3.6
Consumption	−19.2	−19.3	−18.9	−19.0	−18.8
Export	−1.5	−1.4	−1.4	−2.1	−0.8
Net export processed products	−0.7	−0.7	−0.7	−0.7	−0.6
Ending stocks carry forward	**2.9**	**0.6**	**0.7**	**0.8**	**0.1**
Ending stocks quota sugar	**0.9**	**1.9**	**2.5**	**1.6**	**1.1**

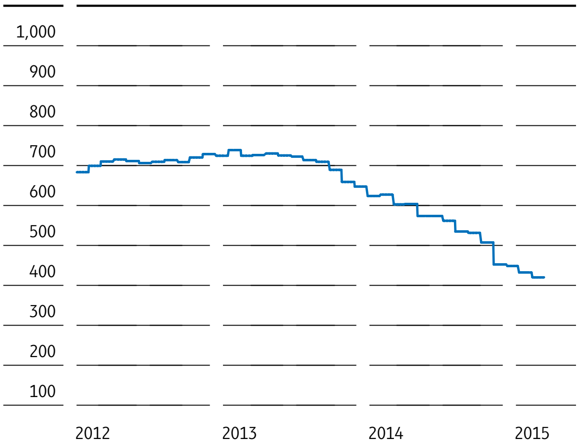
Source: EU commission, AGRI C4, estimate of EU sugar balance sheet 2014/15; March 2015.
All data for sugar (incl. sugar for ethanol) und Isoglucose; im- and exports without im- and exports of processed products.

TABLE 015

Relatively full gas storage tanks in Europe together with a very mild winter in 2013/14 drove gas prices sharply lower at the beginning of fiscal 2014/15. On 10 July 2014, spot gas prices fell to a three-year low of 15.34 €/MWh. The geopolitical crises were especially apparent in the first half of the 2014 calendar year, as the territorial conflict between Russian and the Ukraine flared up. In addition, as the armed conflict in Iraq escalated, concerns about potential supply shortages drove the price of North Sea Brent to a twelve-month high of 116 USD/barrel on 19 June 2014. Gas markets were also repeatedly shaken by wide price swings during the course of the fiscal year due to the continuing geopolitical unrest.

EU price reporting

1 January 2012 to 31 January 2015
EUR/t Ww.



Source: EU commission, AGRI C4.

DIAGRAM 07

Ultimately though, fundamentals drove the results, including weak economic growth forecasts for the EU and economic sanctions against Russia, as well as increased supplies as the US shale oil processing boom continued. Constant high crude oil production volumes by the countries belonging to OPEC also contributed to the huge oversupply, which is why the price of oil collapsed in the second quarter of the 2014 calendar year amid increasingly pessimistic demand forecasts. On 13 January 2015, it touched a six-year low of 45 USD/barrel. Toward the end of fiscal 2014/15, the price of Brent recovered to 62 USD/barrel. Weak projections for the world economy and the crude oil price slump also resulted in moderate gas prices in the winter months of October 2014 to February 2015.

EMISSIONS TRADING Following the adoption of back loading in February 2014, 400 million certificates were withdrawn from the market over the course of the year. In addition, 300 million and 200 million fewer certificates will be auctioned in 2015 and 2016 respectively. The EU Commission recommended that a market stabilization reserve be established effective 2021 in order to permanently restore the balance between supply and demand. The debate about the reserve began in fall 2014 and will continue in 2015. The second carbon leakage list for the period covering 2015 to 2019 was accepted by the EU Commission on 27 October 2014. It will be applied for the first time when determining the free of charge allocations for 2015. The list contains the production of sugar, starch and starchy products, other organic raw materials and chemicals (e.g., bioethanol). The events during 2014 caused the spot price for European CO_2-emission certificates to jump 50 %, from € 4.86 to € 7.24.

Legal and political environment

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 in December 2013. Export subsidies around the world were one of the agricultural issues discussed. After several months of delays, the path was cleared in December 2014 for implementing the Bali package. Now that the parties have agreed, technical trade facilitations can also be ratified. However, the developments will not directly impact sugar. It is currently not possible to predict when the Doha round will be concluded.

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, the South American common market. In the event sugar and sugary products are not defined as sensitive products – contrary to current trade practice – substantial additional duty-free sugar volumes could in future be imported into the European Union.

CETA In September 2014, the wording of the free trade agreement with Canada (CETA = Comprehensive Economic and Trade Agreement) was released. The agreement is not expected to come into force until 2016. 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 applies to 120,000 tonnes of white sugar that Canada produced locally during the 2013/14 sugar marketing year. Annual Canadian sugar consumption 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.

SADC As part of an economic partnership agreement between the EU and SADC (South African Development Community), the EU and South Africa have formally agreed that South Africa be granted an annual duty-free import quota to the EU of 150,000 tonnes of sugar and 80,000 tonnes of ethanol. The agreement is expected to come into force in 2016, after ratification by both parties.

TTIP The aim of the talks that began in July 2013 between the government of the United States and the EU about a transatlantic trade and investment partnership (TTIP) is broad-based market deregulation – Sugar has not been explicitly discussed in the negotiations between the EU Commission and the United States up to now.

ASSOCIATION AGREEMENT WITH UKRAINE After the political situation in Ukraine changed 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 in April 2014. The impact on the EU sugar market will be duty-free import quotas totaling 34,070 tonnes per annum. To date however, Ukraine has not exported any volumes to the EU worth mentioning. Ukraine will open its markets to EU imports starting on 1 January 2016. As of that date, the EU will be permitted to export 30,000 tonnes per annum to Ukraine, rising linearly up to 40,000 tonnes per annum within five years.

ASSOCIATION AGREEMENTS WITH THE REPUBLIC OF MOLDOVA AND GEORGIA The trading section of the association agreement with the Republic of Moldova and Georgia came into force on 1 September 2014. Both agreements permit duty-free and quota-free sugar imports to the EU. However, the agreement includes an anti-circumvention clause, the purpose of which is to prevent non-eligible imports into the EU from non-EU countries via these states. It stipulates that the onus is on Moldova to prove it is the country of origin for any imports exceeding the quota of 37,400 tonnes per annum for sugar and 4,200 tonnes per annum for products containing sugar. If it is unable to do so, the EU Commission can suspend the preferential duties. The same applies to imports from Georgia, except that the import quotas are 8,000 tonnes per annum of sugar and isoglucose and 6,000 tonnes per annum of products containing sugar. In 2014, sugar imports to the EU from Moldova and Georgia totaled about 17,000 tonnes.

Business performance

The sugar segment's numbers cover Südzucker AG, Südzucker Polska, Südzucker Moldova, Raffinerie Tirlemontoise, Saint Louis Sucre and AGRANA. These companies produced 5.3 (4.7) 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, Czech Republic and Hungary. The agriculture, animal feed and Bodengesundheitsdienst divisions are some of the other business units attached to the segment.

REVENUES AND OPERATING PROFIT The drastic fall in revenues for quota sugar over the course of fiscal 2014/15 was the primary reason for the decline of 17 % in revenues to € 3,228 (3,901) million. In addition, likewise lower sales revenues for the export of non-quota sugar enhanced the effect, so that the overall rise in sugar volumes was largely unable to compensate for this. This development was also reflected in the drop in operating profit to € 7 (437) million.

The decline in the quota sugar sales revenues was initially influenced by the southern and eastern European markets during the first six months of fiscal year 2014/15. With the start of the sugar marketing year 2014/15 in October 2014, the decline in sales revenues took a serious toll in the other EU markets as well. Moreover, the third quarter was pressured by the sale of the residual sugar volumes from the 2013 campaign as well as the devaluation of import contracts. In the fourth quarter, the effects of the low prices were exacerbated by the seasonally low volumes as well.

RESULT OF RESTRUCTURING AND SPECIAL ITEMS The result of restructuring and special items in the amount of € −7 (−113) million includes reorganization expenses for an early retirement program to reduce the administrative costs at Raffinerie Tirlemontoise and for the closure of the raw sugar refinery at the site in Marseille, France and the packaging plant in Regensburg. In addition, earnings from the sale of the former factory premises in Groß-Gerau, from the conclusion of a legal dispute in conjunction with the payment of value-added tax for sugar deliveries to Italy and from a settled lawsuit against Raffinerie Tirlemontoise in Belgium over waste water charges were accrued. In the previous year, this figure included the

Sugar segment business performance

		2014/15	2013/14	+/− in %
Revenues	€ million	**3,228**	**3,901**	**−17.3**
EBITDA	€ million	133	558	−76.5
Depreciation on fixed assets and intangible assets	€ million	−126	−121	2.9
Operating profit	€ million	**7**	**437**	**−98.4**
Result from restructuring/special items	€ million	−7	−113	−95.5
Income from companies consolidated at equity	€ million	−5	20	–
Income from operations	€ million	**−5**	**344**	**–**
EBITDA margin	%	4.1	14.3	
Operating margin	%	0.2	11.2	
Investments in fixed assets [1]	€ million	186	197	−5.1
Investments in financial assets/acquisitions	€ million	0	22	−100.0
Total investments	€ million	**186**	**219**	**−14.8**
Shares in companies consolidated at equity	€ million	250	232	7.9
Capital employed	€ million	3,199	3,186	0.4
Return on capital employed	%	0.2	13.7	
Employees		8,097	8,050	0.6

[1] Including intangible assets.

TABLE 016

expense from the antitrust fine and the income from the claim to reimbursement for excess production charges levied in the sugar marketing years 2001/02 to 2005/06.

RESULT FROM COMPANIES CONSOLIDATED AT EQUITY The result from companies consolidated at equity in the sugar segment was € –5 (20) million, most of which relates to the earnings contribution from British trading company ED&F Man Holdings Ltd., London, England, in which Südzucker acquired a 25 % minus one share interest in May 2012, but also the earnings contributions from Studen Group and the italian joint-venture distributor Maxi S.r.l.

After posting record profits in fiscal 2012/13 (1 October to 30 September), ED&F Man reported negative earnings before taxes for the first time in fiscal 2013/14, driven by significant losses in the sugar segment. The oversupply of sugar on world markets drove the trading result sharply lower. Aside from the difficult world market situation for sugar, adverse conditions faced by some of the companies in which ED&F Man holds an interest also negatively impacted the results. Write-downs were subsequently taken on some of these holdings. For example, an ED&F man minority shareholding in Mexico suffered losses. A trade dispute regarding sugar imports between the United States and Mexico was one of key factors that drove earnings down. ED&F Man's sugar factory in Ukraine suffered losses in 2014 on account of the difficult political and economic situation and the resulting poor supply of sugar beets.

On the other hand, ED&F Man was able to extend last year's successes in the coffee, MLP (Man liquid products) and shipping segments. The relatively new capital markets segment also reported growth. However, overall, these business units were far from offset losses in the sugar segment.

CAPITAL EMPLOYED AND RETURN ON CAPITAL EMPLOYED Capital employed rose slightly to € 3,199 (3,186) million. In conjunction with the decline in the operating profit to € 7 (437) million, ROCE was down sharply to 0.2 (13.7) %.

Sugar production

Sugar production

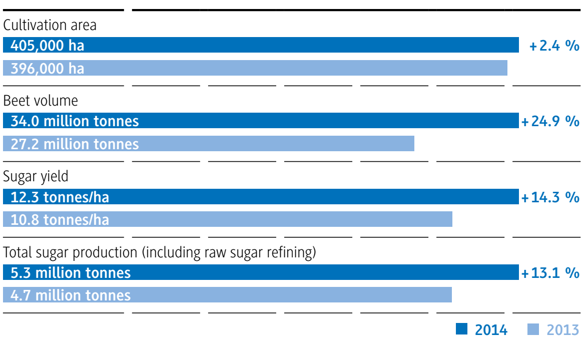


DIAGRAM 08

Sugar production by country

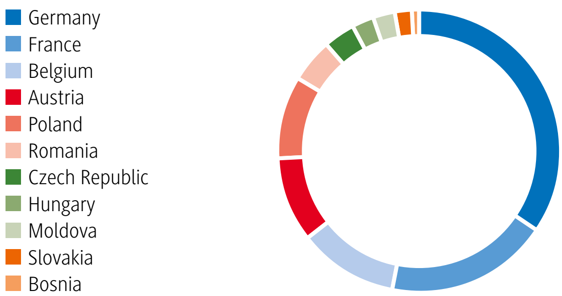


DIAGRAM 09

CULTIVATION AREA Südzucker Group's sugar beet cultivation area grew by about 2.4 % in 2014, to 405,000 (396,000) ha. The previous year, the cultivation area had been scaled back because of the high sugar inventories, which had to be carried over.

BEET PLANTING Many of the beet cultivation regions had no frost during the winter of 2013/14. The usual soil loosening due to frost thus did not occur; neither did catch crops freeze. As a result, planting conditions were less than optimal in many areas. In spite of these difficulties, all countries in which Südzucker Group is represented seeded two to four weeks earlier that the year prior, so that by mid-April 2014 all planting had been completed.

SUBSEQUENT BEET DEVELOPMENT With the exception of Moldova, frost damage was inconsequential. After seeding, favorable weather conditions spurred the growth of the emerging beets, and beet rows in a number of fields had already closed by the end of May. A heat wave during the first ten days of June caused beets at sites with light soil to wilt. In some places, rainfall from the beginning of the year to mid-June was about 100 mm less than the long-term average. The badly needed rain did not arrive until July, at which time it began to pour. Adequate, regular rainfall during summer combined with moderate temperatures resulted in a mass volume growth of beets.

YIELDS Early planting and mostly excellent weather conditions during the growing season and continuing even after the campaign started, resulted in beet yields at Südzucker Group of 84 t/ha, about 20 % above the five-year average and 10 % higher than the previous record set in 2011.

On the other hand, the rainfall that spurred the overall yield led to lower sugar content. At Südzucker Group overall, it came in at 16.5 (17.3) %, lower than both last year and the five-year average.

2014 CAMPAIGN Aside from the slightly larger cultivation area, the higher beet yields at all of the group's companies (in some cases substantially higher) drove total beet volume to a record 34.0 (27.2) million tonnes. The record volume was converted without any major problems to 5.0 (4.3) million tonnes of sugar. The average time taken by all factories was 127 (102) days and campaign durations ranged between 85 days at the Strzyżów factory in Poland and 177 days at the Leopoldsdorf facility in Austria.

Harvest conditions at the beginning of the campaign were generally excellent. In some places, harvesting had to be interrupted briefly due to heavy rains. Beet loading and transportation was adjusted accordingly, and beet logistics were smooth overall. A brief spell of winter at the end of December hardly impacted beet deliveries, except in Romania, where beet processing had to be suspended for a few weeks.

Thanks to rigorous protection of the beet piles and inventory management adjustments, beet quality and thus also processing remained at a steady high level in most factories right to the end of the campaign.

In Austria, above-average temperatures in January and February caused beet quality to deteriorate. Nevertheless, AGRANA's facilities in Austria, Czech Republic and Slovakia were still able to process all beets by the beginning of March. In Moldova, the last beets were used in the biogas plant because the quality was no longer good enough for conversion into sugar.

Production performance at the factories was excellent. In fact, the Ochsenfurt, Tienen and Wanze factories were even able to improve their daily production performance numbers. Energy consumed per unit of beet volume for sugar extraction was lower than the year prior at almost all factories. Based on sugar volume, it was unchanged from last year.

Despite the long campaign, problems were limited and only rarely caused any lengthy production outages. However, due to the length of the campaign, parts of the evaporator stations had to be cleaned at some factories, which in some cases led to lengthy outages or significantly reduced capacity utilization.

Südzucker Group's refineries produced 0.3 (0.5) million tonnes of sugar.

ORGANIC BEET CAMPAIGN As in previous years, the organic beets grown for Südzucker Group were converted to organic sugar and organic molasses at the Warburg factory in Germany and Hrušovany in the Czech Republic prior to the start of the campaign. Due to the smaller cultivation area for organic beets in Germany, beet volume was lower than last year, even though yields per hectare were also higher.

2014 SYRUP CAMPAIGN The syrup stored from last year's campaign was processed during the interval between the beet campaigns. Among other things, this allows factory capacity utilization to be spread over a lengthier time period. Overall, eleven of Südzucker Group's factories produced about 0.5 million tonnes of sugar during syrup campaigns that ranged between twenty-five and eighty-seven days.

Sugar volume

Consolidated total volume for all group companies, including non-quota sugar exports and shipments to the non-food industry rose in fiscal year 2014/15 by 6.6 % to 5.4 (5.0) million tonnes of sugar, albeit with significantly reduced prices. Thus, the approaching end of the regulation of the sugar market in September 2017, high sugar inventories in the EU and low world market prices caused the price level in the EU to drop significantly in recent months, by a good 30 % between March 2014 and January 2015 alone. The difference between the EU price according to EU price reporting and the world market price has thus been considerably reduced, particularly for quota sugar.

The EU companies' volumes grew by 5.7 %, reaching 5.3 (5.0) million tonnes. This is also due to the increasing competitiveness of the sugar produced in the EU compared to alternatives from overseas in particular. Outside of the EU, volumes of the company in Moldova increased by 70 %.

QUOTA SUGAR Total volume of quota sugar rose by 7.3 % from the previous year to 4.3 (4.0) million tonnes. Volumes in the countries where the Group produces sugar declined slightly. The intensive price competition in these markets resulted in Südzucker's refusal to meet price demands in some cases. In contrast, volumes in the EU countries where the Südzucker Group has no production sites but has developed a good market position via its own distribution structures in recent years, increased by 33.5 % over the previous year. Bearing in mind the approaching end of regulation of the sugar market, the customer portfolio was expanded, enabling the Group to gain market share.

NON-QUOTA SUGAR At 1.0 (1.0) million tonnes, volumes of non-quota sugar remained at the previous year's level. Use within the EU, and thus in the non-food industries, was slightly below that of the previous year. Contracts with the ethanol industry for large quantities will have a positive effect on volumes only in the coming months, so that the unusually good harvest in 2014 will lead to high transitional inventories of non-quota sugar, even though the exports to third countries rose slightly.

LOGISTICS With regard to the export opportunities as of October 2017, we are continuing to optimize our logistics and to adapt our transport and storage systems to meet the future requirements. The relocation of large quantities of sugar – in the planned sales units as far as possible – to external warehouses was successfully completed during the past fiscal year. The required transport capacities for the relocation was provided by a combination of rail, road and marine transport.

Animal feed

Sales of animal feed and by-products generated within the group by the sugar production process are coordinated transnationally in order to take advantage of synergies and to ensure reliable delivery and adherence to top quality standards.

MOLASSES PULP AND MOLASSES PULP PELLETS Predictions of a second global record grain harvest in a row came true over the course of the fiscal year and caused prices to plummet last summer. Bad weather in Russia, cold snaps in the United States and strong exports from the EU due to a favorable exchange rate stabilized prices somewhat starting in fall.

Because of the extremely large beet harvest in 2014, over 20 % more pulp pellets were produced than during the prior year, which caused prices to plummet, as they did for grain. Overall however, thanks to early sales by all of the group's pellet-producing companies, sales revenues were still relatively good last fiscal year.

BEET MOLASSES Cane molasses prices remain stable. Beet molasses prices trended lower on account of last year's record harvest in the EU, which resulted in an increase in molasses volume of over 20 %.

Although Südzucker AG was able to sign nearly all contracts at record price levels thanks to timely negotiations with retailers and the mixed animal feed industry, the group's eastern European companies had to discount prices from last year's levels, in some cases quite significantly, due to the market situation.

Investments

The sugar segment's investments were again cut drastically last fiscal year and ended up at € 186 (219) million. The prior year's number includes investments in financial assets totaling € 22 million in connection with the acquisition of the interest in British trading company ED&F Man, based in London, England.

Most of the investments for fixed assets were for replacements, as well as investments in efficiency improvements and energy savings. The major projects were the new construction and revamp at the headquarters in Mannheim, together with logistics and infrastructure projects at the Plattling, Zeitz and Tienen factories. The following is an overview of the key projects in the various countries.

GERMANY The low temperature driers in Ochsenfurt, Offstein and Rain were started up on schedule and are contributing significantly to reduced energy consumption. Work was done on the switchgear at the Ochsenfurt, Plattling and Rain plants to improve the safety of the electrical system. Equipment to improve fire protection is currently also being installed at all factories, including in the turbine and switchgear areas. In Plattling, work started on the next phase of the packaging and distribution building. Rail transport has been restarted in Rain after restoring the rail spur. Expansion of the rail systems at the Zeitz location will in future also reduce the need to use public roads.

FRANCE The pre-evaporator installed in Roye was started up and the planned energy consumption savings have been achieved. Further work in the cutting machine area and the pellet press station is part of the ongoing plan to systematically modernize the production systems. The newly refurbished turbogenerator in Roye that was damaged at the start of the campaign has to be sent back to the supplier for a complete overhaul. A temporary workaround was implemented to permit the campaign to proceed successfully. After commissioning of the high bay storage warehouse in Roye, deliveries were shifted to the new distribution center step by step. Three new cube sugar lines were installed to provide a supply of end user products. The new beet washing equipment in Etrépagny is operating fully as expected. This is another site where preparations are underway to start replacing equipment in the pellet press station area.

BELGIUM The foundation and structural work for the new viewing and shipping station in Tienen was completed as planned. Commissioning is therefore scheduled for spring 2016. Various developments and production process improvements related to the end user product portfolio were implemented at the Tienen, Merksem and Lebbe sites.

AUSTRIA The rebuild of the molasses desugaring system at the Tulln site is proceeding on schedule, with commissioning still planned for May 2015.

POLAND Investment at the Strzelin site went toward the packaging station and the product warehouse in an effort to be better able to serve the market. New boiler exhaust gas dust filters were installed on the steam generators in Strzelin, Strzyzów and Ropczyce. The pellet press, juice concentration and crystal separation processes were improved at the Strzyzów, Cerekiew and Swidnica in an effort to further cut energy consumption. The process control system for the power generators in Swidnica was successfully replaced to improve electrical and production safety. Preparations are underway to replace the raw sugar centrifuge station in Ropczyce. At the biogas plant in Strzelin, the process and technical systems were optimized, which has resulted in another significant increase in the amount of electrical and thermal energy generated.

RUMANIA / SLOVAKIA / CZECH REPUBLIC / HUNGARY The installation of the new viewing station in Buzau, Romania has been completed. The new pellet presses at the Sered site in Slovakia and Opava and Hrušovany locations in the Czech Republic were successfully started up at the beginning of the campaign. The structural work on the central packaging center in Kaposvár, Hungary, is complete and work can now start on the other installations.

MOLDOVA The press pellet fired biogas production plant built last year in Drochia is operating successfully. Output is constantly higher than the design capacity. The gas generated is fed to the plant's steam generators. Natural gas consumption has thereby been reduced significantly. There is also a plan to increase the existing co-generation capacity in the gas engine station. The sugar drying equipment in Falesti was modernized.

Farming

Südzucker's farming segment was able to complete its planting of spring cereals and sugar beets earlier than in previous years amid excellent conditions. The lengthy growing period, moderate temperatures and copious rainfall in May and June 2014 resulted in record yields and harvests for all field crops, both conventional and organic. Unfortunately the grain quality was not the same as in previous years. Harvesting proceeded according to plan with no major interruptions. Already at the beginning of the campaign, the sugar beet yield was quite elevated, and it rose to unusually high levels toward the end of the harvest. Grain was planted under excellent conditions.

Record volumes of grain and oil-seeds were harvested in Europe and other parts of the world. As a result, prices fell until mid-September 2014. In spite of the excellent supply situation, prices turned around and trended higher in Germany after that, especially for grain. By then most of the 2014 harvest and a significant portion of the expected 2015 harvest was already sold.

The biogas plant in Rackwitz operated at full load for the entire year without noteworthy problems. The gas yield exceeded original design levels.

Bodengesundheitsdienst supports sustainable farming

BGD-Bodengesundheitsdienst GmbH (BGD) is a service company whose primary mandate is to examine soil samples for nutrients using electro-ultrafiltration (EUF) so that it can offer advisory services on fertilizers for all farmed crops. A number of other analyses and services have been developed and are offered to farmers, vintners and garden plot holders. The findings from these analyses help growers make decisions that enable modern, sustainable plot management.

Examples of these offerings include analyses on soil humus content, nutrient comparisons in accordance with the German fertilizer ordinance, analyses on organic fertilizers such as liquid manure, biogas slurry and farmyard manure and recommendations for their environmentally sound application. Additional services offered include examining dry solids content in vegetation for biogas system operators, soil analyses and fertilization recommendations for specific 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 analysis supplements soil analysis and examination of plant nutrients in fertilizers produced by the farms themselves.

In addition to the already offered analysis using near-infrared spectroscopy (NIRS), the company has added wet chemical animal feed examination by the Weender method to its repertoire. BGD's accreditation to ISO 17025 is a testament to the high standard of its labs.

The company also analyzes beet nematodes in soils, bacteria in seed potatoes and viruses on vine cuttings.

Special products segment

The special products segment is comprised of the BENEO, Freiberger, PortionPack Europe divisions, AGRANA's starch and bioethanol businesses as well as the construction of the new wheat starch plant in Zeitz, Germany.

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.

REVENUES AND OPERATING PROFIT In the special products segment, the decline in revenues in the first six months could not be fully compensated despite an increase in the fourth quarter, so that fiscal 2014/15 revenues dropped slightly from the previous year's level to € 1,724 (1,740) million, due primarily to the overall decrease in sales revenues.

In contrast, the operating profit rose significantly to € 120 (85) million, as the effects from reduced sales revenues were more than compensated by declining costs. All divisions contributed to this increase in profits.

The income from companies reported at equity in the amount of € 27 (29) million relates primarily to the pro rata result of the starch and bioethanol businesses of the Hungrana Group.

CAPITAL EMPLOYED AND RETURN ON CAPITAL EMPLOYED (ROCE) Capital employed rose slightly to € 1.377 (1.343) million due to investments. In conjunction with an increase in operating profit to € 120 (85) million, ROCE amounted to 8.7 (6.3) %.

Special products segment business performance

		2014/15	2013/14	+/– in %
Revenues	€ million	**1,724**	**1,740**	**–0.9**
EBITDA	€ million	192	156	23.4
Depreciation on fixed assets and intangible assets	€ million	–72	–71	1.5
Operating profit	€ million	**120**	**85**	**41.8**
Result from restructuring/special items	€ million	–3	4	–
Income from companies consolidated at equity	€ million	27	29	–7.5
Income from operations	€ million	**144**	**118**	**22.2**
EBITDA margin	%	11.2	9.0	
Operating margin	%	7.0	4.9	
Investments in fixed assets [1]	€ million	125	110	13.1
Investments in financial assets/acquisitions	€ million	1	0	–
Total investments	€ million	**126**	**110**	**13.9**
Shares in companies consolidated at equity	€ million	81	52	57.4
Capital employed	€ million	1,377	1,343	2.6
Return on capital employed	%	8.7	6.3	
Employees		4,406	4,335	1.6

[1] Including intangible assets.

TABLE 017

BENEO

The core business of BENEO is the manufacture and worldwide marketing of functional ingredients obtained from the raw materials chicory root, beet sugar, rice and wheat and the nutritional and technological improvement of food and animal feed. With 900 employees around the globe, BENEO operates production facilities in Belgium, Chile, Germany and Italy and, in addition to its own distributors in Belgium, Brazil, Germany, Spain, Singapore and the United States, an international distributor network in 75 countries.

BENEO possesses comprehensive expertise in the complex interactions between healthy eating and dietary aspects of food ingredients. With a profound knowledge of food law, application technology as well as market and consumer research results, BENEO supports its international clients in successful product development and positioning.

Economic environment, general conditions
The connection between a balanced diet and the reduction of the risk of so-called diseases of civilization such as obesity, diabetes and cardiovascular diseases is scientifically proven and generally well-known. Against this background, consumers are increasingly showing interest in products with additional health benefits. The focus is primarily on weight control via an adequate intake of dietary fiber, but also on new issues such as control of blood sugar as well as gluten- and lactose-free products. In this positive environment for the BENEO products, rising raw material prices as well as a market consolidating on both the competitor and customer sides pose challenges.

Around the globe, a growing number of food-related regulations such as the European Health Claims Regulation are increasing the complexity of the food market and inhibiting the industry's willingness to innovate. The claims with statements on product properties that are indispensable to the advertising of the food industry are often approved only after many years of research. BENEO enjoyed success in 2013 and 2014 with the issues of dental health and influence on blood sugar, and in 2015 with the topic of improved intestinal health. Continuous investment in scientific studies for the submission of successful claim dossiers is a prerequisite for the facilitation of further growth in Europe.

Business performance
BENEO successfully maintained its market position overall in fiscal 2014/15 against increasing competition, whereby various developments offset each other in the individual markets.

PRODUCTS AND MARKETS is working internationally on the development of the "concept for healthy intestinal flora". To document the nutritional benefits of the chicory-based dietary fibers **inulin and oligofructose**, BENEO is investing in scientific nutritional studies on intestinal health. In the growth segment of food for babies and young children, the prebiotic effect is recognized as beneficial for healthy development.

Isomalt successfully maintained its market leadership in the confectionery segment for sugar-free candies and chewing gum. The only sugar substitute made from sugar meets international client and consumer wishes with regard to taste, processability and health. Moreover, Isomalt offers the additional benefits of tooth friendliness and calorie reduction. Despite intense competition and high pressure from customers to reduce prices, demand for Isomalt was strong and even rose in some regions.

Product developments and research activities by domestic and international food companies with **Palatinose™** confirm the trend towards using alternative carbohydrates. There is also a great deal of interest in blood sugar control and the accompanying health benefits in the prevention of nutrition-related condition such as obesity and diabetes. Stronger growth was seen in the beverage segment as well as in specialty and sports nutrition.

The increasing consumer interest in clean label, gluten-free, lactose-free or allergen-free products as well as the technological diversity and versatility of **rice derivatives** is increasing demand for these products in the food industry. BENEO's competitive advantage is the production of customized blends as well as years of experience in the production of ingredients for the extremely high standards in the baby nutrition segment with regard to purity, quality and natural products.

The technologically functional wheat protein **BENEO Pro VWG** remains extremely successful in the animal feed segment, e.g. as a protein source for fish farms. Moreover, it is increasingly used in the food sector for improving the quality of baked goods, particularly bread.

Investments

The biomass power plant at the site in Pemuco, Chile, which will improve energy efficiency, is now in operation. At the site in Oreye, Belgium, improvements in energy efficiency and quality began with the optimization of extraction and juice purification. Measures to reduce water consumption will be completed in spring 2015. A new starch washing process was implemented at the production site in Wijgmaal, Belgium to further improve product quality. The next goal is to reduce water consumption and relief for water treatment. The expansion of the Palatinose™ production as well as the complete renovation of the viewing and shipping area in Offstein, Germany were successfully completed. Further investments in the optimization of processes and production costs are planned.

Freiberger

Freiberger Group is one of the leading producers of frozen pizza in Europe. The group supplies frozen pizzas, baguettes, snacks and pasta dishes as well as numerous varieties of chilled pizzas to food retailers in over thirty European countries and trade customers in North America. Approximately 2,000 employees produce 2.5 million product units each day at five production facilities in Germany, Austria and Great Britain.

The past fiscal year focused on developing and marketing new items for the convenience food portfolio. Since demand for food is hardly growing in Europe, creating new products or varieties of existing items is a key factor for Freiberger in holding its own against the competition. The group's many varieties of production technologies in combination with its employees' many years of experience enables Freiberger Group to work successfully and to respond flexibly and quickly to market demands and customer requests. While volatile prices on the raw materials markets continued to pose a challenge, on the whole Freiberger ended the fiscal year with success despite having short-term contracts on the procurement side and longer contractual terms on the buyer side.

MARKET DEVELOPMENTS Demand for frozen pizza stagnated in Europe during the past fiscal year, with volumes for this product division declining slightly at Freiberger. By contrast, volumes in the chilled pizza items division continued to grow faster than the rest of the market in the United Kingdom, Freiberger's most important market where it is represented by its subsidiary, Stateside Foods. Sales and distribution activities in the United States have now led to initial listings with two additional food chains, whereby the change in the dollar-euro exchange rate will continue to benefit Freiberger's export opportunities in the coming year.

INVESTMENTS Increasing efficiency and expanding capacities were two of the areas on which capital expenditure focused during fiscal 2014/15. At the Berlin plant, a production line was converted to improve packaging efficiency and flexibility and to optimize the bakery processes. At the other two German plants, a long-term project to overhaul the facilities' cooling technology was initiated. At Stateside Foods, which supplies chilled pizzas to the British market, a new shipping and picking center was commissioned at the end of 2014. The next step in expanding production capacities is proceeding as planned, with the work expected to be completed in the second half of the coming year from today's perspective.

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, the UK, Spain, the Czech Republic 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, which are supplied either directly or indirectly via wholesalers, coffee roasters and other partners. In fiscal 2014/15, PortionPack Europe Holding B.V. acquired a 40 % interest in the South African company Collaborative Packing Solutions Ltd., thus gaining access to the South African market.

The market environment remained difficult in fiscal 2014/15. Food service markets continued to contract in most European countries, and the trend towards cheaper products with lower gross margins persisted.

Revenues declined further based on lower price points for sugar items. Operating profit nonetheless improved significantly, primarily thanks to cost reduction measures and improved margins in certain sections.

Due to the sustained difficult market conditions, capital expenditure was limited to making adaptations to existing facilities in response to changing customer needs, quality assurance measures and urgently needed maintenance capex.

Starch

The starch division includes the starch and bioethanol businesses of AGRANA with the Austrian potato, corn and wheat starch production, the corn starch factory in Romania and bioethanol production in Austria. The investment of Südzucker AG in the construction of a starch production plant at the Zeitz site is also allocated to the starch division. The starch and bioethanol businesses of the Hungrana Group in Hungary are consolidated at equity.

Market development, economic environment and general conditions

Please refer to the sections entitled "Overall and industry-specific business conditions" and "CropEnergies segment" for details about the development in the international grain markets and the political framework for bioethanol.

Falling grain prices and the excess supply of sugar in the European markets have had a strong impact on the volume markets of the starch division and triggered intense competition among starch saccharification products. The sales volume situation for starches for technical applications such as paper and corrugated cardboard, is stable at a high level, which also has a positive effect on the demand for wheat starch.

The new soybean harvest arrived in Europe only after a long delay in smaller quantities, so that stable, high prices for DDGS , corn gluten and corn gluten feed prevailed into summer 2014. The extraordinarily large harvests of wheat and oil crops in 2014 directly impacted the by-product sales revenues for starches and bioethanol, and the prices declined.

Business performance

Revenues of AGRANA Stärke GmbH were maintained almost at the previous year's level in fiscal 2014/15. Lower sales prices for most of the main products were offset by higher sales volumes, particularly for native and derivative starches. The wheat starch factory that began operation in Pischelsdorf, Austria last year reached its full capacity, and the additional starch and by-product quantities were successfully sold. Due to the stable market demand and consistent market cultivation, volumes of the existing product ranges of potato and corn starches as well as sweetening products were positive. The bioethanol business was forced to assert itself in a difficult market environment.

Revenues of the HUNGRANA Group, which was consolidated at equity, declined significantly due to a drop in sales prices for the main products bioethanol and isoglucose, and could not be compensated by higher sales volumes of primary and by-products.

Production

During the 2014/15 campaign, the Austrian starch factory in Gmünd processed 240,500 (160,200) tonnes of industrial starch potatoes with an average starch content of 17.3 (18.7) % in 147 (101) days; the share of organic potatoes was 3 %. From 24,900 (23,200) tonnes of food industry potatoes, approximately 4,500 (4,300) tonnes of long-life potato products were produced; organic potatoes accounted for 21 %.

The corn processing volume in the AGRANA starch factories in Austria and Romania remained at the previous year's level with 745,000 tonnes. The share of special corn (wax corn, organic corn, guaranteed GMO-free corn) increased to 12 (8) %.

At the Pischelsdorf site in Austria, a wheat volume of 440,000 (287,000) tonnes was used for the production of wheat starch and bioethanol.

At HUNGRANA in Hungary the volume of corn processed declined slightly to 1,034,000 (1,048,000) tonnes.

Investments

In addition to the investments in the expansion of capacity for wax corn derivative production in Aschach, Austria, in the capacity increase for spray drying in Gmünd, Austria, in the wet derivatives plant in Gmünd, Austria and in the expansion of the feed storage facilities at the Pischelsdorf site in Austria, construction of a wheat starch plant was begun at the site in Zeitz. There, the investment volume amounts to € 125 million. In conjunction with the existing plants for sugar extraction and bioethanol production, a state-of-the-art biorefinery is being developed with a particular focus on the efficient use of energy and water to protect the environment. The existing infrastructure will be used for all plants and the material flows among the plants can be used sustainably and efficiently. Thus, for example, the wheat kernel components that are not used in the starch factory will be made available to the ethanol plant for the production of bioethanol. After the planned start-up of operations in 2016, the factory is to produce up to 140,000 tonnes of wheat starch products such as glucose syrup, bran and gluten per year for the food and chemical industries from regionally sourced wheat.

CropEnergies segment[1]

Market developments and economic environment

BIOETHANOL MARKET GROWTH In 2014, global bioethanol production was 2 % higher than last year, rising to 108.8 (106.6) million m³; of the total, 84 (83) % went to the fuel sector and 16 (17) % was used for beverages, as well as medical and industrial applications. Global bioethanol production of about 91 (90) million m³ of bioethanol for the fuel sector represents about 7 % of the global gasoline market. In the United States, bioethanol production in 2014 rose to 55.8 million m³ from 51.8 million m³ last year. In Brazil, bioethanol production is expected to rise only 2.1 % to 28.6 (28.0) million m³ on account of dry weather and the resulting poor sugar cane harvest in sugar marketing year 2014/15. The EU's ethanol production volume was reported at 7.3 (6.7) million m³, 8.6 % higher than last year. Of the total, 5.2 (4.6) million m³ or 71 (69) % was fuel grade ethanol. This represents just under 5 % of Europe's gasoline consumption, which is about 106 million m³.

Market analysts expect global bioethanol production to come in at 109.7 (108.8) million m³ in 2015. In the EU, total production is forecast to reach 7.2 million m³, of which 5.1 million m³ is projected to be fuel grade ethanol.

EU bioethanol volume balance

million m³	2015	2014	2013
Opening balance	**2.0**	**1.9**	**2.1**
Production	7.2	7.3	6.7
Import	0.6	0.7	1.0
Consumption	−7.5	−7.7	−7.8
Export	−0.3	−0.2	−0.1
Closing balance	**2.0**	**2.0**	**1.9**

Source: F. O. Licht. Data estimated of EU biothanol volume balance, February 2015.

TABLE 018

BIOETHANOL PRICES Brazilian bioethanol was trading at USD 540/m³ FOB Santos at the end of February 2015, about USD 210/m³ less than at the beginning of March 2014. The one-month ethanol futures contract on the Chicago Board of Trade was down sharply, sinking from 2.30 USD/gallon[2] at the

[1] Further details can be found in CropEnergies AG current 2014/15 annual report.
[2] One US-gallon is equal to 3.7854 liters.

beginning of March 2014 to 1.44 USD/gallon at the end of February 2015, driven by lower raw material costs and an excellent corn harvest, high inventories and significantly lower gas prices at the end of the year.

European ethanol prices were also very volatile. At the beginning of March 2014, bioethanol was still being quoted at 479 €/m³ FOB Rotterdam. By July 2014, the price had dropped to 434 €/m³, recovered briefly in September 2014 to over 570 €/m³, hit an all-time low of 417 €/m³ in mid-January 2015 and then rose slightly to 468 €/m³ to the end of February 2015. European prices are thus also very low compared to the global price level. The price drop is primarily attributable to the lack of political will to also boost the share of renewable energies in the transportation sector, declining gas consumption in the EU and lower raw material prices.

GRAIN MARKET AND PRICES In its estimate for grain marketing year 2014/15 dated 9 April 2015, the US Department of Agriculture reckons that global grain production (excluding rice) will remain almost unchanged at 2,007 million tonnes. Although global grain consumption is expected to rise 1.9 % to 1,981 million tonnes, it continues to trail production. As a result, global inventories are forecast to rise 6.5 % to 420 million tonnes. The EU Commission is expecting the EU's grain harvest for the 2014/15 grain marketing year to rise 7.2 % to 327 (305) million tonnes. Grain consumption on the other hand is only expected to increase 2.5 % to 281 (274) 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. As a result, wheat prices fell from about 210 €/t in May to about 150 €/t in mid-September 2014. However they subsequently turned around because of the late corn harvest and were quoted at about 188 €/t at the end of February 2015.

MARKET DEVELOPMENTS AND ANIMAL FEED According to the USDA estimate dated 9 April 2015, the soybean harvest is again expected to hit a new record of 315 (284) million tonnes in marketing year 2014/15. One-month futures for soybeans on the CBOT were still trading at 15 USD/bushel at the end of May 2014. Excellent harvest forecasts caused prices to drop to about 9 USD/bushel by the end of September 2014. Soybean prices had recovered to about 10 USD/bushel by the end of February 2015. Rapeseed meal prices initially fell because of the increased harvest of 24.1 (21.0) million tonnes of EU rapeseed in marketing year 2014/15, from 275 €/t at the beginning of March 2014 to sporadic lows of under 200 €/t to mid-October 2014. However, exchange rate developments and limited availability of imports caused prices to recover to about 245 €/t by the end of February 2015.

Legal and political framework

RENEWABLE ENERGY DIRECTIVE The renewable energy directive is the legislative instrument in which the EU has defined a mandatory blending of 10 % for renewable energies in the transportation sector by 2020. Sustainability criteria ensure that all biofuels used in the EU are produced on a sustainable basis. Among other things, biofuels must reduce greenhouse gas emissions by at least 35 % by weight compared with fossil fuels. Starting in 2017, this figure will rise to a full 50 % by weight. For biofuels from new plants constructed after 1 January 2017, greenhouse gas emissions will have to be at least 60 % by weight lower as of 2018. Other environmental and social standards specify that raw materials for biofuel production may not be cultivated in areas with high carbon stocks and/or regions with a high degree of biological diversity.

FUEL QUALITY DIRECTIVE In addition, the fuel quality directive stipulates that by 2020, greenhouse gas emissions must be reduced by 6 % by weight measured in terms of total fuel consumption. The EU has moreover created the foundation for Europe-wide introduction of E10 fuel, i.e. adding 10 % by volume bioethanol to gasoline, by way of the fuel quality directive and the European fuel standard for gasoline, which took effect in January 2013 after being revised by the European Committee for Standardization. However, E10 fuel is thus far only available in Germany, France and Finland in the EU. The 28 member states therefore remain far from tapping the potential to lower greenhouse gas emissions and reduce dependency on oil imports by using bioethanol.

AMENDMENTS TO THE RENEWABLE ENERGY AND FUEL QUALITY DIRECTIVES On 17 October 2012, the European Commission presented draft amendments to the renewable energy and fuel quality directives to the European Parliament and the European Council. The main element of the draft proposal was a cap on the percentage of conventional biofuels – i.e. biofuels produced from normal crops such as grains, sugar plants and oilseeds – at 5 percentage points of the 10 % target in the transportation sector. In addition, a penalty was to be imposed on biofuels generated from crops via the introduction of iLUC factors designed to capture greenhouse gas emissions from theoretical indirect land-use changes (iLUC) in non-EU countries. The European Commission further recommended that conventional biofuels should no longer be subsidized as of 2021.

After many years of political debate, trilateral negotiations were conducted by the EU Commission, Parliament and Council, which failed to produce a consensus. A new proposal by the EU Council of Ministers was accepted by the Environmental Committee of the European Parliament on 14 April 2015. This draft recommends raising the blend ratio target for conventional biofuels to 7 %, reducing the quadruple allocation of biofuels from waste and scrap materials to a double allocation, and increasing monitoring of those biofuels for sustainability and compatibility with waste legislation. The inclusion of iLUC factors (indirect changes in land use) as a penalty imposed on European biofuels was not adopted due to the lack of scientific evidence. Likewise excluded is the separate mandatory blend ratio of 7.5 % of renewable energies in normal gasoline. The multiple allocation of electricity from renewable resources in the transport sector is still included.

Südzucker expects that the European Parliament will follow the committee's recommendation and accept the draft by the end of April 2015; the agreement of the Council is expected in June 2015. After publication in the Official Journal of the European Union, the member countries have two years to implement the new regulations in domestic law. By 2020 the 10 % share of renewable energies in the transportation sector must be achieved by all member states of the European Union.

Südzucker welcomes the consensus achieved by the Parliament and Council that initially ends the more than two years of debate and the accompanying uncertainty regarding the general conditions for the European biofuel industry. The prerequisites for rapid implementation in domestic law have thus been established. However, together with the domestic and European bioethanol associations, Südzucker not only calls for reliable general conditions for the European bioethanol market for the period up to 2020 but beyond it as well. In the discussion on a climate and energy package for 2030, Südzucker will continue to advocate for the continuation of a sustainable biofuel policy.

When the directives have been fully implemented, the current European bioethanol market volume could potentially double to 10 million m³.

PROPOSED DIRECTIVE ON THE IMPLEMENTATION OF THE FUEL QUALITY DIRECTIVE On 6 October 2014, the European Commission proposed a directive to define calculation procedures and requirements for reporting greenhouse gas emissions from fuels pursuant to the fuel quality directive. The fuel quality directive stipulates a decarbonization target of 6 % by weight for fuels. It is planned for the reduction to be calculated on the basis of the average greenhouse gas intensity based on fuel consumed in 2010. Since the European Parliament did not oppose the draft directive in December 2014, the directive is expected to take effect shortly. We welcome this more realistic assessment of greenhouse gas emissions related to fossil fuels, as it demonstrates that the use of biofuels can in fact reduce greenhouse gas emissions to a much greater extent than had previously been officially acknowledged. Similar to biofuels, however, fossil fuels should be differentiated by their raw materials source. For instance, the greater level of greenhouse gas emissions from fuels produced from unconventional oil sources such as tar sand and oil shale ought to be taken into account. In addition, the directive fails to establish a uniform method for allocating the reduction of greenhouse gas emissions to upstream stages in the value chain. Among other things, this includes ceasing to burn the gases emitted in crude oil production.

2030 CLIMATE AND ENERGY PACKAGE On 24 October 2014, the European Council agreed on the cornerstones of an energy and climate package for the period from 2020 to 2030. 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. In addition, the Council has targeted an improvement of 27 % in energy efficiency. Thus the European Council has essentially taken up the proposals made by the European Commission on 22 January 2014 without determining separate targets for the transportation sector. However, the Council has also established that greenhouse gas emissions will have to be further lowered in the transportation sector and the sector's dependency on fossil fuels reduced. The European Commission was therefore asked to additionally review measures to promote the use of renewable energies and reduce greenhouse gas emissions in the transportation sector for the period after 2020 as well. In a resolution on climate and energy policies for the period up until 2030, the European Parliament announced 5 February 2014 that it was in favor of a special framework for the transportation sector and called for maintaining the specifications for lowering the lifecycle greenhouse gas emissions of fuels as part of the fuel quality directive.

GREENHOUSE GAS REDUCTION QUOTAS IN GERMANY In Germany, the biofuels quota was replaced by a greenhouse gas reduction quota effective 1 January 2015 as part of a decarbonization strategy. German legislators decided to amend the Federal Imission Control Act (BImSchG) in order to implement this new system. The prescribed reduction in greenhouse gases produced from fuels was accordingly raised from 3 % to 3.5 % by weight for 2015 and 2016. For subsequent years, however, the greenhouse gas reduction targets were lowered from 4.5 % to 4 % by weight starting in 2017 and from 7 % to 6 % by weight effective from 2020 onward. Although the German bioethanol industry spoke out in favor of introducing greenhouse gas reduction quotas in advance of the system change, it pointed out that the reduction in savings targets from 2017 onward will not suffice to take advantage of the high potential of biofuels to lower greenhouse gases.

NATIONAL BIOFUEL DIRECTIVES At the end of April 2014, Belgian legislators adopted new support regulations for biofuels to promote the use of particularly sustainable biofuels and set incentives for the introduction of E10 fuel. The European Commission is currently reviewing the new support scheme on the use of biofuels.

In the UK, the Renewable Transport Fuel Obligation (RTFO) prescribes the blend of biofuels in the amount of 4.75 % by volume. Since this does not reach the EU target of 10 %, the British biofuels industry is calling for the blend ratio set forth in the RTFO to be raised.

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 m³ of bioethanol and over one million tonnes of high-protein food and animal feed. 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.

CropEnergies continued to expand in fiscal 2014/15. The increase in production and sales volumes was driven mainly by the addition of Ensus in Wilton, England, which was consolidated for the full year for the first time, further optimization of the production systems and expansion of its business overall. Nevertheless, market conditions had a significant impact on fiscal 2014/15 profit performance. Because of the difficult situation in the European bioethanol market, which deteriorated even further as a result of the drastic slump in oil prices and devaluation of the euro to the British pound, in addition to the delay in increasing the share of renewable energies in the transportation sector in the EU, CropEnergies decided in February 2015 to temporarily suspend operations at the production plant in Wilton, Great Britain. As soon as market developments permit, the British production plant will resume operations.

REVENUES AND OPERATING PROFIT The CropEnergies segment's revenues rose further, to € 764 (720) million, driven by higher ethanol, as well as food and animal feed volumes. The higher production level is mainly attributable to the volumes from the plant in Wilton, Great Britain, which were included for the entire year for the first time, but also from improved plant loading at the existing factories in Zeitz and Wanze, Belgium.

Higher volumes and falling net raw material costs were only able to offset the significantly lower bioethanol sales revenues compared to last year to a limited extent. Operating profit in fiscal 2014/15 therefore dropped sharply, to € −11 (35) million.

The result from restructuring and special items of € −28 (−6) million relates to the temporary closure of the bioethanol factory in Wilton, England.

The result from companies consolidated at equity and of € 0 (−1) million includes the share of earnings from CT Biocarbonic GmbH, which produces liquid food-grade carbon dioxide at the Zeitz facility.

CAPITAL EMPLOYED AND RETURN ON CAPITAL EMPLOYED (ROCE) The decline in capital employed to € 518 (544) million is due mainly to restructuring programs resulting from the temporary shutdown of the British bioethanol factory. ROCE was calculated at −2.2 (6.4) % on operating profit of € −11 (35) million.

RAW MATERIALS Agricultural commodities originating in Europe were processed in Zeitz, Wanze, Belgium and Wilton,

CropEnergies segment business performance

		2014/15	2013/14	+/− in %
Revenues	€ million	**764**	**720**	**6.1**
EBITDA	€ million	25	69	−63.2
Depreciation on fixed assets and intangible assets	€ million	−36	−34	8.7
Operating profit	€ million	**−11**	**35**	**–**
Result from restructuring/special items	€ million	−28	−6	> 100
Income from companies consolidated at equity	€ million	0	−1	–
Income from operations	€ million	**−39**	**28**	**–**
EBITDA margin	%	3.3	9.5	
Operating margin	%	−1.5	4.9	
Investments in fixed assets [1]	€ million	32	18	75.3
Investments in financial assets/acquisitions	€ million	0	0	–
Total investments	€ million	**32**	**18**	**75.3**
Shares in companies consolidated at equity	€ million	2	1	21.4
Capital employed	€ million	518	544	−4.7
Return on capital employed	%	−2.2	6.4	
Employees		438	430	1.9

[1] Including intangible assets.

TABLE 019

Great Britain. CropEnergies' purchasers consider it important to source 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. The focus in Loon-Plage, France, was on sourcing raw alcohol cost-effectively.

PRODUCTION In fiscal 2014/15, CropEnergies Group boosted bioethanol production 20 % to 1.1 (0.9) million m³, and dry food and animal feed production 30 % to 0.5 (0.4) million tonnes. All production plants contributed to the growth, but it was the first time the Wilton factory was included for the entire fiscal year. CropEnergies also produced liquid protein-based animal feed and biogenic carbon dioxide.

Capacity utilization in Zeitz was again high and more bioethanol was produced than last year. Operations commenced at the completed rectified spirit plant at the beginning of 2015. CT Biocarbonic GmbH was able to significantly boost production. Last year, there were temporary shutdowns on account of flooding. The Wanze bioethanol factory's uptime and capacity utilization continued to climb. This was in part due to the optimization work completed the year before, which included increasing the rating of the biomass boiler, reducing alcohol loss and boosting production throughput. Improvements at the bioethanol plant in Wilton consisted of increasing the uptime and efficiency of the plant, reducing specific energy consumption and expanding raw material flexibility. The Loon-Plage factory converted raw alcohol to bioethanol for the fuel sector and produced high-grade rectified spirits for conventional and technical applications.

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 operate to standards that significantly exceed today's minimum requirements.

BIOETHANOL SALES VOLUMES Bioethanol sales volumes rose 24 % to 1.3 (1.0) million m³, of which 0.2 (0.1) million m³ consisted of trading goods. In the fiscal year just ended, CropEnergies continued to focus on minimizing freight charges to EU market destinations. The most important market continues to be Germany. CropEnergies is a key player in the Belgian and Eastern European markets. The company expanded its market share in Great Britain, the third largest market for sustainably produced bioethanol, after Germany and France.

CropEnergies also participates in the non-fuel market. Some of the biggest names in the beverage, cosmetics, pharmaceutical and chemical industries buy the company's high-grade rectified spirits. The refining plant to produce food-grade rectified spirits completed in January 2015 in Zeitz has created attractive new sales opportunities for CropEnergies. Ryssen Chile SpA, based in Santiago de Chile, Chile, expanded the company's South American market share.

Because of international price developments and an antidumping duty on bioethanol from the United States, hardly any bioethanol is currently being imported to the EU from Brazil and 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 28 % to 0.5 (0.4) million tonnes in fiscal 2014/15 due to higher production volumes. Although prices for plant-based proteins fell because of the excellent oilseed harvest, they continue to be high in Europe compared to grain prices thanks to strong demand for protein-based food and animal feed and the devaluation of the euro to the US dollar.

Investments

The CropEnergies segment's investments of € 32 (18) million were mainly for construction of a new finishing plant in Zeitz to produce rectified spirits and further plant optimizations and efficiency improvements at all factories.

Fruit segment[1]

Market developments, economic environment, general conditions

The demand for fruit preparations declined slightly by 1.5 %[2] in the EU, while it rose slightly in the markets outside Europe. The consumption of fruit yogurt in the United States stagnated in 2014 at the previous year's level, after extraordinarily high growth rates were posted in the preceding years. In the medium term, further growth is expected in the United States, as the per capita consumption of seven kilograms per year is still significantly below that of Europe.

In the growth regions of Eastern Europe (Russia, Ukraine, Belarus), North Africa (Egypt, Algeria), the Middle East, Mexico and Argentina, macroeconomic and political problems are slowing market development. Fruit yogurt consumption in these countries should increase again once the political situations have returned to normal.

The above-average growth in markets such as Brazil, China or Turkey slowed by 3 %[2] in 2014. Fruit yogurt consumption is stable in the developed markets in the Asian-Pacific region, particularly South Korea and Australia.

The situation in the market for ice cream and food services is similar; here as well, a decline in the growth rates or stagnation can be seen in many markets.

However, overall it can be assumed that the extensive market stagnation in the consumer goods markets for fruit yogurt, ice cream and food services is only temporary. Growth is expected in the medium term, particularly outside Europe.

The demand for fruit juice concentrates is influenced by the trend towards fruit juice beverages with a low juice content. Consumption of juices with high concentrations of fruit continues to decline slightly in Western Europe. The price of fruit juice concentrates has nearly halved in Europe due to existing residual inventories, excellent harvest forecasts for Europe and the influence of trade policies on the raw material markets (Ukraine / Russia) and their pricing structure.

Business performance

AGRANA J&F Holding GmbH is the fruit segment's holding company. The fruit preparations are coordinated and operationally managed by a holding company, AGRANA Fruit S. A. S, based in Mitry-Mory, France. Fruit concentrates are managed by the holding company AUSTRIA JUICE GmbH, headquartered in Kröllendorf, Austria. In total, the segment had twenty-five production locations for fruit preparations in twenty countries as of the record date as well as fourteen production plants for apple and berry juice concentrates in seven countries.

REVENUES AND OPERATING PROFIT Lower sales revenues and lower sales volumes for fruit juice concentrates as well as sales revenues slightly below those of the previous year for fruit preparations led to a decline in revenues to € 1,062 (1,172) million.

However, the charges from the declining sales revenues and sales volumes were compensated by likewise declining costs as well as the cost-saving measures implemented, so that the operating profit of € 65 (65) million remained at the level of the previous year. Development in the second half of the year was particularly positive, as the decline in profits from the first six months was compensated.

The expense of € –6 (–1) million for restructuring and special items relate to the closure of the Herk-de-Stad site in Belgium and the closure of fruit preparation production at the Kröllendorf site in Austria.

CAPITAL EMPLOYED AND RETURN ON CAPITAL EMPLOYED
The decline in capital employed to € 782 (801) million was due primarily to the lower inventories. In conjunction with a stable operating profit of € 65 (65) million, ROCE amounted to 8.4 (8.1) %.

[1] Further details can be found in AGRANA's current 2014/15 annual report.
[2] Source: Nielsen, Euromonitor, data from 2014 or Information Resources,Inc.

Fruit segment business performance

		2014/15	2013/14	+/– in %
Revenues	€ million	**1,062**	**1,172**	**–9.4**
EBITDA	€ million	103	106	–1.6
Depreciation on fixed assets and intangible assets	€ million	–38	–41	–5.9
Operating profit	€ million	**65**	**65**	**1.1**
Result from restructuring/special items	€ million	–6	–1	> 100
Income from companies consolidated at equity	€ million	0	0	–
Income from operations	€ million	**59**	**64**	**–8.2**
EBITDA margin	%	9.8	9.0	
Operating margin	%	6.1	5.5	
Investments in fixed assets [1]	€ million	43	52	–17.0
Investments in financial assets/acquisitions	€ million	0	0	–
Total investments	€ million	**43**	**52**	**–17.0**
Shares in companies consolidated at equity	€ million	0	0	–
Capital employed	€ million	782	801	–2.4
Return on capital employed	%	8.4	8.1	
Employees		5,519	5,371	2.8

[1] Including intangible assets.

TABLE 020

AGRANA Fruit (fruit preparations)

Revenues in the fruit preparations division declined by 3.2 %, due primarily to effects from foreign currency, but also to slightly lower sales volumes of fruit preparations, which were only partially compensated by higher volumes of raw materials. While the volumes in North America, Australia and Asia rose in comparison to the previous year, sales volumes in the other regions, especially in Eastern Europe, remained below those of the previous year.

Despite the challenging market environment, the position in the EU as the most important market was maintained and profit significantly increased. This was made possible particularly by good product portfolio management and improved cost control. AGRANA will continue to take measures to further increase profitability in the EU.

In Russia and Ukraine, AGRANA posted declines in both the market and sales volumes due to the difficult political and economic situation, but was able to improve the operating margin. There were no bottlenecks in the supply of raw materials.

In North America, AGRANA Fruit achieved growth in volumes. Earnings declined compared to the previous year due to the start-up costs for the new plant in Lysander, New York.

In South America, AGRANA kept its revenues and improved its earnings significantly in all three countries where the Group operates (Argentina, Brazil and Mexico), despite weak currencies.

In China, South Korea and Australia, revenues rose and the high level of profitability was sustained.

In the Near East and North Africa, sales and absolute yields fell due to market conditions, but the plants in Turkey and Egypt continued to post high EBIT margins.

AUSTRIA JUICE (fruit juice concentrates)

AUSTRIA JUICE operates around the globe, whereby the EU is its core sales market. Other major markets are North America, Russian and the Middle and Far East. The apple juice concentrate produced in the Chinese plant is sold mainly to Japan, India, Russia and Australia, but also to Europe.

In fiscal 2014/15, revenues in the fruit juice concentrates division declined significantly, due primarily to the drop in prices of apple juice concentrates as well as lower sales volumes overall.

The fruit juice concentrate prices were volatile in the past fiscal year as well, whereby a strong trend towards lower prices, particularly for apples, was noted. Sales prices for berry juice concentrates also dropped due to lower prices for raw materials. The production from the 2014 harvest was sold worldwide during the current campaign in the form of annual contracts that are conventional in the industry.

The integration of AGRANA Juice and Ybbstaler into AUSTRIA JUICE was largely completed in fiscal 2014/15, so that the planned synergies should take effect as of fiscal 2015/16.

Raw materials, harvest and production

The prices in the procurement markets are declining due to a globally sluggish economy and overcapacities for the second consecutive year. Development in the berries and stone fruits from European and North African procurement regions was deflationary. The prices for sugar and starch as important components of fruit preparations also declined. The raw material prices in the North and South American procurement markets and in the countries of origin of tropical fruits fell only slightly overall. On the one hand, the economic situation was more stable, but the fruit harvest was significantly reduced, e.g. for strawberries and peaches in California.

The weakness of the rouble and Ukrainian hryvinia considerably influenced the prices for the raw materials in the end products in Russia and the Ukraine. Part of this foreign exchange risk was compensated by controlling the procurement in regional markets.

To ensure the greatest reliability possible in the supply of raw materials, AGRANA Fruit tapped new sources of raw material for fruit in fiscal 2014/15. Moreover, the supplier network was enlarged to include new strategic partners with whom shared sustainability goals were agreed in order to continue to meet the increased consumer demand for sustainability along the entire value chain.

The apple volumes available for the fruit juice concentrates division rose over those of the previous year in the primary processing regions in Europe (Poland, Hungary). An excess supply of apple juice concentrate from the 2013 season at the beginning of the 2014 processing season, excellent harvest forecasts in Europe, high residual inventories in the table fruit segment and the trade barriers arising from the conflict between Ukraine and Russia led to sharp drops in raw material prices in the main raw material regions. However, an upward trend was noticeable towards the end of the fiscal year. While the production capacity of the fruit juice concentrate plants in Eastern Europe (Poland, Hungary) was fully utilized, the low raw material prices in Western Europe due to reduced deliveries of raw material led to significant underutilization of capacity. In China the production season generally went as planned.

The berry processing season was characterized overall by good volume availability for the main fruits. At the same time, the prices for the raw materials strawberries, sour cherries and black currants were considerably lower than those of the previous year.

Investments

In the fruit segment, € 43 (52) million was invested in capacity expansion and maintenance measures. Major projects included the completion of the fruit preparation plant in Lysander, New York, which successfully commenced operation in the first quarter of fiscal 2014/15, the completion of a third production line in the fruit preparation plant in Brazil and the expansion of frozen storage in Morocco. In Austria the structure of the production sites was optimized: in the future, only fruit juice concentrates will be produced in Kröllendorf, and fruit preparations in Gleisdorf. In addition, a uniform merchandise management system was implemented in the fruit juice concentrates division.

Actual and forecast business performance

		Outlook 2014/15 [1]	Actual 2014/15	Actual 2013/14
Group				
Revenues	€ billion	about 7.0	6.8	7.5
Operating profit	€ million	about 200	181	622
Return on capital employed	%	significant lower	3.1	10.6
Investments in fixed assets [2]	€ million	450 to 500	386	377
Sugar segment				
Revenues	€ billion	drop sharpely	3.2	3.9
Operating profit	€ million	significantly lower	7	437
Return on capital employed	%	sharpely lower	0.2	13.7
Special products segment				
Revenues	€ billion	decline slightly	1.7	1.7
Operating profit	€ million	moderately lower	120	85
Return on capital employed	%	decreasing	8.7	6.3
CropEnergies segment				
Revenues	€ billion	significant rise	0.8	0.7
Operating profit	€ million	range between –30 and +20	–11	35
Return on capital employed	%	significant lower	–2.2	6.4
Fruit segment				
Revenues	€ billion	remain stable	1.1	1.2
Operating profit	€ million	remain stable	65	65
Return on capital employed	%	decline slightly	8.4	8.1

[1] Published on the press and analysts' conference (consolidated management report) on 15 May 2014.
[2] Including intangible assets.

TABLE 021

The table above shows the actual business performance in 2014/15, juxtaposed with the forecast for 2014/15 contained in the 2013/14 financial statements.

On 8 April 2014, Südzucker announced that it expected a decline in consolidated revenues to € 7.0 billion and a significant decline in the operating profit to around € 200 million for fiscal 2014/15. This expectation arose with the confirmation of the increasing deterioration and exacerbation of the economic situation in the European sugar and bioethanol markets. This forecast was reaffirmed during the balance sheet and analyst conference on 15 May 2014 with the publication of the Group's consolidated financial statements for 2013/14. With the interim reporting on the first three quarters of fiscal 2014/15, this Group forecast was further confirmed, with a slight shift in the contributions of the individual segments. Still, it was noted in the second and third quarters that achieving the forecast operating profit had become more ambitious.

On 19 September 2014, CropEnergies substantiated the forecast for fiscal 2014/15, in which revenue growth of 5 to 10 percent was expected and due to continuing uncertainties in pricing and market development an operating profit in a range from zero to minus € 20 million was anticipated. As announced on 18 February 2015, CropEnergies decided to close the ethanol production plant of its British subsidiary Ensus UK Ltd. in Wilton temporarily, as the currently difficult situation in the European bioethanol market has been exacerbated by the drastic fall in oil prices.

At € 386 million, the actual investments in tangible fixed assets in fiscal year 2014/15 were below the forecast of € 450 to 500 million, which resulted primarily from the postponement of investment projects.

In fiscal 2014/15, the consolidated operating profit of € 181 (622) million was unsatisfactory, particularly due to the negative developments in the sugar and bioethanol markets.

EVENTS AFTER THE BALANCE SHEET

No events of special significance that could be expected to have a major influence on financial position and performance have occurred since 28 February 2015.

RISK MANAGEMENT

Risk management system

Südzucker Group's business policies aim to safeguard the company's continued life, 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.

RISKS AND OPPORTUNITIES POLICY Südzucker believes a responsible attitude toward business risks and opportunities is an important element of a sustainable, value-oriented management system. At the same time, the company realizes and takes advantage of opportunities that serve to safeguard and improve its competitiveness. Südzucker views risks and opportunities as future developments and events that can negatively and / or positively influence implementation of operational plans and strategic goals. 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. Insofar as it is possible and economically practical, insurable risks are covered by a group-wide insurance policy.

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

Südzucker Group's risk management system includes a monitoring system that ensures compliance with all actionable items.

RISK MANAGEMENT SYSTEM The executive board is responsible for the group-wide risk management system, as well as for the early detection and mitigation of existential and strategic risks. 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 auditor assesses the reliability and performance capability of the risk early warning system.

The risk management system of the business segments, divisions and the corporate departments is the responsibility of their respective managers, who take steps to reduce and defuse operational risks, as well as financial and legal risks. Changes in market prices can exert considerable positive and negative pressure on the operating result. The company has therefore 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, financial 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. The development of the risk parameters, in line with the current market situation and business performance, is compared with the budget and / or the current forecast, while the risk score is determined by evaluating its impact on operating profit.

RISK MANAGEMENT SYSTEM

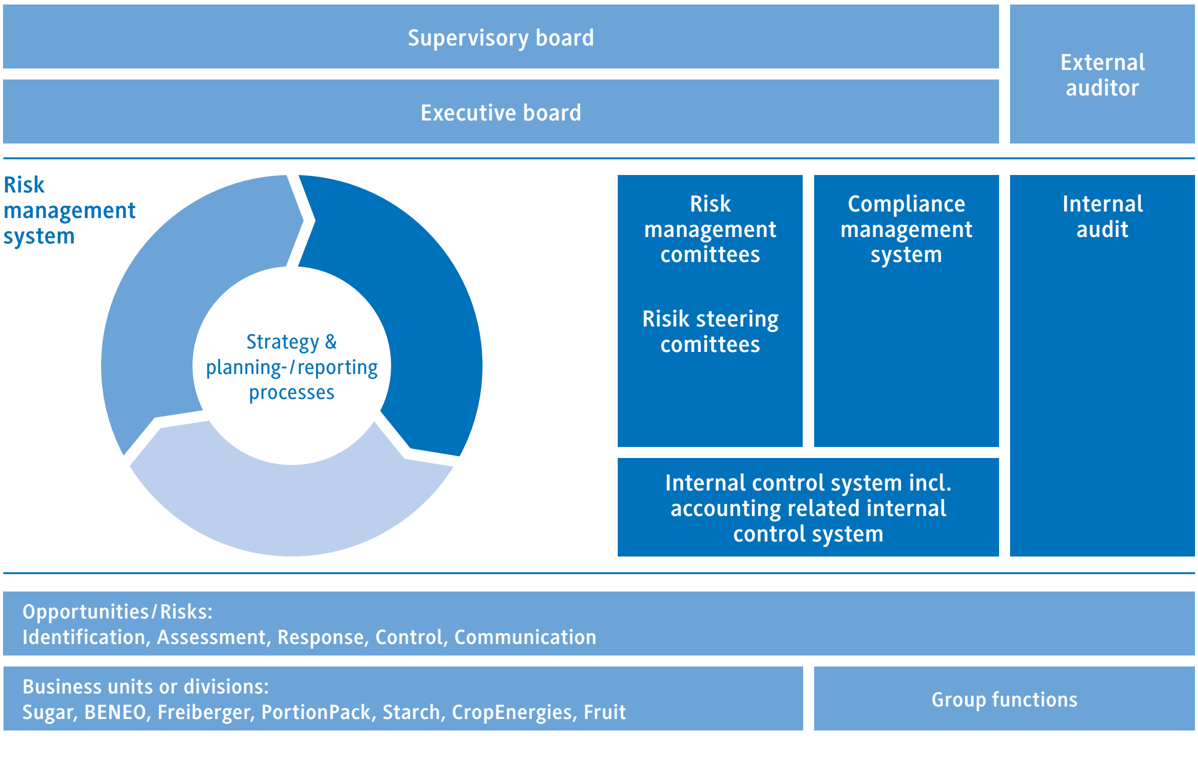


DIAGRAM 10

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. Regular meetings between the executive board and division heads to discuss earnings developments and budgets is one tool Südzucker uses to ensure that information flows directly between the parties. Mitigating measures are defined and initiated for any operational or strategic risks identified during the sessions. Not only the heads of divisions and business areas, but also the group departments regularly report to their respective department heads concerning current developments in their areas of responsibility.

INTERNAL AUDIT The group's internal audit department monitors both 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 section and classified according to the parameters "probability of occurrence" and "financial impact" based on the medium-term profit forecast. The effect of already implemented countervailing measures is included.

The relative and absolute values "low", "medium" and "high" used for the corresponding categories are shown in the following table. The significance of the identified risks is determined by the combined probability of occurrence and potential financial impact.

	Likelihood of materialisation	Financial effects
low	< 10 %	< 5 Mio. €
medium	10 – 50 %	5 – 50 Mio. €
high	> 50 %	> 50 Mio. €

TABLE 022

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	Likelihood of materialisation	Possible financial effects
Strategic risks		
Risks from changes in in legal and political framework	medium	high
General economic risks	medium	medium
Risks from structural changes on sales markets	medium	high
Risk from operational business		
Risks of availability of raw materials	low	high
Risks of price volatility of raw materials	high	high
Risks of price volatility of products	high	high
Exchange rate fluctuation risks	high	medium
Quality risks	low	medium
IT risks	low	medium
Personnel risks	low	medium
Creditworthiness and default risks	low	low
Other operating risks	low	low
Compliance risks		
General legal risks	medium	medium
Antitrust risks	low	high
Corruption risks	low	medium
Financial risks		
Interest rate fluctuation risks	medium	medium
Exchange rate fluctuation risks	high	medium
Liquidity risks	low	high
Creditworthiness and default risks	low	high
Risk of rating downgrade	medium	medium

TABLE 023

Strategic 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 will further change the European sugar market. Sugar beet and isoglucose production in the European Union is expected to rise after the elimination of the quota regulations, thereby increasing competition in the markets. Beet prices will decisively influence the availability of sugar beets as raw material in the future. At the same time, the competitive situation will be distorted by the fact that several EU member states pay incentives tied to beet cultivation.

Additional risks could also arise if additional duty-free import quotas for sugar are granted under the terms of new bilateral free trade agreements or if the level of EU tariff protection is lowered. This is also true for bioethanol. For example, raising or lowering national mandatory blendings, restricting or promoting the usability of various raw materials, as well as regulating the use of cultivation areas can lead to 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. 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.

Südzucker Group's products are also subject to the risk of demand fluctuations due to overall economic developments or changes in consumer behavior.

Operational risks

RISKS ARISING FROM THE AVAILABILITY OF RAW MATERIALS

Every year, Südzucker Group processes over 31 million tonnes of agricultural raw materials grown on about 835,000 hectares of land. In addition to sugar beets, the crops comprise corn, wheat, barley, rice, triticale, chicory and potatoes, as well as the raw materials processed in the fruit segment.

As a processor of these raw materials, Südzucker is exposed – in spite of regional diversification – to procurement risks. These relate mainly to above-normal fluctuation of harvest yields, due primarily to extreme weather conditions (climate change), as well as pests and diseases that attack the company's crops. The associated risks result from greater evaporation and even more frequent and intense extreme weather events, such as sustained drought, flooding, storms and hail.

In addition, geographically shifting climatic zones or rainfall can negatively impact regional production of agricultural raw materials. This risk is addressed to the greatest extent possible by appropriate cultivation planning and targeted cultivation consultation and research.

However, in Europe climate change is also linked to opportunities when it comes to beet cultivation. An extended growing period that starts earlier, fewer frost days and faster heating of the soil hold the promise of rising yields.

Beets compete with other crops when farmers decide what to plant, which represents a procurement risk in the sugar segment. Our beet growers' plans are based on completely fulfilling the quota beet and ethanol beet delivery rights they were issued.

RISKS ARISING FROM PRICE VOLATILITY OF RAW MATERIALS 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 (natural hedge). 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 made and sold or raw materials priced in currencies other than the euro, the operating businesses may be exposed to foreign exchange risks. The associated currency risks are managed primarily by using currency futures exchange contracts or by financing the working capital in the foreign currency. All Südzucker Group segments are exposed to these risks.

CropEnergies needs agricultural products containing carbohydrates, such as grain and sugar syrup, to produce bioethanol. Price fluctuations on global agricultural 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 (according to net commodity 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.

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 be to mitigate residual risks of raw material price increases by entering into long-term supply agreements and utilizing commodity futures contracts as a hedge, as well as using alternative raw materials. 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 that it will not be possible to secure 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 criteria. Bioethanol produced at the plants in Zeitz, Wanze, Wilton and Pischelsdorf meet these requirements provided that sustainably produced raw materials are available.

Raw material costs are also of key importance to starch production. Here too, the strategy is to use physical supply contracts to cover the planned requirements as well as possible. Hedging transactions are also used to a limited extent. There is a risk that higher raw material costs can be only partially passed on to customers in the short term.

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, AGRANA's fruit preparation division is able to detect regional supply bottlenecks and / or 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. Fruit juice concentrates, raw material, production and distribution risks are managed transregionally. Raw material procurement and sales contracts denominated in foreign currencies are managed using currency futures exchange contracts.

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 used during the campaign.

Germany's Renewable Energies Act (Erneuerbare-Energien-Gesetz [EEG]) was fundamentally revised in spring 2014. Nonetheless, even after the amendments, existing production plants continue to have the privilege of generating their own electricity: among other things, section 58 of the Renewable Energies Act protects privately owned power plants that were in operation prior to 1 September 2011 and generated electricity for their own use. This applies to all German Südzucker Group plants; in other words, these production plants remain exempt from the assessments specified in the Renewable Energies Act.

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 the period from 2013 to 2019 meet current EU directives for carbon leakage, and accordingly, a limited number of CO_2 certificates will be allocated free of charge. Compliance with carbon leakage criteria will in future be audited every five years; the next audit will be conducted for the allocation years 2020 to 2024. Elimination of carbon leakage status as of 2020 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.

RISKS ARISING FROM THE PRICE VOLATILITY OF PRODUCTS 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 long-term planned customer loyalty to mitigate the volume and price risk for animal feed.

The EU granted a limited number of export licenses during the 2014 / 15 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 has impacted the sugar market and EU sugar market prices by inducing competitors to implement proactive pricing policies in an attempt to increase their market share.

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 occasionally uses derivative instruments to hedge against price change risks for delivery contracts that may be affected by fluctuating bioethanol prices.

The European bioethanol prices are currently determined by price reporting agencies based on very low volumes, resulting in high price volatility. European antitrust authorities have been investigating since May 2013 the extent to which the existing pricing system causes irregularities or distortions.

On 17 October 2012, the EU Commission presented draft amendments to the renewable energy directives; however, the European Parliament and the Council agreed on a joint directive text only in April 2015. The core components include limits in the transportation sector on the share of conventional biofuels from crops, multiple allocation of biofuels from waste and scrap materials and of electricity from renewable sources. After the final passage of the legislation with publication in the Official Journal of the European Union, which is scheduled for summer 2015, the new regulations must be implemented in domestic law by the member countries within two years. This rapid implementation in the member states is the prerequisite for ending the uncertainty regarding the future conditions for the European biofuel industry.

The delay in implementing the higher mandatory blend ratio reduced demand for bioethanol, which caused bioethanol prices to drop. As a result, CropEnergies decided in February 2015 to stop production at the Wilton site temporarily due to lack of sufficient revenues to cover costs.

The European Council reached a consensus on key elements of an energy and climate package for the period from 2020 to 2030 including binding total reductions for greenhouse gas emissions, but no separate targets for the transport sector. CropEnergies could face considerable planning uncertainty if such targets are not defined at a later date.

CropEnergies also competes with bioethanol producers outside Europe. Local production conditions and the political framework 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 always 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.

PRODUCT QUALITY RISKS Serious safety standards violation incidents for food and other products could damage Südzucker's reputation and reduce 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 the 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.

CREDITWORTHINESS AND DEFAULT RISKS Südzucker could suffer significant losses if a large number of its customers were unable to meet their contractual payment obligations. Südzucker AG counters 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.

Compliance risks

GENERAL 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 built when the likelihood that the company will be liable and the extent of the liability can be adequately determined. The final outcome of individual proceedings may affect earnings during a particular reporting period, but the potential associated liabilities would have no long-term impact on the group's assets and financial position.

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

RISKS ARISING FROM ANTITRUST LAW There is a risk that antitrust authorities may interpret the conduct of company organs and employees as violating antitrust laws, and that they may initiate proceedings. Such proceedings always negatively impact the company's reputation and can result in high fines and potentially, unfounded claims for compensation from third parties.

Südzucker further strengthened its antitrust law compliance program again in fiscal 2014/15. Training courses to prevent antitrust law violations are conducted at regular intervals. The program will continue to be rigorously executed, also taking into account the lessons learned from the antitrust case concluded last year involving several companies in the German sugar industry. The executive board issued a guideline on compliance with antitrust laws at Südzucker Group (Competition Guideline) on 1 December 2014 in order to establish a group-wide standard for avoiding contravention of antitrust laws. The objective of this guideline is to prevent employees from violating antitrust laws and to provide practical support in the application of relevant rules and regulations. This includes especially the obligation of all employees to comply with antitrust legislation.

As described in last year's annual report, the German Federal Antitrust Authority had charged Südzucker AG and other German sugar producers with engaging in unlawful practice to restrict competition, including territorial, quota and price-fixing agreements. After negotiations with the federal cartel office and careful consideration of all relevant arguments, Südzucker accepted the penalty notice issued on 18 February 2014 as part of a settlement, and paid the fine in order to bring to a close the case, which was based on statements by a key witness for the prosecution and had lasted almost five years. After payment of the fine in the amount of € 195.5 million in fiscal 2013/14, the German antitrust case was closed.

Since closure of the German antitrust proceedings, customers have been claiming damages as expected, due to alleged cartel-related price mark-ups. Südzucker is categorically disputing these claims.

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 continue to consider the accusations groundless and dispute the claims submitted in October 2011 by the antitrust authorities based on the evidence presented at the hearings that have been held to date, even after additional witnesses took the stand in September 2014. The Vienna cartel court has not yet issued a verdict.

CORRUPTION RISKS Risks due to corruption can arise if Südzucker Group organs or employees violate laws, internal rules or regulatory standards recognized by Südzucker and the respective Südzucker Group company subsequently suffer damage to its assets or image. In order to avoid risks arising from corruption, Südzucker incorporated existing Südzucker Group corporate rules in its compliance management system policies and various compliance-critical company departments and activities were integrated in 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.

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 in that it may not be 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 that they make sense economically, the company uses cash pools, both in Germany and internationally. Excess cash is also utilized throughout the group. Südzucker ensures that it has 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 planning, which is an integral part of corporate planning. A commercial paper program and approved bank credit lines give Südzucker access to immediate and adequate liquidity to meet the seasonal financing requirements associated with sugar campaign production at any given time.

CREDITWORTHINESS AND DEFAULT RISKS 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 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. The pressure of the world market price on the price of sugar in the European Union has increased for the sugar segment. This pressure will become even greater in future; the risk associated with fluctuations in EU sugar prices will thus also increase. The CropEnergies segment's profit is tied primarily to the price of raw materials – particularly wheat – and to bioethanol revenues. In phases of declining bioethanol prices with unchanged or increased grain prices, losses may be incurred when margins do not contribute to covering costs. When the variable costs are no longer covered, temporary production stoppage may become necessary. Because the markets for wheat and bioethanol are relatively independent of each other, forecasting profit development is difficult. Nevertheless, it is not always practical or possible to hedge all price risks in advance, as this would reduce the future opportunities for positive price development. In addition, insufficient liquidity of price hedging instruments with longer terms limits their use.

The group's overall risk position is higher than last year. Nevertheless, there are still no apparent risks that threaten the organization's continued existence.

Opportunities

This section outlines opportunities with regard to business activities in the individual segments and divisions.

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 target sectors.

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. 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 the campaigns. Global sugar consumption is expected to increase from 2 % to 3 % per annum from the current 180 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 main growing regions for sugar cane and sugar beets, exchange rate fluctuations and financial investor positions will have a significant influence. The participation in 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 it will benefit from the long-term trend toward healthier eating habits. BENEO is a leading international supplier of functional ingredients for food, beverages and animal feed, and the global market leader for sugar-based sugar substitutes 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 Freiberger Group 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 have been 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 include 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

The segment's ongoing development and profits are primarily driven by sales revenue growth for bioethanol, food, animal feed 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 can to some extent avoid the volatility of the grain markets by using sugar syrups as a raw material. In addition, CropEnergies benefits by generating sales revenues from high quality foodstuffs and animal feed, which lowers net raw material costs and optimizes 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 EU established conditions to encourage greater use of bioethanol in the fuel sector, and opportunities may arise from the resulting market growth. Should the introduction of E10 throughout Europe gain momentum, bioethanol volume could increase considerably, resulting in further growth opportunities for CropEnergies.

The construction of the production facility for neutral alcohol in Zeitz has given CropEnergies the opportunity to pursue high-margin applications for bioethanol.

Additional opportunities for CropEnergies could arise from a consolidation of the number of suppliers in the European bioethanol market, as CropEnergies enjoys competitive advantages based on its size, locations and technological leadership.

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 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 and are regularly updated.

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.

External auditors are regularly appointed as part of the preparation of the financial statements for the valuation of provisions, primarily those for personnel.

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

Automated validation rules and plausibility checks, especially in the IT-based consolidation system, ensure 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 deals mainly with compliance, monitoring the accounting process and the annual audit of the financial statements. It also reviews and verifies the effectiveness of the internal control systems, the risk management process and the internal auditing process. 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. 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

Global economic growth should rise slightly to 2.8 (+ 2.5) % in 2015. The momentum in the United States will play a prominent role, since further weakening of growth in China will be offset by only a slight improvement in the economies of the EU, Japan and South America. In the EU, the growth will be supported especially by the appreciation of the US dollar over the euro, low energy prices and the European Central Bank's expansionary monetary policy. This also assumes however that the economic recovery in the southern European countries will continue and the conflict in Ukraine will not further escalate.

SUGAR A slight sugar production deficit is expected for the world sugar market for the first time in over four years. As a result, world market prices for sugar are expected to recover slightly over the course of the year, provided that the currency exchange rates between the Brazilian real, the US dollar and the euro stabilize. In the EU, we expect sugar prices to stabilize at a low level. Potential price increases over the course of the fiscal year will depend on volume developments in the European domestic market and stimulus from the world market. The EU Commission is not expected to intervene in the market as there continues to be no need for intervention in the European sugar market.

GRAIN According to the US Department of Agriculture estimate released on 10 February 2015, world grain production (excluding rice) will for the first time reach just over 2 billion tonnes in the 2014 / 15 grain marketing year. The excellent supply situation would drive inventories up 6.0 % to 422 million tonnes, which should allow grain prices to ease slightly. The projected decline is also supported by initial forecasts from the International Grains Council, which is predicting another above-average grain harvest for the 2015 / 16 grain marketing year. According to the forecast, the wheat cultivation acreage is expected to rise slightly to 224.7 (223.9) million hectares. The corn cultivation area continues to be high despite a slight shrinkage to 173 (175) million hectares.

BIOETHANOL In the EU, fuel grade ethanol consumption is expected to contract 3.7 % to 5.1 million m^3 in 2015. Supply and demand in the bioethanol markets other than fuel grade ethanol is not expected to change significantly. Market analysts expect European production to rise 3.6 %. This is in part driven by the fact the extremely low price level in the EU has made it a far less attractive export market. We expect European bioethanol prices to remain extremely volatile in 2015. We say this because the actual demand for bioethanol will continue to be significantly lower than the national action plans of the EU member states, upon which basis the companies expanded their production capacities in the EU. If bioethanol imports grow moderately, it is expected that European bioethanol prices will closely track raw material costs in Europe. The introduction of E10 throughout Europe in the future will lead to a noticeable increase in the use of renewable energies in the fuel sector. This is based on the EU decision to increase the use of biofuel in the transportation sector to 7 %. The market potential will rise significantly when the directive has been completely implemented.

FRUIT The fruit preparations market volume is expected to expand about 1.5 %. The positive trend is expected above all in Europe and North America. We expect stable to slightly climbing demand for fruit juice concentrates in the coming year following the above-average harvest in 2014, which resulted in relatively low prices.

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

Group performance

As already stated in our ad hoc release dated 10 April 2015, we expect group revenues to decline further in fiscal 2015 / 16, to between € 6.0 and 6.3 (2014 / 15: 6.8) billion. We expect the sugar and CropEnergies segments' revenues to drop substantially, while the special product segment's revenues are expected to remain stable and the fruit segment's to be at least the same as last year.

We expect operating profit to again decline significantly; it should come in between € 50 and 150 (2014 / 15: 181) million. The main reason is the still weaker profits in the sugar segment, but all indications also point to another difficult year for the CropEnergies segment. We do not expect the special products segment to be able to quite match the high prior year's level. We expect the fruit segment to at least generate the same excellent results it did in the fiscal year just ended.

Capital employed will be about the same as last year, but ROCE will be lower due to the reduced operating profit.

Because a number of investments in fiscal 2014/15 were not terminated, the planned reduction in the investment budget will be postponed. As a result, investments in fiscal 2015/16 should come in at about € 400 million.

Sugar segment

We expect the sugar segment's revenues to again be sharply lower, since sales revenues have again declined since the beginning of the 2014/15 sugar marketing year on 1 October 2014, and this will now impact the entire fiscal year.

From today's perspective, operating profit will also be significantly lower. As a result we expect the sugar segment to report an operating loss ranging between € 50 and 100 million.

Last year, lower sales revenues were partially offset by falling raw material costs. During the 2014 campaign, we reached the minimum beet price. As a result, the shortfall from further declining sales revenues can no longer be offset by lower raw material costs.

The cost reduction measures we have introduced will have an impact, but will only be enough to partly offset the declining sales revenues. While lower fixed unit costs will have a mitigating impact due to the longer campaign in 2014, because of the reduced planting required for 2015, there will be a shorter campaign, which means that fixed unit costs will likely rise again.

In spite of the lower capital employed, the anticipated operating loss will result in a negative ROCE.

Special products segment

We expect the special products segment's revenues to remain stable. Our forecast predicts a moderate decline in operating profit compared to last year's high level. This takes into account among other things charges from the startup of the new starch plant in Zeitz, which will start operating toward the end of fiscal 2015/16.

ROCE will go down as capital employed increases and operating profit declines.

CropEnergies segment

Continuing highly volatile European bioethanol prices make fiscal 2015/16 difficult to forecast. We expect the CropEnergies segment's revenues to decline significantly because of the continuing low bioethanol sales revenues and the temporary shutdown of the Wilton, Great Britain, production plant. Revenues are budgeted for more than € 500 million and operating profit is expected to range between € −20 and +10 million. The temporary closure of the plant in Wilton, Great Britain, will reduce operating costs in the currently low ethanol price level environment.

Since capital employed will remain unchanged, ROCE will track operating profit development.

Fruit segment

We see the fruit segment's revenues and operating profit to be at least as good as last year. While the fruit juice concentrates division is expected to report weaker revenues and operating profit because of lower sales revenues, we expect the fruit preparations division to report higher revenues and profits driven by higher volumes.

Capital employed will increase and ROCE is expected to decline given steady operating profits.

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME[1]

1 March 2014 to 28 February 2015

€ million	Notes	2014/15	2013/14	+/– in %
Income statement				
Revenues	(6)	**6,777.6**	**7,533.1**	**–10.0**
Change in work in progress and finished goods inventories and internal costs capitalized	(7)	–199.3	–138.5	43.9
Other operating income	(8)	136.6	125.8	8.6
Cost of materials	(9)	–4,495.0	–4,855.0	–7.4
Personnel expenses	(10)	–839.1	–804.6	4.3
Depreciation	(11)	–280.5	–267.1	5.0
Other operating expenses	(12)	–962.9	–1,087.6	–11.5
Income from companies consolidated at equity	(13)	21.8	48.0	–54.6
Income from operations	(14)	**159.2**	**554.1**	**–71.3**
Financial income	(15)	42.5	41.3	2.9
Financial expense	(15)	–74.4	–104.7	–28.9
Earnings before income taxes		**127.3**	**490.7**	**–74.1**
Taxes on income	(16)	–53.5	–103.7	–48.4
Net earnings	(18)	**73.8**	**387.0**	**–80.9**
of which attributable to Südzucker AG shareholders		20.1	280.3	–92.8
of which attributable to hybrid capital		26.2	26.2	0.0
of which attributable to other non-controlling interests		27.5	80.5	–65.8
Earnings per share (€)	(18)	**0.10**	**1.37**	**–92.7**
Statement of other comprehensive income				
Net earnings		**73.8**	**387.0**	**–80.9**
Market value of hedging instruments (cash flow hedge) after deferred taxes [2]		–13.4	3.4	–
Market value of securities (available for sale) after deferred taxes [2]		0.8	–1.1	–
Exchange differences on net investments in foreign operations after deferred taxes		0.2	–0.1	–
Foreign currency translation differences [2]		61.0	–90.2	–
Income and expenses to be recognized in the income statement in the future		**48.6**	**–88.0**	**–**
Remeasurement of defined benefit pension plans and similar obligations after deferred taxes [3]		–118.9	28.2	–
Income and expenses recognized in other comprehensive income	(19)	**–70.3**	**–59.8**	**17.6**
Comprehensive income		**3.5**	**327.2**	**–98.9**
of which attributable to Südzucker AG shareholders		–39.2	242.8	–
of which attributable to hybrid capital		26.2	26.2	0.0
of which attributable to other non-controlling interests		16.5	58.2	–71.6

[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 024

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

CONSOLIDATED CASH FLOW STATEMENT[1]

1 March 2014 to 28 February 2015

€ million	Notes	2014/15	2013/14	+/– in %
Net earnings		73.8	387.0	−80.9
Depreciation and amortization of intangible assets, fixed assets and other investments		280.5	267.8	4.7
Decrease (–) / Increase (+) in non-current provisions and deferred tax liabilities and increase (–) / decrease (+) in deferred tax assets		16.3	6.1	> 100
Other income (–) / expenses (+) not affecting cash		18.2	36.1	−49.6
Cash flow		**388.8**	**697.0**	**−44.2**
Gain (–) / Loss (+) on disposal of items included in non-current assets and of securities		−17.6	1.0	–
Decrease (–) / Increase (+) in current provisions		41.0	1.5	> 100
Increase (–) / decrease (+) in inventories, receivables and other current assets		422.5	180.6	> 100
Decrease (–) / Increase (+) in liabilities (excluding financial liabilities)		−332.2	−168.6	97.0
Increase (–) / Decrease (+) in working capital		**131.3**	**13.5**	**> 100**
I. Net cash flow from operating activities		**502.5**	**711.5**	**−29.4**
Investments in fixed assets and intangible assets		−386.2	−376.9	2.5
Investments in financial assets		−0.8	−22.3	−96.4
Investments		**−387.0**	**−399.2**	**−3.1**
Cash received on disposal of non-current assets		32.2	11.7	> 100
Cash paid (–) / received (+) for the purchase / sale of securities		1.9	−0.8	–
II. Cash flow from investing activities		**−352.9**	**−388.3**	**−9.1**
Increases in stakes held in subsidiaries		−33.3	−193.4	−82.8
Capital decrease (–) / increase (+)/acquisiton (–)/sale (+) of own shares		0.0	61.9	−100.0
Dividends paid		−173.0	−258.8	−33.2
Repayment (–) / Issuance (+) of commercial papers		110.0	90.0	22.2
Other Repayment (–) / Refund (+) of financial liabilities		−15.7	21.6	–
Repayment (–) / Refund (+) of financial liabilities		**94.3**	**111.6**	**−15.5**
III. Cash flow from financing activities		**−112.0**	**−278.7**	**−59.8**
Change in cash and cash equivalent (total of I., II. and III.)		**37.6**	**44.5**	**−15.5**
Change in cash and cash equivalents				
due to exchange rate changes		−4.2	−8.8	−52.3
due to changes in entities included in consolidation		0.0	1.1	−100.0
Decrease (–) / Increase (+) in cash and cash equivalents		**33.4**	**36.8**	**−9.2**
Cash and cash equivalents at the beginning of the period		502.3	465.5	7.9
Cash and cash equivalents at the end of the period		**535.7**	**502.3**	**6.6**

€ million	Notes	2014/15	2013/14	+/– in %
Dividends received from companies consolidated at equity and other investments		27.8	57.8	−51.9
Interest receipts	(20)	21.5	26.4	−18.6
Interest payments	(20)	−37.5	−40.1	−6.5
Income taxes paid	(20)	−38.4	−92.5	−58.5

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

TABLE 025

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

CONSOLIDATED BALANCE SHEET[1]

28 February 2015

€ million	Notes	28 February 2015	28 February 2014	+/– in %	1 March 2013
Assets					
Intangible assets	(21)	1,187.4	1,188.5	−0.1	1,187.1
Fixed assets	(22)	2,789.6	2,656.1	5.0	2,554.7
Shares in companies consolidated at equity	(23)	333.1	284.8	17.0	264.7
Other investments	(23)	21.9	23.7	−7.6	25.6
Securities	(23), (30)	19.9	104.6	−81.0	105.5
Other assets	(25)	24.8	27.6	−10.1	44.4
Deferred tax assets	(16)	133.3	123.6	7.8	119.9
Non-current assets		**4,510.0**	**4,408.9**	**2.3**	**4,301.9**
Inventories	(24)	2,127.6	2,359.7	−9.8	2,541.2
Trade receivables	(25)	869.6	916.8	−5.1	1,017.8
Other assets	(25)	266.7	373.2	−28.5	288.0
Current tax receivables	(16)	38.9	61.7	−37.0	89.3
Securities	(30)	125.7	40.8	> 100	42.1
Cash and cash equivalents	(30)	535.7	502.3	6.6	465.5
Current assets		**3,964.2**	**4,254.5**	**−6.8**	**4,443.9**
Total assets		**8,474.2**	**8,663.4**	**−2.2**	**8,745.8**

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

€ million	Notes	28 February 2015	28 February 2014	+/– in %	1 March 2013
Liabilities and shareholders' equity					
Equity attributable to shareholders of Südzucker AG		3,124.7	3,268.0	−4.4	3,227.3
Hybrid capital		683.9	683.9	0.0	683.9
Other non-controlling interests		652.2	672.9	−3.1	781.7
Total equity	(26)	**4,460.8**	**4,624.8**	**−3.5**	**4,692.9**
Provisions for pensions and similar obligations	(27)	826.0	659.1	25.3	689.0
Other provisions	(28)	109.0	81.5	33.7	87.4
Financial liabilities	(30)	774.1	681.4	13.6	800.6
Other liabilities	(29)	18.2	18.3	−0.5	16.3
Tax liabilities	(16)	78.9	109.4	−27.9	128.8
Deferred tax liabilities	(16)	79.2	104.0	−23.8	88.6
Non-current liabilities		**1,885.4**	**1,653.7**	**14.0**	**1,810.7**
Other provisions	(28)	230.1	189.5	21.4	189.0
Financial liabilities	(30)	500.0	501.9	−0.4	256.0
Trade payables	(29)	955.9	1,145.3	−16.5	1,307.6
Other liabilities	(29)	342.6	465.0	−26.3	403.0
Current tax liabilities	(16)	99.4	83.2	19.5	86.6
Current liabilities		**2,128.0**	**2,384.9**	**−10.8**	**2,242.2**
Total liabilities and equity		**8,474.2**	**8,663.4**	**−2.2**	**8,745.8**
Net financial debt		592.8	535.6	10.7	443.5
Equity ratio		52.6	53.4		53.7
Net financial debt as % of equity (gearing)		13.3	11.6		9.5

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

TABLE 026

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY[1]

1 March 2014 to 28 February 2015

€ million	Outstanding subscribed capital	Capital reserve
1 March 2013 (published)	**204.2**	**1,614.9**
Adjustment as per IAS 8	0.0	0.0
1 March 2013 (adjusted)	**204.2**	**1,614.9**
Market valuations and exchange differences [2] on net investments		
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
Other changes		
28 February 2014	**204.2**	**1,614.9**
1 March 2014 (published)	**204.2**	**1,614.9**
Adjustment as per IAS 8	0.0	0.0
1 March 2014 (adjusted)	**204.2**	**1,614.9**
Market valuations and exchange differences [2] on net investments		
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
Other changes		
28 February 2015	**204.2**	**1,614.9**

[1] The prior year numbers have been adjusted in accordance with IAS 8. Futher 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 reserves	Other equity accounts	Equity of Südzucker shareholders	Hybrid capital	Other non-controlling interests	Total equity
1,457.3	**−12.1**	**3,264.3**	**683.9**	**782.7**	**4,730.9**
−37.0	0.0	−37.0	0.0	−1.0	−38.0
1,420.3	**−12.1**	**3,227.3**	**683.9**	**781.7**	**4,692.9**
	2.6	2.6		−0.4	2.2
	−67.0	−67.0		−23.2	−90.2
	−64.4	**−64.4**		**−23.6**	**−88.0**
26.9		26.9		1.3	28.2
26.9	**−64.4**	**−37.5**		**−22.3**	**−59.8**
280.3		280.3	26.2	80.5	387.0
307.2	**−64.4**	**242.8**	**26.2**	**58.2**	**327.2**
−183.8		−183.8	−26.2	−38.3	−248.3
0.0		0.0		75.8	75.8
−18.3		−18.3		−204.5	−222.8
1,525.4	**−76.5**	**3,268.0**	**683.9**	**672.9**	**4,624.8**
1,563.9	**−77.8**	**3,305.2**	**683.9**	**673.8**	**4,662.9**
−38.5	1.3	−37.2		−0.9	−38.1
1,525.4	**−76.5**	**3,268.0**	**683.9**	**672.9**	**4,624.8**
	−13.4	−13.4		1.0	−12.4
	64.8	64.8		−3.8	61.0
	51.4	**51.4**		**−2.8**	**48.6**
−110.7		−110.7		−8.2	−118.9
−110.7	**51.4**	**−59.3**		**−11.0**	**−70.3**
20.1		20.1	26.2	27.5	73.8
−90.6	**51.4**	**−39.2**	**26.2**	**16.5**	**3.5**
−102.1		−102.1	−26.2	−34.1	−162.4
0.0		0.0		0.0	0.0
−2.0		−2.0		−3.1	−5.1
1,330.7	**−25.1**	**3,124.7**	**683.9**	**652.2**	**4,460.8**

TABLE 027

Development of the items of other comprehensive income[1]

1 March 2014 to 28 February 2015

	Other equity accounts				
€ million	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	Accumulated exchange differcences[2]	Total income and expenses to be recognized in the income statement in the future
1 March 2013	**−3.4**	**4.5**	**−10.6**	**−24.1**	**−33.6**
Changes recognized in equity	−0.6	−1.1	−0.1	−90.2	−92.0
Changes recognized in profit or loss	4.2				4.2
Deferred tax	−0.2	0.0	0.0		−0.2
28 February 2014	**0.0**	**3.4**	**−10.7**	**−114.3**	**−121.6**
1 March 2014	**0.0**	**3.4**	**−10.7**	**−114.3**	**−121.6**
Changes recognized in equity	−17.1	1.4	0.2	61.0	45.5
Changes recognized in profit or loss	0.6				0.6
Deferred tax	3.1	−0.6	0.0		2.5
28 February 2015	**−13.4**	**4.2**	**−10.5**	**−53.3**	**−73.0**

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

TABLE 028

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Segment report

€ million	2014/15	2013/14	+/– in %
Südzucker Group			
Gross revenues	**7,156.8**	**7,902.3**	**–9.4**
Consolidation	–379.2	–369.2	2.7
Revenues	**6,777.6**	**7,533.1**	**–10.0**
EBITDA	**453.1**	**888.5**	**–49.0**
EBITDA margin	6.7 %	11.8 %	
Depreciation	–271.7	–266.6	1.9
Operating profit	**181.4**	**621.9**	**–70.8**
Operating margin	2.7 %	8.3 %	
Result from restructuring/special items	–44.0	–115.8	–62.0
Income from companies consolidated at equity	21.8	48.0	–54.6
Income from operations	**159.2**	**554.1**	**–71.3**
Investments in fixed assets [1]	386.2	376.9	2.5
Investments in financial assets/acquisitions	0.8	22.3	–96.4
Total investments	**387.0**	**399.2**	**–3.1**
Shares in companies consolidated at equity	333.1	284.8	17.0
Capital employed	5,876.5	5,873.1	0.1
Return on capital employed	3.1 %	10.6 %	
Number of employees	**18,460**	**18,186**	**1.5**
Sugar segment			
Gross revenues	**3,481.3**	**4,160.4**	**–16.3**
Consolidation	–253.6	–259.0	–2.1
Revenues	**3,227.7**	**3,901.4**	**–17.3**
EBITDA	**131.5**	**558.5**	**–76.5**
EBITDA margin	4.1 %	14.3 %	
Depreciation	–124.6	–121.1	2.9
Operating profit	**6.9**	**437.4**	**–98.4**
Operating margin	0.2 %	11.2 %	
Result from restructuring/special items	–5.0	–112.1	–95.5
Income from companies consolidated at equity	–5.6	19.3	–
Income from operations	**–3.7**	**344.6**	**–**
Investments in fixed assets [1]	186.5	196.6	–5.1
Investments in financial assets/acquisitions	0.0	22.3	–100.0
Total investments	**186.5**	**218.9**	**–14.8**
Shares in companies consolidated at equity	250.0	231.7	7.9
Capital employed	3,199.2	3,186.0	0.4
Return on capital employed	0.2 %	13.7 %	
Number of employees	**8,097**	**8,050**	**0.6**

[1] Including intangible assets.

€ million	2014/15	2013/14	+/– in %
Special products segment			
Gross revenues	**1,785.8**	**1,788.8**	**–0.2**
Consolidation	–61.9	–49.0	26.3
Revenues	**1,723.9**	**1,739.8**	**–0.9**
EBITDA	**192.8**	**156.2**	**23.4**
EBITDA margin	11.2 %	9.0 %	
Depreciation	–72.4	–71.3	1.5
Operating profit	**120.4**	**84.9**	**41.8**
Operating margin	7.0 %	4.9 %	
Result from restructuring/special items	–3.8	3.4	–
Income from companies consolidated at equity	27.1	29.3	–7.5
Income from operations	**143.7**	**117.6**	**22.2**
Investments in fixed assets [1]	124.8	110.3	13.1
Investments in financial assets/acquisitions	0.8	0.0	–
Total investments	**125.6**	**110.3**	**13.9**
Shares in companies consolidated at equity	81.4	51.7	57.4
Capital employed	1,377.4	1,342.5	2.6
Return on capital employed	8.7 %	6.3 %	
Number of employees	**4,406.0**	**4,335.0**	**1.6**
CropEnergies segment			
Gross revenues	**827.2**	**780.4**	**6.0**
Consolidation	–63.4	–60.7	4.4
Revenues	**763.8**	**719.7**	**6.1**
EBITDA	**25.2**	**68.5**	**–63.2**
EBITDA margin	3.3 %	9.5 %	
Depreciation	–36.4	–33.5	8.7
Operating profit	**–11.2**	**35.0**	**–**
Operating margin	–1.5 %	4.9 %	
Result from restructuring/special items	–28.5	–6.3	> 100
Income from companies consolidated at equity	0.3	–0.6	–
Income from operations	**–39.4**	**28.1**	**–**
Investments in fixed assets [1]	31.9	18.2	75.3
Investments in financial assets/acquisitions	0.0	0.0	–
Total investments	**31.9**	**18.2**	**75.3**
Shares in companies consolidated at equity	1.7	1.4	21.4
Capital employed	518.4	543.7	–4.7
Return on capital employed	–2.2 %	6.4 %	
Number of employees	**438**	**430**	**1.9**

[1] Including intangible assets.

€ million	2014/15	2013/14	+/– in %
Fruit segment			
Gross revenues	**1,062.5**	**1,172.7**	**–9.4**
Consolidation	–0.3	–0.5	–40.0
Revenues	**1,062.2**	**1,172.2**	**–9.4**
EBITDA	**103.6**	**105.3**	**–1.6**
EBITDA margin	9.8 %	9.0 %	
Depreciation	–38.3	–40.7	–5.9
Operating profit	**65.3**	**64.6**	**1.1**
Operating margin	6.1 %	5.5 %	
Result from restructuring/special items	–6.7	–0.8	> 100
Income from companies consolidated at equity	0.0	0.0	–
Income from operations	**58.6**	**63.8**	**–8.2**
Investments in fixed assets [1]	43.0	51.8	–17.0
Investments in financial assets/acquisitions	0.0	0.0	–
Total investments	**43.0**	**51.8**	**–17.0**
Shares in companies consolidated at equity	0.0	0.0	–
Capital employed	781.5	800.9	–2.4
Return on capital employed	8.4 %	8.1 %	
Number of employees	**5,519**	**5,371**	**2.8**

[1] Including intangible assets.

TABLE 029

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 is regionally subdivided into divisions and includes the four divisions in Belgium (Raffinerie Tirlemontoise S. A., Tienen), Germany (Südzucker AG), 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 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 / Rohstoffmärkte, Agrar und Umwelt AG Loberaue, Rackwitz). Income from companies consolidated at equity comprises the share of earnings from the British trading company ED&F Man Holdings Limited, Studen Group (including sugar production in Bosnia) and the Italian joint venture Maxi S. r. l.

SPECIAL PRODUCTS SEGMENT The special products segment includes the four divisions BENEO, Freiberger, PortionPack Europe and starch. BENEO produces and sells ingredients made from various 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 AGRANA's starch and bioethanol business with potato, corn and wheat starch production in Austria, cornstarch production in Romania and bioethanol production in Austria. Südzucker AG's investments in the construction of a wheat starch production facility at the site in Zeitz are also allocated to the starch division. Income from companies consolidated at equity is primarily attributable to the share of earnings from starch and bioethanol activities of Hungrana Group in Hungary.

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 and Chile, and conducts business as a publicly held company (AG). CropEnergies is a leading manufacturer of sustainably produced bioethanol for the European fuel sector and a producer of animal feed. 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; the earnings contribution is reported in income from companies consolidated at equity.

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 “Corporate strategy and sustainability” 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, the result from restructuring / special items and income from companies consolidated at equity. 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 and the tax expense.

OPERATING PROFIT Operating profit is the income from operations adjusted for special items and effects from at equity consolidation. Special items do not regularly recur within business operations and include also items that influence earnings but are not attributable to the reporting period. 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 € 379.2 (369.2) 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. Capital employed is calculated as follows:

€ million	2014/15	2013/14
Operating profit	**181.4**	**621.9**
Goodwill	1,257.8	1,257.8
Concessions, industrial and similar rights	42.2	43.2
Fixed assets	2,789.6	2,656.1
Non-interest bearing receivables	*1,110.6*	*1,256.9*
Inventories	*2,127.6*	*2,359.7*
./. Current provisions	*−230.1*	*−189.5*
./. Non-interest bearing liabilities	*−1,221.2*	*−1,511.1*
Working capital	1,786.9	1,916.0
Capital employed	**5,876.5**	**5,873.1**
Return on capital employed	**3.1 %**	**10.6 %**

TABLE 030

Information about geographic segments is provided below:

€ million	2014/15	2013/14
Third-party revenues		
Germany	1,716.4	1,975.6
Other EU	3,939.9	4,337.7
Other countries	1,121.3	1,219.7
	6,777.6	**7,533.1**
Expenditures on fixed and intangible assets (excluding goodwill)		
Germany	175.2	128.1
Other EU	163.7	179.5
Other countries	47.3	69.3
	386.2	**376.9**
Carrying amount fixed and intangible assets (excluding goodwill)		
Germany	923.1	838.9
Other EU	1,585.1	1,575.8
Other countries	323.6	284.6
	2,831.8	**2,699.3**
Employees by geographic areas (number)		
Germany	4,053	4,056
Other EU	9,690	9,592
Other countries	4,717	4,538
	18,460	**18,186**

TABLE 031

Third-party revenues are based on 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 is headquartered at Maximilianstraße 10 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 23 December 2014, 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 2015 were prepared on 24 April 2015 by the executive board and received an unqualified audit opinion by PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Mannheim. The audit committee audited the consolidated financial statements on 11 May 2015, which were subsequently audited and approved by the supervisory board at its meeting on 20 May 2015. The publication date is 21 May 2015.

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 statement of comprehensive income, which comprises the income statement, a statement of income and expense recognized directly in equity, the cash flow statement and the balance sheet, the consolidated financial statements also provide a statement of 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 application of the IFRSs and IFRIC described below was mandatory for the first time in the 2014/15 financial year. The amendments to IAS 36 (Impairment of Assets) correct, among other things, the requirement introduced through IFRS 13 (Fair Value Measurement) in IAS 36 to disclose the recoverable amount of each cash-generating unit (or group of units) to which material goodwill or material intangible assets with indefinite useful lives are allocated. The amendment to IAS 32 (Financial Instruments: Presentation) in principle retains the current offsetting model as per IAS 32, but provides additional, more specific application guidance. The amendment to IAS 39 (Financial Instruments: Recognition and Measurement) exempts entities from the requirement to terminate hedges if there is an obligation for central clearing of hedging instruments based on a statutory or regulatory provision or its introduction. The first-time adoption of these amended standards had little or no material effect on the consolidated financial statements.

With the first-time adoption of IFRS 10 (Consolidated Financial Statements), which replaces the guidelines on control and consolidation previously contained in IAS 27 (Consolidated and Separate Financial Statements) and SIC 12 (Consolidation – Special Purpose Entities), the definition of control has changed to the effect that the same criteria are applied to all entities in determining control. According to this new concept, control exists when the potential parent has the power to make decisions over the potential subsidiary based on voting rights or other rights, it participates in positive or negative variable returns from the subsidiary and it can influence these returns through its decision-making power. There were no effects on the companies included in consolidation and thus no impact on Südzucker's consolidated financial statements.

IFRS 12 (Disclosure of Interests in Other Entities) (first-time adoption) 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). The quantitative and qualitative disclosures according to IFRS 12 must enable the user to assess the type, risks and financial effect associated with the involvement.

With the first-time adoption of IFRS 11 (Joint Arrangements), proportionate consolidation of joint ventures has been eliminated while at the same time two types of joint arrangements have been defined: joint operations and joint ventures. IFRS 11 supersedes the previous regulations of IAS 31 (Interests in Joint Ventures). Südzucker applies IFRS 11 to all joint arrangements. The type of accounting depends on the rights and obligations of the arrangement. All joint arrangements will continue to be classified as joint ventures. Joint ventures that were previously proportionately consolidated will be consolidated by venturers at equity according to IAS 28 starting with the beginning of the 2014/15 financial year. This requirement was to be applied retrospectively, which is the reason previous years were adjusted accordingly. See "Restatement in accordance with IAS 8" at the end of this section for details on the effects and information about changes in presentation (accounting policies, changes in accounting estimates and errors).

FUTURE APPLICATION OF IFRSS AND IFRIC The following is a summary of the standards and interpretations that must be applied as of the 2015/16 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	Passed by IASB Adopted by the EU	Mandatory application for Südzucker as of financial year	Content and, if relevant, expected impact on Südzucker
IAS 1 Presentation of Financial Statements (amendment)	18.12.2014 no	2016/17	The amendments clarify that information should not be obscured by aggregating and that materiality considerations apply to all parts of the financial statements even if individual standards prescribe minimum disclosures. The relevance of items in the balance sheet and the statement of comprehensive income determines whether they are itemised or combined. All effects from entities consolidated at equity are presented in a separate row in other comprehensive income, irrespective of recyclability. The amendments are part of the initiative for improving disclosure requirements (Disclosure Initiative). The amendments are expected to have an impact on the presentation of the financial statements and the disclosures in the notes.
IAS 16 Property, plant and equipment (amendment)	12.05.2014 no	2016/17	The amendment clarified that a depreciation method based on revenue that is generated by an activity that includes the use of an asset is not appropriate, as revenue reflects the generation of economic benefit and not its consumption. The amendment is not expected to have any impact on the presentation of assets, liabilities, financial position and profit or loss.
IAS 16 Property, plant and equipment (amendment)	30.06.2014 no	2016/17	See amendment of IAS 41 (Agriculture).
IAS 19 Employee Benefits (amendment)	21.11.2013 17.12.2014	2016/17	The amendments relate to the recognition of contributions from employees or third parties to defined-benefit pension plans, the level of which does not depend on the number of years of service. Such contributions may be recognised as a reduction in current service cost in the period in which the corresponding service is rendered. The amendments are not expected to have any material impact on the presentation of assets, liabilities, financial position and profit or loss.
IAS 27 (amended 2011) Separate financial statements (amendment)	12.08.2014 no	2016/17	The amendments reinstate the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements. The amendment has no impact, as it relates to single-entity statements.
IAS 28 (amended 2011) Investments in Associates (amendment)	11.09.2014 no	2016/17	The amendment clarifies that, in transactions involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. The amendment is not expected to have any impact on the presentation of assets, liabilities, financial position and profit or loss.
IAS 28 (amended 2011) Investments in Associates (amendment)	18.12.2014 no	2016/17	The amendment clarifies that a non-investment entity that includes an investment entity as an associate or a joint venture in its consolidated financial statements using the equity method may continue to use the fair value measurement of subsidiaries applied by the associate or the joint venture The amendment is not relevant to Südzucker.
IAS 38 Intangible Assets (amendment)	12.05.2014 no	2016/17	The amendment introduces a rebuttable assumption that a revenue-based amortisation method for intangible assets is inappropriate for the same reasons as in IAS 16 "Property, Plant and Equipment" (see above). The amendment is not expected to have any impact on the presentation of assets, liabilities, financial position and profit or loss.

Standard / interpretation	Passed by IASB / Adopted by the EU	Mandatory application for Südzucker as of financial year	Content and, if relevant, expected impact on Südzucker
IAS 41 Agriculture (amendment)	30.06.2014 no	2016/17	The amendment brings bearer plants, which are used solely to grow produce, into the scope of IAS 16 "Property, Plant and Equipment". This means that they can be accounted for in the same way as property, plant and equipment. A bearer plant is defined as "a living plant that is used in the production or supply of agricultural produce, is expected to bear produce for more than one period and has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales". The amendments are not expected to have any material impact on the presentation of assets, liabilities, financial position and profit or loss.
IFRS 9 (2014) Financial instruments	24.07.2014 no	2018/19	The IASB has published the final version of IFRS 9, bringing together the classification and measurement, impairment and hedge accounting phases of the project to replace IAS 39 "Financial Instruments: Recognition and Measurement". This new version of the Standard adds a new expected loss impairment model and limited amendments to classification and measurement for financial assets. The impairment model is based on the concept of providing for expected losses at inception of a contract, except in the case of purchased or originated credit-impaired financial assets, where expected credit losses are incorporated into the effective interest rate. The final version amends the classification and measurement model for financial assets by adding a new fair value through other comprehensive income (FVTOCI) category for certain debt instruments. Furthermore, it provides additional guidance on how to apply the business model and contractual cash flow characteristics test. The Standard supersedes all previous versions of IFRS 9. The impact on recognition and measurement is being evaluated. There is expected to be an increase in disclosure requirements.
IFRS 10 Consolidated Financial Statements (amendment)	11.09.2014 no	2016/17	See amendment to IAS 28 "Investments in Associates" (amended 2011).
IFRS 10 Consolidated Financial Statements (amendment)	18.12.2014 no	2016/17	The amendment clarifies that exemption from the obligation to prepare consolidated financial statements also applies to parent companies that are themselves a subsidiary of an investment entity and that an investment entity must measure at fair value all subsidiaries that themselves fulfil the definition criteria of an investment entity. The latter also applies if the subsidiaries provide investment-related services. The amendment is not relevant to Südzucker.
IFRS 11 Joint Arrangements (amendment)	06.05.2014 no	2016/17	The amendment clarifies that the acquirer of an interest in a joint operation in which the activity constitutes a business, as defined in IFRS 3, is required to apply all of the principles on business combinations accounting in IFRS 3 and other IFRSs with the exception of those principles that conflict with the guidance in IFRS 11. The amendment may have an impact on accounting for future acquisitions of interests.
IFRS 12 Disclosures of Interests in Other Entities (amendment)	18.12.2014 no	2016/17	The amendment clarifies that an investment entity measuring its subsidiaries at fair value falls under the scope of IFRS 12 and is required to provide the disclosures relating to investment entities under IFRS 12. The amendment is not relevant to Südzucker.

Standard / interpretation	Passed by IASB / Adopted by the EU	Mandatory application for Südzucker as of financial year	Content and, if relevant, expected impact on Südzucker
IFRS 14 Regulatory Deferral Accounts	30.01.2014 no	2016/17	IFRS 14 lays down that companies that are first-time adopters of IFRS and that recognise regulatory deferral accounts in accordance with their current accounting standards may continue to do so even after the transition to IFRS. The standard is not relevant to Südzucker.
IFRS 15 Revenue from Contracts with Customers	28.05.2014 no	2017/18	IFRS 15 establishes the principles that an entity needs to apply when reporting on the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer. In particular, it draws up criteria according to which performance obligations in a contract are to be regarded as distinct. Südzucker does not expect the application to have any impact on the time of revenue recognition, but expects it to involve extended disclosure requirements.
Miscellaneous Annual Improvements Project 2010 – 2012	12.12.2013 17.12.2014	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 in the Remeasurement Method and IAS 24 – Extension of the Definition of Related Party Disclosures. The impact on the presentation of assets, liabilities, financial position and profit or loss is currently still being examined.
Miscellaneous Annual Improvements Project 2011 – 2013	12.12.2013 18.12.2014	2015/16	The improvements mainly relate to IFRS 1 – Meaning of "Effective" IFRSs, IFRS 3 – Scope of Exception for Joint Ventures, IFRS 13 – Scope of IFRS 13 and IAS 40 – Clarifying the Interrelationship between IFRS 3 and IAS 40 When Classifying Property as Investment or Owner-Occupied Property. The impact on the presentation of assets, liabilities, financial position and profit or loss is currently still being examined.
Miscellaneous Annual Improvements Project 2012 – 2014	25.09.2014 no	2016/17	The improvements mainly relate to IFRS 5 – Changes in Methods of Disposal, IFRS 7 - Management Contracts, IAS 19 – Discount Rate Based on Bonds That Should Be Denominated in the Same Currency as the Payments to Be Made and IAS 34 – Disclosure of Information 'Elsewhere in the Interim Financial Report'. The impact on the presentation of assets, liabilities, financial position and profit or loss is currently still being examined.
IFRIC 21 Levies	20.05.2013 13.06.2014	2015/16	IFRIC 21 (Levies) provides guidance on when to recognise a liability for a levy imposed by a government. However, this does not cover income taxes within the meaning of IAS 12, penalty payments and other penalties. The application to liabilities from emissions trading systems is optional. The obligating event for the recognition of a liability is an activity that triggers payment in accordance with the relevant legislation. The liability must be recognised progressively if the obligating event occurs over a period of time or if the obligation is triggered by reaching a threshold, when this threshold is exceeded. The amendments will have no material impact on the presentation of Südzucker's assets, liabilities, financial position and profit or loss.

TABLE 032

RESTATEMENT IN ACCORDANCE WITH IAS 8 The first-time adoption of IFRS 11 (Joint Arrangements) at the beginning of the 2014/15 financial year had 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 Studen Group (sugar segment), Hungrana Group (special products segment) and CT Biocarbonic GmbH (CropEnergies segment) are included at equity from this point on. Retrospective application of the new standard led to similar effects on the comparative periods presented. The following overview is a breakdown of the assets and liabilities grouped together for the first time as of 1 March 2013 in at-equity investment items:

€ million 1 March 2013	Effects resulting from initial application of IFRS 11
Non-current assets	87.6
Inventories	*26.4*
Receivables and other assets	*1.4*
Cash and cash equivalents and securities	*18.0*
Current assets	45.7
Total assets	**133.3**
Non-current liabilities	−7.8
Current liabilities	−51.0
./. Total liabilities	**−58.7**
= Carrying amount of participation value	**74.6**

TABLE 033

The decrease in assets and liabilities led to a reduction in capital employed and net financial debt. These changes affect the statement of comprehensive income in terms of lower revenues as well as all profit/loss items in the operating profit, financial result and income taxes; net earnings and earnings per share remain unchanged. Earnings after taxes from the affected companies exclusively flow into the income from companies consolidated at equity.

The tables below include – provided the effect is material – the statement of comprehensive income published last year in accordance with IAS 8, the cash flow statement as well as the published balance sheet including their restatement and the adjusted values:

Statement of comprehensive income from 1 March 2013 to 28 February 2014

€ million	Amount adjusted 2013/14	Adjustment IFRS 11	Correction IAS 8	Amount reported 2013/14
Income Statement				
Revenues	**7,533.1**	**−202.1**		**7,735.2**
EBITDA	**888.5**	**−44.4**	**−0.2**	**933.1**
Depreciation	−266.6	8.2		−274.8
Operating profit	**621.9**	**−36.2**	**−0.2**	**658.3**
Result from restructuring/special items	−115.8	0.0		−115.8
Income from companies consolidated at equity	48.0	48.0		0.0
Income from operations	**554.1**	**11.8**	**−0.2**	**542.5**
Income from companies consolidated at equity	–	−20.2		20.2
Financial income	41.3	0.2		41.1
Financial expense	−104.7	0.5	−3.5	−101.7
Earnings before income taxes	**490.7**	**−7.7**	**−3.7**	**502.1**
Taxes on income	−103.7	7.7	0.9	−112.3
Net earnings	**387.0**	**0.0**	**−2.8**	**389.8**
of which attributable to Südzucker AG shareholders	280.3	0.0	−1.3	281.6
of which attributable to hybrid capital	26.2	0.0		26.2
of which attributable to non-controlling interests	80.5	0.0	−1.5	82.0
Earnings per share (€)	**1.37**	**0.00**	**−0.01**	**1.38**
Comprehensive income	**327.2**	**0.0**	**−0.2**	**327.4**
of which attributable to Südzucker AG shareholders	242.8	0.0	0.0	242.8
of which attributable to hybrid capital	26.2	0.0		26.2
of which attributable to non-controlling interests	58.2	0.0	−0.2	58.4

TABLE 034

Cash flow statement from 1 March 2013 to 28 February 2014

€ million	Amount adjusted 2013/14	Adjustment IFRS 11	Correction IAS 8	Amount reported 2013/14
Cash flow	**697.0**	**8.0**		**689.0**
Gain (–) / Loss (+) on disposal of items included in non-current assets and of securities	1.0	0.0		1.0
Increase (–) / Decrease (+) in working capital	13.5	−10.4		23.9
I. Net cash flow from operating activities	**711.5**	**−2.4**		**713.9**
Investments in fixed assets and intangible assets	−376.9	6.2		−383.1
Investments in financial assets	−22.3	0.0		−22.3
Investments	**−399.2**	**6.2**		**−405.4**
Cash received on disposal of non-current assets	11.7	−0.5		12.2
Cash paid (–) / received (+) for the purchase / sale of securities	−0.8	0.0		−0.8
II. Cash flow from investing activities	**−388.3**	**5.7**		**−394.0**
III. Cash flow from financing activities	**−278.7**	**3.8**		**−282.5**
Change in cash and cash equivalent (total of I., II. and III.)	**44.5**	**7.1**		**37.4**
Change in cash and cash equivalents				
due to exchange rate changes	−8.8	1.8		−10.6
due to changes in entities included in consolidation	1.1	0.3		0.8
Decrease (–) / Increase (+) in cash and cash equivalents	**36.8**	**9.2**		**27.6**
Cash and cash equivalents at the beginning of the period	465.5	−18.0		483.5
Cash and cash equivalents at the end of the period	**502.3**	**−8.8**		**511.1**

TABLE 035

Balance sheet as at 28 February 2014 and 1 March 2013

€ million	Amount adjusted 28.02.2014	Adjustment IFRS 11	Correction IAS 8	Amount reported 28.02.2014	Amount adjusted 01.03.2012	Adjustment IFRS 11	Correction IAS 8	Amount reported 01.03.2013
Assets								
Intangible assets	1,188.5	−4.5		1,193.0	1,187.1	−2.3		1,189.4
Fixed assets	2,656.1	−73.1		2,729.2	2,554.7	−78.7		2,633.4
Shares in companies consolidated at equity	284.8	58.5		226.3	264.7	74.6		190.1
Other investments	23.7	−0.1		23.8	25.6	−4.6		30.2
Securities	104.6	0.0		104.6	105.5	0.0		105.5
Other assets	27.6	−0.0		27.6	44.4	0.1		44.3
Deferred tax assets	123.6	−0.4	0.6	123.4	119.9	−2.1	0.5	121.5
Non-current assets	**4,408.9**	**−19.6**	**0.6**	**4,427.9**	**4,301.9**	**−13.0**	**0.5**	**4,314.4**
Inventories	2,359.7	−26.8		2,386.5	2,541.2	−26.4		2,567.6
Trade receivables	916.8	−14.2		931.0	1,017.8	−7.9		1,025.7
Other assets	373.2	5.9		367.3	288.0	6.7		281.3
Current tax receivables	61.7	−0.1	−2.0	63.8	89.3	−0.1	−2.0	91.4
Securities	40.8	0.0		40.8	42.1	0.0		42.1
Cash and cash equivalents	502.3	−8.8		511.1	465.5	−18.0		483.5
Current assets	**4,254.5**	**−44.0**	**−2.0**	**4,300.5**	**4,443.9**	**−45.7**	**−2.0**	**4,491.6**
Total assets	**8,663.4**	**−63.6**	**−1.4**	**8,728.4**	**8,745.8**	**−58.7**	**−1.5**	**8,806.0**
Liabilities and shareholders' equity								
Equity attributable to shareholders of Südzucker AG	3,268.0	0.0	−37.2	3,305.2	3,227.3	0.0	−37.0	3,264.3
Hybrid capital	683.9	0.0		683.9	683.9	0.0		683.9
Other non-controlling interests	672.9	0.0	−0.9	673.8	781.7	0.0	−1.0	782.7
Shareholders' equity	**4,624.8**	**0.0**	**−38.1**	**4,662.9**	**4,692.9**	**0.0**	**−38.0**	**4,730.9**
Provisions for pensions and similar obligations	659.1	−0.1	1.6	657.6	689.0	−0.1	1.4	687.7
Other provisions	81.5	0.0		81.5	87.4	0.0		87.4
Financial liabilities	681.4	−5.6		687.0	800.6	−7.6		808.2
Other liabilities	18.3	0.0		18.3	16.3	0.1		16.2
Tax liabilities	109.4	0.0	34.4	75.0	128.8	0.0	34.4	94.4
Deferred tax liabilities	104.0	−3.1		107.1	88.6	−0.2		88.8
Non-current liabilities	**1,653.7**	**−8.8**	**36.0**	**1,626.5**	**1,810.7**	**−7.8**	**35.8**	**1,782.7**
Other provisions	189.5	0.0		189.5	189.0	0.0		189.0
Financial liabilities	501.9	−28.9		530.8	256.0	−31.3		287.3
Trade payables	1,145.3	−14.7		1,160.0	1,307.6	−9.3		1,316.9
Other liabilities	465.0	−10.7	0.8	474.9	403.0	−10.3	0.7	412.6
Current tax liabilities	83.2	−0.6		83.8	86.6	0.0		86.6
Current liabilities	**2,384.9**	**−54.9**	**0.8**	**2,439.0**	**2,242.2**	**−50.9**	**0.7**	**2,292.4**
Total liabilities and shareholders' equity	**8,663.4**	**−63.6**	**−1.4**	**8,728.4**	**8,745.8**	**−58.7**	**−1.5**	**8,806.0**
Net financial debt	535.6	−25.7		561.3	443.5	−20.9		464.4
Equity ratio	53.4			53.4	53.7			53.7
Net financial debt as % of equity (gearing)	11.6			12.0	9.5			9.8

TABLE 036

Due to the change in accounting for joint ventures and as already explained in the notes to the 2013/14 consolidated financial statements under note (1) "Principles of preparation of the consolidated financial statements", income from companies consolidated at equity is now presented as part of income from operations for both joint ventures and associates to show that these companies are in fact operational investments and not financial assets. To avoid duplication, there is no classification of equity components in the balance sheet; these are presented unchanged compared to previous years in the statement of changes in shareholders' equity.

Treasury reclaims resulted from the successful conclusion of long-term tax court proceedings regarding taxation issues under the Foreign Transaction Tax Act (Außensteuergesetz) in the 2012/13 financial year. These have been accounted for by correcting the items "Current tax receivables" and "Non-current tax liabilities" in the opening balance sheet as at 1 March 2013 and in all subsequent (interim) financial statements. On 28 February 2014, the negative market value of an interest rate swap was recognized including deferred tax in shareholders' equity under "Other comprehensive income" although the conditions according to IAS 39 (Financial Instruments: Recognition and Measurement) were not met. For this reason the prior year presentation was adjusted so that the measurement was recognized in profit or loss under "Financial expense" and the tax effects under "Taxes on income" in the income statement. The restatement of the item "Provisions for pensions and similar obligations" in the opening balance sheet as at 1 March 2013 and in all subsequent (interim) financial statements applies to the retroactive change in the basis for measuring severance obligations in Austria.

(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. 157 (159) companies in addition to Südzucker AG were included in the consolidated financial statements for the year ended 28 February 2015. Three newly founded companies were consolidated for the first time, four companies were merged and one was sold, resulting in a loss on disposal in the amount of € 2.0 million that is reported in other operating expenses. The effects of the change in companies included in consolidation on the consolidated financial statements due to sales and acquisitions of companies are as follows:

€ million	Effects of the change in companies included in consolidation	
28 February	2015	2014
Non-current assets	−0.4	63.5
Inventories	*−1.0*	*21.0*
Receivables and other assets	*−2.0*	*6.3*
Cash and cash equivalents and securities	*−0.4*	*0.8*
Current assets	−3.4	28.1
Total assets	**−3.8**	**91.6**
Shareholders' Equity	−2.8	66.9
Non-current liabilities	0.0	0.1
Current liabilities	−1.0	24.6
Total liabilities and equity	**−3.8**	**91.6**
Revenues	–	46.4
– Net expenses	–	−66.1
= Net earnings	–	−19.7

TABLE 037

COMPANIES CONSOLIDATED AT EQUITY The equity method was used for 14 (unchanged) joint ventures of Hungrana Group and Studen Group, CT Biocarbonic GmbH, Maxi S.r.l. and Collaborative Packing Solutions (Pty) Ltd and also for the associate ED&F Man Holdings Ltd. The stake in Collaborative Packing Solutions (Pty) Ltd, headquartered in Johannesburg, South Africa, was acquired by PortionPack Europe Group in 2014/15.

The following is a summary of the financial position and performance of joint ventures with the largest share attributing to Hungrana Group:

28 February	2015			2014		
€ million	Total	Hungrana group	Other	Total	Hungrana group	Other
Non-current assets	156.9	106.7	50.2	156.2	104.7	51.5
Inventories	91.7	24.7	67.0	87.5	22.1	65.4
Receivables and other assets	143.1	62.5	80.6	186.9	44.2	142.7
Cash, cash equivalents and securities	30.3	21.8	8.5	22.9	13.5	9.4
Current assets	265.1	109.0	156.1	297.3	79.8	217.5
Total assets	**422.0**	**215.7**	**206.3**	**453.5**	**184.5**	**269.0**
Equity	179.6	160.3	19.3	122.6	102.5	20.0
External financial liabilities	13.6	10.5	3.1	11.3	7.5	3.8
Other liabilities	7.5	6.7	0.8	6.5	6.0	0.5
Non-current liabilities	21.1	17.2	3.9	17.8	13.5	4.3
External financial liabilities	51.9	10.7	41.2	57.8	16.7	41.1
Other liabilities	169.4	27.5	141.9	255.4	51.9	203.5
Current liabilities	221.3	38.2	183.1	313.2	68.6	244.6
Total liabilities and equity	**422.0**	**215.7**	**206.3**	**453.5**	**184.5**	**269.0**
Revenues	809.7	315.8	493.9	972.4	377.6	594.8
Depreciation	−16.0	−12.2	−3.8	−16.4	−12.2	−4.2
Other expenses	−719.8	−235.9	−483.9	−877.4	−291.6	−585.8
Income from operations	**73.9**	**67.7**	**6.2**	**78.6**	**73.8**	**4.8**
Interest income	0.2	0.1	0.1	0.4	0.2	0.2
Interest expense	−2.5	−0.6	−1.9	−1.0	−0.5	−0.5
Other financial expense	−1.1	−0.8	−0.3	−0.5	0.8	−1.3
Earnings before income taxes	**70.5**	**66.4**	**4.1**	**77.5**	**74.3**	**3.2**
Taxes on income	−14.2	−12.2	−2.0	−17.4	−15.6	−1.8
Net earnings	**56.3**	**54.2**	**2.1**	**60.0**	**58.7**	**1.4**
Income and expenses recognized in other comprehensive income	3.9	3.6	0.3	7.7	7.7	0.0
Comprehensive income	**60.2**	**57.8**	**2.4**	**67.7**	**66.4**	**1.4**

TABLE 038

The financial position and performance of associates summarized below currently only includes ED&F Man Holdings Ltd.:

€ million 28 February	2015	2014
Non-current assets	565.4	520.7
Current assets	12,679.2	4,311.1
Total assets	**13,244.6**	**4,831.8**
Equity	865.0	786.9
Non-current liabilities	358.6	301.6
Current liabilities	12,021.0	3,743.3
Total liabilities and equity	**13,244.6**	**4,831.8**
Revenues	6,338.5	6,802.5
– other expenses	−6,375.9	−6,737.8
= Net earnings	−37.4	64.7
Income and expenses recognized in other comprehensive income	115.5	−43.3
Comprehensive income	**78.1**	**21.4**

TABLE 039

ED&F Man Holdings Ltd. has a different financial year than Südzucker that ends on 30 September. This subgroup's interim financial statements with a reporting date two months earlier than those of Südzucker have been included and significant events between these dates 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 € 40.5 (–3.2) million are shown in equity under other comprehensive income.

The carrying amount of all shares in companies consolidated at equity is € 333.1 (284.8) million. The derivation of carrying amounts of the significant investments in ED&F Man Holdings Ltd. and Hungrana Group recognized in this item is presented below:

28 February	2015		2014	
€ million	ED&F Man	Hungrana	ED&F Man	Hungrana
Equity	865.0	160.3	786.9	102.4
+/– Adjustments (in substance other minority interests)	−55.3	0.0	−54.3	0.0
= Equity attributable to shareholders	**809.7**	**160.3**	**732.6**	**102.4**
thereof share of Südzucker in equity	*202.4*	*80.2*	*183.2*	*51.2*
+ Goodwill	33.7	0.5	33.7	0.5
= Shares in companies consolidated at equity (carrying amount)	**236.1**	**80.7**	**216.8**	**51.7**

TABLE 040

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 2014 / 15:

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 041

(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).

EQUITY METHOD MEASUREMENT Investments in joint ventures and associates are included in the consolidated financial statements using the equity method as from their date of acquisition or when the application requirements of IFRS 11 (Joint Arrangements) or IAS 28 (Investments in Associates) have been met. Associates are companies over which significant influence over management can be exercised and that are not subsidiaries, joint ventures or joint operations. This is typically demonstrated by a share of voting rights between 20 and 50 %. 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), IFRS 11 (Joint Arrangements) 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 the 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				
		Year-end rate	Average rate	Year-end rate	Average rate	Year-end rate
Country	Currency code	28 February 2015	2014/15	28 February 2014	2013/14	28 February 2013
Australia	AUD	1.44	1.46	1.54	1.42	1.28
Brazil	BRL	3.26	3.10	3.21	2.96	2.59
Chile	CLP	692.59	752.09	772.84	677.83	618.81
China	CNY	7.05	8.00	8.49	8.16	8.17
Denmark	DKK	7.47	7.45	7.46	7.46	7.46
Great Britain	GBP	0.73	0.79	0.83	0.85	0.86
Mexico	MXN	16.87	17.48	18.31	17.15	16.76
Moldova	MDL	21.32	19.00	18.68	17.06	16.05
Poland	PLN	4.15	4.19	4.16	4.20	4.16
Romania	RON	4.44	4.44	4.50	4.44	4.36
Russia	RUB	69.20	55.51	49.94	43.47	40.08
Singapore	SGD	1.53	1.65	1.75	1.68	1.62
Czech Republic	CZK	27.44	27.58	27.34	26.31	25.64
Turkey	TRY	2.83	2.86	3.06	2.64	2.36
Ukraine	UAH	31.42	17.70	13.64	10.74	10.47
Hungary	HUF	303.03	309.59	310.45	299.10	295.80
USA	USD	1.12	1.29	1.38	1.33	1.31

TABLE 042

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

The following accounting policies are to be applied uniformly by group companies for similar transactions and other events in similar circumstances.

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:

Useful lives

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

TABLE 043

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 recognized independent of maturity. Initial measurement takes place at market value plus transaction costs at the settlement date. Classification is made in the categories "Held for Trading" and "Available for Sale". Securities in the category "Held for Trading" are recognized at market value; gains and losses as of the reporting date are recognized in the income statement. Securities classified as "Available for Sale" are also measured at market value. Measurement at cost takes place only when there is no active market price available for equity instruments and if their fair value cannot be reliably measured. 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. 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. The impairment of securities that represent debt instruments is canceled with affect on profit or loss, and the impairment of securities representing equity instruments canceled with no affect on profit or loss if the reasons for the respective impairment no longer exist.

OTHER INVESTMENTS Initial measurement is based on the acquisition costs plus transaction costs. Subsequent measurement of other investments with no active market price available and whose fair value cannot be reliably measured takes place 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 no 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 and recognized at amortized cost, 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.

TRADE RECEIVABLES AND OTHER ASSETS Receivables and other financial assets are measured at market value plus transaction costs 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 CAPITAL Pursuant to IAS 32 (Financial Instruments: Presentation) the terms and conditions of the hybrid 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 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 under other reserves – 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. A resulting excess of deferred tax assets is only recognized to the extent that it is likely that taxable income will be available against which deferred taxes can be offset. Individual companies forecast the recoverability of deferred tax assets, 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 consolidated at equity 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.

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.

TRADE PAYABLES AND OTHER LIABILITIES Non-current and current financial liabilities are initially measured at market value less transaction costs and subsequently measured at amortized cost. Differences between historical cost and the repayment amount are amortized using the effective interest method.

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. Liabilities from finance lease contracts are measured at their present value. 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. 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 hedges 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 but rather commercial transactions concluded for the purpose of hedging, 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. Income tax can be subject to uncertainties with regard to the probability and amount of the expected tax payment or refund. This requires the company to make an estimate.

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

Sales revenues are detailed in segment reporting, the notes on performance and within 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	2014/15	2013/14
Change in work in progress and finished goods inventories		
Sugar	−153.6	−100.4
Special products	−10.3	0.9
CropEnergies	−3.2	4.3
Fruit	−37.5	−50.3
	−204.6	**−145.5**
Internal costs capitalized	5.3	7.0
	−199.3	**−138.5**

TABLE 044

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	2014/15	2013/14
Foreign exchange and currency translation gains	22.4	9.3
Gain on sales of current and non-current assets	4.4	3.7
Income from derivatives	5.7	4.4
Reversal of bad debt allowances	3.3	1.7
Income from special items	42.4	47.5
Other income	58.4	59.2
	136.6	**125.8**

TABLE 045

Income from special items of € 42.4 (47.5) million includes, among other items, income from the sale of the former plant sites in Groß-Gerau, from the settlement of litigation related to the value-added tax payments for sugar deliveries to Italy and from proceedings that were settled against Raffinerie Tirlemontoise in Belgium. Last year this item included income from claims for repayment against the EU from the production levy and insurance settlements for property damage at BENEO's Chilean inulin factory.

Other income in the amount of € 58.4 (59.2) million includes, among other things, insurance settlements and other compensation, agricultural compensation payments and 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	2014/15	2013/14
Cost of raw materials, consumables and supplies and of purchased merchandise	4,224.8	4,622.1
Cost of purchased services	270.2	232.9
	4,495.0	**4,855.0**

TABLE 046

(10) Personnel expenses

€ million	2014/15	2013/14
Wages and salaries	647.6	619.4
Contributions to statutory old-age insurance	29.5	35.5
Social security, pension and welfare expenses	162.0	149.7
	839.1	**804.6**
Employees	**18,460**	**18,186**

TABLE 047

The number of employees in the group increased in 2014/15 by 274 to 18,460 (18,186). Of the total personnel expenses in the amount of € 839.1 (804.6) million, € 33.2 (1.9) million is reported in the result from restructuring and special items and largely results from staff reductions in the sugar segment in Belgium, Germany and France and in the fruit segment in Belgium and Austria.

(11) Depreciation

€ million	2014/15	2013/14
Intangible assets	13.8	14.0
Fixed assets	258.6	249.6
Depreciation and amortization	**272.4**	**263.6**
Intangible assets	0.0	0.2
Fixed assets	8.8	4.4
Impairment losses	**8.8**	**4.6**
Income from reversal of impairment losses	**−0.7**	**−1.1**
Net depreciation	**280.5**	**267.1**
thereof operating result	271.7	266.6
thereof result from restructuring/special items	8.8	0.5
Impairment according to segments		
Sugar	8.1	0.5
Special products	0.5	0.5
CropEnergies	0.0	0.5
Fruit	0.2	3.1
Total	**8.8**	**4.6**

TABLE 048

The sugar segment accounts for € 8.1 (0.5) million of impairment losses totaling € 8.8 (4.6) million, which mainly relate to the planned closure of raw sugar refining at the site in Marseille, France. The closing contributes to the declining importance of raw sugar imports and their non-cost-effective conversion.

(12) Other operating expenses

€ million	2014/15	2013/14
Selling and advertising expenses	395.0	370.6
Operating and administrative expenses	276.2	296.4
Advertising expenses	53.8	51.2
Expenses due to restructuring/special items	41.2	161.0
Operating lease expenses	12.9	14.0
Service agreement expenses	30.1	32.1
Production levy	19.3	19.4
Losses on disposals of current and non-current assets	6.9	4.8
Bad debt allowances	3.8	2.2
Foreign exchange and currency translation losses	10.6	7.1
Expense from derivatives	4.8	2.6
Other taxes	29.3	28.7
Other expenses	79.0	97.5
	962.9	**1,087.6**

TABLE 049

Operating and administrative expenses in the amount of € 276.2 (296.4) 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.

Expenses from restructuring and special items of € 41.2 (161.0) million were largely attributable to the temporary closure of the CropEnergies bioethanol plant in Wilton, United Kingdom. Last year's expenses were primarily related to the antitrust fine imposed on the sugar segment.

The main share of other taxes in the amount of € 29.3 (28.7) million is attributable to non-income taxes. Other operating expenses totaling € 79.0 (97.5) million comprise items such as research and development costs, market research fees, license fees and other services.

(13) Income from companies consolidated at equity

Income from companies consolidated at equity of € 21.8 (48.0) million includes the share of earnings from the joint ventures of Hungrana Group, Studen Group, CT Biocarbonic GmbH, Maxi S. r. l. and Collaborative Packing Solutions (Pty) Ltd and the associate ED&F Man Holdings Ltd.

(14) Income from operations

€ million	2014/15	2013/14
Income from operations	**159.2**	**554.1**
thereof operating profit	181.4	621.9
thereof result from restructuring/special items	−44.0	−115.8
thereof result from companies consolidated at equity	21.8	48.0

TABLE 050

Income from operations of € 159.2 (554.1) million breaks down into an operating profit of € 181.4 (621.9) million, the result from restructuring and special items in the amount of € −44.0 (−115.8) million and the income from companies consolidated at equity of € 21.8 (48.0) million. The breakdown by segment is found in the segment reporting.

(15) Financial income and expense

€ million	2014/15	2013/14
Interest income	22.3	29.5
Interest expense	−56.1	−70.8
Interest income and expense, net	**−33.8**	**−41.3**
Other financial income	20.2	11.8
Other financial expense	−18.3	−33.9
Other financial income and expense, net	**1.9**	**−22.1**
Financial expense, net	**−31.9**	**−63.4**
thereof financial income	42.5	41.3
thereof financial expense	−74.4	−104.7

TABLE 051

The financial result improved in fiscal 2014/15 to € −31.9 (−63.4) million. Interest expense fell from € −41.3 million to € −33.8 million even as average debt rose year-over-year due to once again lower interest rates. The net interest expense also contains the net expense from the unwinding of the discount for provisions for pensions and similar obligations totaling € 21.3 (22.9) million and the expense from the unwinding of the discount for other non-current provisions and liabilities of € 1.5 (3.3) million.

The other financial result was income of € 1.9 (−22.1) million. This included currency translation gains of € 4.6 million – an improvement after € −20.5 million posted the prior year due to currency exchange losses from the financing of subsidiaries in emerging countries and Eastern Europe.

(16) Taxes on income

The tax expense of € 53.5 (103.7) million is comprised of current taxes paid or payable and deferred tax expense / income as follows:

€ million	2014/15	2013/14
Current taxes	46.9	97.4
Deferred taxes	6.6	6.3
Taxes in income	**53.5**	**103.7**

TABLE 052

The unchanged projected theoretical tax expense of 29.1 % for fiscal 2014 / 15 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	2014/15	2013/14
Earnings before taxes on income	127.3	490.7
Theoretical tax rate	29.1 %	29.1 %
Theoretical tax expense (+)	**37.1**	**142.9**
Change in theoretical tax expense as a result of:		
Different tax rates	−0.5	2.1
Tax reduction for tax-free income	−19.8	−38.9
Tax increase for non-deductible expenses	8.3	58.9
Tax effects from prior periods	−1.6	−31.9
Tax effects from capitalized losses carried forward and temporary differences	23.6	−33.1
Other	6.4	3.7
Taxes on income	**53.5**	**103.7**
Effective tax rate	**42.0 %**	**21.1 %**

TABLE 053

Following a significant decline in earnings before income taxes of € 127.3 (490.7) million, taxes on income were € 53.5 (103.7) million. The tax rate rising to 42.0 (21.1) % primarily resulted from the additional tax charges in connection with the temporary closure of the bioethanol plant in Wilton, United Kingdom.

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 € 135.4 (135.1) million were recognized for tax loss carryforwards that are expected to be used against future taxable income. Deferred tax assets totaling € 112.2 (87.0) million were not recognized as it is unlikely that the tax assets will be recoverable in the foreseeable future. Of the unrecognized deferred tax assets, € 18.6 (9.6) million expires within a period of up to seven years and € 93.6 (77.4) million does not expire. An impairment loss in the amount of € 12.9 (0.0) million was recognized on loss carryforwards for deferred tax assets and on deductible temporary differences recognized in previous years.

No deferred tax liabilities were recognized in relation to investments in subsidiaries totaling € 46.9 (45.6) million, since such gains are intended to be reinvested indefinitely and a reversal of these differences is thus not anticipated.

Deferred taxes raised income and expenses recognized directly in equity by € 46.2 million during the reporting period and lowered income and expenses recognized directly in equity by € −11.6 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 an increase in equity by € 43.7 million, i. e. last year to a decrease in equity by € 11.4 million.

Income taxes recognized directly in equity (mainly in other reserves) posted at € 0.0 (0.1) million.

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	2015	2014	2015	2014
Fixed assets and intangible assets	34.7	40.0	160.1	158.0
Inventories	14.7	17.3	17.9	35.4
Other assets	12.8	15.9	6.3	6.1
Tax-free reserves	0.0	0.0	66.0	72.1
Provisions	144.0	103.6	26.7	15.9
Liablilities	12.4	21.9	22.9	26.7
Tax loss carry forwards	135.4	135.1	0.0	0.0
	354.0	**333.8**	**299.9**	**314.2**
Offsets	−220.7	−210.2	−220.7	−210.2
Balance sheet	**133.3**	**123.6**	**79.2**	**104.0**
thereof non-current	**96.2**	**63.4**	**70.2**	**84.9**

TABLE 054

Current tax assets reported as at 28 February 2015 decreased to € 38.9 (61.7) million and, in addition to tax prepayments, still comprise the remaining reimbursement rights related to closed court proceedings concerning the Foreign Transaction Tax Act (Außensteuergesetz).

Non-current tax liabilities in the amount of € 78.9 (109.4) 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 € 99.4 (83.2) million relate to income tax liabilities from the financial year under review and back duties still expected from previous years.

(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 409 (405) staff. Research and development costs amounted to € 40.4 (42.5) million and were fully recognized as an expense.

(18) Earnings per share

€ million	2014/15	2013/14
Net earnings of the year	**73.8**	**387.0**
of which attributable to shareholders of Südzucker AG	20.1	280.3
of which attributable to hybrid capital	26.2	26.2
of which attributable other non-controlling interest	27.5	80.5
Earnings in € per share	**0.10**	**1.37**

TABLE 055

Of the net earnings for the year of € 73.8 (387.0) million, earnings of € 26.2 (unchanged) million are attributable to holders of the hybrid capital. Other non-controlling interests of € 27.5 (80.5) million consist mainly of outside shareholders of AGRANA Group and CropEnergies Group. This leaves shareholders of Südzucker AG with a net result of € 20.1 million (last year net earnings of € 280.3 million).

The earnings per share calculation (IAS 33) is based on the time-weighted average of 204.2 million shares outstanding. The loss per share was € 0.10 (last year earnings per share of € 1.37) with no dilution.

(19) Income and expenses recognized directly in shareholders’ equity

€ million	2014/15	2013/14
Market value of hedging instruments (cash flow hedges) [1]	−13.4	3.4
Revaluation not affecting income	−17.1	−0.6
Realization resulting in a profit or loss	0.6	4.2
Deferred taxes	3.1	−0.2
Market value of securities (available for sale) [1]	0.8	−1.1
Revaluation not affecting income	1.4	−1.1
Deferred taxes	−0.6	0.0
Exchange differences on net investments in foreign operations	0.2	−0.1
Revaluation not affecting income	0.2	−0.1
Deferred taxes	0.0	0.0
Foreign currency differences from consolidation [1]	61.0	−90.2
Income and expenses to be recognized in the income statement in the future	**48.6**	**−88.0**
Remeasurement of defined benefit pension plans and similar obligations [2]	**−118.9**	**28.2**
Revaluation not affecting income	−162.6	39.6
Deferred taxes	43.7	−11.4
Income and expenses recognized directly in equity	**−70.3**	**−59.8**

[1] Including the effects from companies consolidated at equity.
[2] Will not be reclassified subseqently to profit and loss.

TABLE 056

Income and expenses recognized directly in equity totaled € −70.3 (−59.8) million after accounting for deferred taxes.

The main factor here was the revaluation of defined benefit pension commitments and similar obligations; the lowering of the discount rate from 3.50 % as at 28 February 2014 to 1.75 % for material pension plans effective 28 February 2015 put pressure on equity in the amount of € −118.9 million. Last year changes to salary and pension trend parameters along with experience adjustments led to a return of € 28.2 million.

Foreign currency differences from consolidation of € 61.0 (−90.2) million particularly include effects from the stronger Chilean peso, US dollar and British pound sterling, and the weaker Ukrainian hryvnia, Moldovan leu and Russian ruble (closing rate) against the euro. In the previous year this item included expenses from the weakening of the Chilean peso, Ukrainian hryvnia, Hungarian forint, Moldovan leu, Russian ruble and Czech koruna (closing rate) against the euro. Also included here are the exchange differences of € 42.6 (−7.1) million from companies consolidated at equity.

The change to cash flow hedges not affecting income of € −13.4 (3.4) million results primarily from the recognition of negative market values.

Cash flow statement

(20) Notes to the 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 € 388.8 (697.0) 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 € 131.3 (13.5) million was largely due to price related lower inventories and trade receivables with concurrently lower trade payables.

INVESTMENTS IN PROPERTY, PLANT AND EQUIPMENT Investments in property, plant and equipment (including intangible assets) totaled € 386.2 (376.9) million. The sugar segment's investments of € 186.5 (196.6) million were mainly allocated toward replacement spending, investments to improve energy efficiency and in the new construction and remodeling of the head office in Mannheim. Investments in the special products segment totaling € 124.8 (110.3) million are primarily due to the construction of a starch factory in Zeitz and the establishment of a biomass boiler at the site in Pemuco, Chile. The CropEnergies segment invested € 31.9 (18.2) million in the construction of the neutral coal plant completed at the beginning of the year at the Zeitz site and to further optimize its production systems. The fruit segment invested € 43.0 (51.8) million, mainly in the fruit preparations area and in the completion of the fourth fruit preparation factory in the US at the site in Lysander, New York.

CAPITAL INCREASES AND INCREASES IN STAKES HELD IN SUBSIDIARIES Increases in stakes held in subsidiaries totaling € 33.3 million were largely attributable to the acquisition of minority interests in AGRANA Bioethanol GmbH by AGRANA Stärke GmbH. Last year increases in stakes held in subsidiaries in the amount of € 193.4 million mainly related 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 %; the cash inflow from the € 61.9 million capital increase was largely attributable to the participation of the Austrian shareholders in the acquisition of shares in AGRANA.

DIVIDENDS PAID Dividends paid throughout the group in the financial year just ended totaled € 173.0 (258.8) million and included € 102.1 (183.8) million paid out to Südzucker AG's shareholders and € 70.9 (75.0) million to minority interests.

INCOME TAXES PAID The balance of income taxes paid amounted to € 38.4 (92.5) million. Cash outflows from income taxes paid are generally allocated to operating activities.

INTEREST PAYMENTS AND DIVIDENDS Interest paid and interest and dividends received are allocated to the cash flows from operating activities.

Notes to the balance sheet

(21) Intangible assets

€ million	Goodwill	Concessions, industrial and similar rights	Total
2014/15			
Acquisition costs			
1 March 2014	1,734.1	192.3	1,926.4
Change in companies incl. in the consolidation and other changes	0.0	−0.1	−0.1
Changes due to currency translation	−0.1	2.3	2.2
Additions	0.0	10.3	10.3
Transfers	0.0	1.8	1.8
Disposals	0.0	−2.1	−2.1
28 February 2015	1,734.0	204.5	1,938.5
Amortization and impairment losses			
1 March 2014	−588.8	−149.1	−737.9
Change in companies incl. in the consolidation and other changes	0.0	0.2	0.2
Changes due to currency translation	0.0	−1.8	−1.8
Amortization for the year	0.0	−13.8	−13.8
Impairment losses	0.0	0.0	0.0
Transfers	0.0	0.2	0.2
Disposals	0.0	2.0	2.0
Reversals of impairment losses	0.0	0.0	0.0
28 February 2015	−588.8	−162.3	−751.1
Net carrying amount 28 February 2015	**1,145.2**	**42.2**	**1,187.4**

€ million	Goodwill	Concessions, industrial and similar rights	Total
2013/14			
Acquisition costs			
1 March 2013	1,734.1	184.1	1,918.2
Change in companies incl. in the consolidation and other changes	0.1	0.1	0.2
Changes due to currency translation	−0.1	−1.0	−1.1
Additions	0.0	11.3	11.3
Transfers	0.0	4.5	4.5
Disposals	0.0	−6.7	−6.7
28 February 2014	1,734.1	192.3	1,926.4
Amortization and impairment losses			
1 March 2013	−588.8	−142.3	−731.1
Change in companies incl. in the consolidation and other changes	0.0	0.1	0.1
Changes due to currency translation	0.0	0.7	0.7
Amortization for the year	0.0	−14.0	−14.0
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	−149.1	−737.9
Net carrying amount 28 February 2014	**1,145.3**	**43.2**	**1,188.5**

TABLE 057

Goodwill
The carrying amount of goodwill of € 1,145.2 (1,145.3) 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. 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 or adopted by the supervisory board and on the five-year plan valid at the time of carrying out the impairment test. These budgets are based on experience and expectations of future market developments.

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

The cost of capital is calculated as a weighted average of the costs of equity and debt (borrowing costs). 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 is a product of the general market risk premium and the applicable business risk for Südzucker derived from capital market data. 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 Baa2 / BBB. The target capital structure recognized corresponds to a ratio of 70 % equity to 30 % debt.

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 expected growth rates in the five-year plan 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 cost of capital before tax used for the respective impairment tests:

€ million	Goodwill		Weight average cost of capital	
28 February	2015	2014	2014/15	2013/14
CGU Sugar	769.2	769.2	7.8 %	7.3 %
CGU Freiberger	158.9	158.9	5.7 %	7.0 %
CGU BENEO	84.9	84.9	7.1 %	8.3 %
CGU PortionPack	40.3	40.3	6.4 %	7.9 %
CGU Fruit	91.9	92.0	7.6 %	8.3 %
	1,145.2	**1,145.3**	–	–

TABLE 058

No impairment was necessary in the 2014/15 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 goodwill impairment test is based on future assumptions that determine the value in use of the CGUs. The amount of the respective value in use depends on the expected future cash flows in the corporate planning and the underlying cost of capital. At the measurement date the values in use of all CGUs were significantly higher than the carrying amounts of goodwill. As a result of these surpluses, the 10 % reduction of the planned sustainable cash flows expected in a sensitivity analysis or a 1 % increase in the cost of capital after tax resulting on the capital market does not create a need for impairment at any of the CGUs.

The key planning assumptions for the sugar CGU with the largest share of goodwill are determined based on the EU sugar market and the regulatory environment. Here, the key market development projections are based on estimates for EU beet 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. In addition to current market developments, these estimates take into account regulatory changes and the respective departments' own assessments.

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 180 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. 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 € 42.2 (43.2) million and mainly relate to software.

(22) Property, plant and equipment

€ million	Land, land rights and buildings including buildings on leased land	Technical equipment and machinery	Other equipment, factory and office equipment	Assets under construction	Total
2014/15					
Acquisition costs					
1 March 2014	1,744.6	4,626.4	383.7	136.2	6,890.9
Change in companies incl. in the consolidation and other changes	−0.4	−1.3	−0.1	−0.5	−2.3
Changes due to currency translation	13.7	38.1	0.5	5.5	57.8
Additions	59.0	127.6	27.3	161.9	375.8
Transfers	66.8	68.0	−5.8	−130.8	−1.8
Disposals	−12.3	−60.6	−15.0	−0.1	−88.0
28 February 2015	1,871.4	4,798.2	390.6	172.2	7,232.4
Amortization and impairment losses					
1 March 2014	−842.7	−3,110.9	−280.6	−0.6	−4,234.8
Change in companies incl. in the consolidation and other changes	−0.1	0.5	0.5	0.0	0.9
Changes due to currency translation	−4.0	−15.9	−0.3	0.0	−20.2
Amortization for the year	−46.2	−187.4	−25.0	0.0	−258.6
Impairment losses	−1.2	−7.5	−0.1	0.0	−8.8
Transfers	−10.0	4.8	5.0	0.0	−0.2
Disposals	8.0	56.8	13.3	0.1	78.2
Reversals of impairment losses	0.2	0.5	0.0	0.0	0.7
28 February 2015	−896.0	−3,259.1	−287.2	−0.5	−4,442.8
Net carrying amount 28 February 2015	**975.4**	**1,539.1**	**103.4**	**171.7**	**2,789.6**

€ million	Land, land rights and buildings including buildings on leased land	Technical equipment and machinery	Other equipment, factory and office equipment	Assets under construction	Total
2013/14					
Acquisition costs					
1 March 2013	1,705.4	4,455.9	379.2	139.1	6,679.6
Change in companies incl. in the consolidation and other changes	3.9	50.4	0.1	0.9	55.3
Changes due to currency translation	−27.6	−57.4	−5.4	−5.7	−96.1
Additions	32.8	123.2	25.8	183.8	365.6
Transfers	40.7	134.4	0.8	−180.4	−4.5
Disposals	−10.6	−80.1	−16.8	−1.5	−109.0
28 February 2014	1,744.6	4,626.4	383.7	136.2	6,890.9
Amortization and impairment losses					
1 March 2013	−815.3	−3,033.0	−275.9	−0.6	−4,124.8
Change in companies incl. in the consolidation and other changes	0.1	0.1	−0.2	0.0	0.0
Changes due to currency translation	8.6	29.5	3.8	0.0	41.9
Amortization for the year	−44.3	−180.7	−24.6	0.0	−249.6
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	77.2	15.5	0.0	101.0
Reversals of impairment losses	0.3	0.6	0.1	0.0	1.0
28 February 2014	−842.7	−3,110.9	−280.6	−0.6	−4,234.8
Net carrying amount 28 February 2014	**901.9**	**1,515.5**	**103.1**	**135.6**	**2,656.1**

TABLE 059

The carrying amount of property, plant and equipment rose to € 2,789.6 (2,656.1) million. Investments totaled € 375.8 (365.6) million, annual depreciation was € 258.6 (249.6) million and disposals of property, plant and equipment (disposals at cost less depreciation and impairment losses) came in at € −9.9 (−8.0) million. The investments are reduced by government grants totaling € 2.9 (1.0) million. Interest on debt capital was recognized in the amount of € 1.9 (0.6) million in return. Borrowing costs are calculated based on the applicable interest rate of the loan for the investment in question or the general refinancing costs of 0.8 to 5.2 %.

The exchange-related differences result mainly from the strengthening of the US dollar, British pound sterling and Chilean peso, which largely exceeded the effects from the devaluation of the Ukrainian hryvnia, Moldovan leu and Russian ruble (closing rate); this increased the carrying amount of property, plant and equipment by € 37.6 million. Last year the weakening of the Chilean peso, Russian ruble, Moldavian leu, Ukrainian hryvnia, Austrian dollar and US dollar resulted in a decrease in the carrying amount of property, plant and equipment by € 54.2 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.

(23) Shares in companies consolidated at equity, securities and other investments

€ million	Shares in companies consolidated at equity	Securities	Other investments
2014/15			
1 March 2014	**284.8**	**104.6**	**23.7**
Change in companies incl. in the consolidation and other changes	−15.0	0.3	0.0
Changes due to currency translation	42.6	0.2	0.0
Additions	0.8	0.0	0.0
Share of profits	21.8	0.0	0.0
Transfers	0.0	0.0	0.0
Disposals/dividends	−1.9	−85.2	−1.8
Impairment losses	0.0	0.0	0.0
Reversals of impairment losses	0.0	0.0	0.0
28 February 2015	**333.1**	**19.9**	**21.9**
2013/14			
1 March 2013	**264.7**	**105.5**	**25.6**
Change in companies incl. in the consolidation and other changes	2.9	−0.6	0.0
Changes due to currency translation	−7.1	0.0	0.0
Additions	22.3	0.2	0.0
Share of profits	48.0	0.0	0.0
Transfers	0.0	0.0	0.0
Disposals/dividends	−46.0	−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	**284.8**	**104.6**	**23.7**

TABLE 060

The companies consolidated at equity primarily comprise the stakes in ED&F Man Holdings Limited, London, United Kingdom, Studen Group, Vienna, Austria and the Joint Venture Maxi S. r. l., Bolzano, Italy in the sugar segment, the stake in Hungrana Group, Szabadegyháza, Hungary in the special products segment, and the stake in CT Biocarbonic GmbH, Zeitz in the CropEnergies segment.

The securities are classified as “Available for Sale”. The disposal is largely related to portfolio items reclassified to current securities according to the changed holding intention.

Other investments also comprise subsidiaries that are not included in consolidation due to their relative insignificance.

(24) Inventories

€ million 28 February	2015	2014
Raw materials and supplies	385.4	407.6
Work in progress and finished goods		
Sugar segment	1,290.8	1,445.9
Special products segment	187.7	193.1
CropEnergies segment	40.3	43.2
Fruit segment	134.7	173.6
Total of work in progress and finished goods	1,653.5	1,855.8
Merchandise	88.7	96.3
	2,127.6	**2,359.7**

TABLE 061

At € 2,127.6 (2,359.7) million, inventories were € 232.1 million lower than the previous year, mainly due to the reduction in finished goods and work in progress in the sugar segment as a result of lower beet prices, which overcompensate for the higher inventory levels in the non-quota sugar area from the record harvest during the 2014 sugar campaign.

Write-downs in the amount of € 13.7 (21.0) million were required on inventories in the sugar segment as at 28 February 2015 and were largely attributable to lower net disposal proceeds for both quota sugar and non-quota sugar. Write-downs totaling € 0.6 (11.4) million were necessary in the special products segment, € 2.0 (3.4) million in the CropEnergies segment and € 1.4 (1.0) million in the fruit segment; the latter were associated with lower net disposal proceeds from apple juice concentrates.

Write-downs of net disposal proceeds in the sugar segment totaling € 0.6 (6.7) million were also necessary on merchandise inventories as at 28 February 2015. In addition, a raw sugar supply agreement concluded in 2013 had a negative effect totaling € 14.3 million.

(25) Trade receivables and other assets

€ million 28 February	2015	Remaining term to 1 year	Remaining term over 1 year	2014	Remaining term to 1 year	Remaining term over 1 year
Trade receivables	**869.6**	**869.6**	**0.0**	**916.8**	**916.8**	**0.0**
Receivables due from the EU	**9.6**	9.6	0.0	**103.3**	103.3	0.0
Other taxes recoverable	**130.4**	130.4	0.0	**139.5**	139.5	0.0
Positive market value derivatives	**4.1**	4.1	0.0	**4.2**	4.2	0.0
Remaining financial assets	**92.8**	68.0	24.8	**99.7**	72.1	27.6
Remaining non-financial assets	**54.6**	54.6	0.0	**54.1**	54.1	0.0
Other assets	**291.5**	**266.7**	**24.8**	**400.8**	**373.2**	**27.6**

TABLE 062

Trade receivables fell € 47.2 million to € 869.6 (916.8) million in line with the lower sales revenues; payment targets were slightly higher.

Other financial assets totaling € 92.8 (99.7) million primarily concern financial receivables from non-consolidated companies, investments and employees, and other third parties.

Other non-financial assets of € 54.6 (54.1) million are mainly related to advances made and accruals / deferrals.

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

€ million 28 February	2015	2014
Total trade receivables	922.6	972.5
Value adjusted	−53.0	−55.7
Net carrying amount	**869.6**	**916.8**

TABLE 063

Bad debt allowances on trade receivables developed as follows:

€ million	2014/15	2013/14
1 March	**55.7**	**56.7**
Change in companies incl. in the consolidation/currency translation/other changes	0.2	−0.5
Additions	3.8	2.2
Use	−3.4	−1.0
Reversal	−3.3	−1.7
28 February	**53.0**	**55.7**

TABLE 064

The following table shows information related to the credit risk associated with the trade receivables. Trade receivables before allowances totaled € 869.6 (916.8) million; € 749.7 (773.6) million of this amount was not yet due. The aging structure of past-due receivables is as follows:

€ million 28 February	2015	2014
Receivables not past-due before allowances	749.7	773.6
Past-due receivables without specific-debt allowances	119.9	143.2
of which up to 10 days	44.2	49.4
of which 11 to 30 days	26.8	31.4
of which 31 to 90 days	24.8	50.3
of which over 90 days	24.1	12.1
Net carrying amount	**869.6**	**916.8**
Receivables including specific-debt allowances	53.0	55.7
Total trade receivables	**922.6**	**972.5**

TABLE 065

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 2015 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 2015, the issued subscribed capital amounts to € 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 RESERVES AND OTHER COMPREHENSIVE INCOME Other reserves 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 directly deducted from other reserves if treasury shares are purchased, or added directly to other reserves again if there is a later issue.

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.

Income and expenses recognized directly in equity in the statement of comprehensive income are described under note (19).

HYBRID CAPITAL Hybrid 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. fixed until 30 June 2015; the annual dividend amount is € 36.7 million before taxes or € 26.2 million after taxes. From 1 July 2015 the hybrid bond has a floating rate coupon based on the three month Euribor plus 3.10 % p.a. The major features of hybrid capital 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. 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). Based on these characteristics, Südzucker can 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 totaling € 652.2 million relate to co-owners of AGRANA Group in the amount of € 527.6 million. The remaining non-controlling interests of € 124.6 are attributable to minority interests in the CropEnergies subgroup.

Name of parent company from subgroup	Country	Südzucker share %	non-controlling interest share %	Business areas
AGRANA Beteiligungs-Aktiengesellschaft	Austria	49.6	50.4	Sugar, Starch, Fruit
CropEnergies AG	Germany	69.2	30.8	Bioethanol

TABLE 066

Südzucker AG holds a direct stake in AGRANA Beteiligungs-AG of 6.5 (unchanged) %. Up to 5 % is intended for reissuing 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 make them even more attractive to investors.

In addition, Z & S Zucker und Stärke Holding AG holds an 86.1 (unchanged) % stake in AGRANA Beteiligungs-AG. 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.

The group share of Südzucker AG in subgroup AGRANA is calculated at 49.6 (unchanged) %. The equity capital of AGRANA must be recognized as a minority interest at 50.4 (unchanged) % in Südzucker's consolidated financial statements as a result.

An overview of the financial position and performance of the two subgroups AGRANA and CropEnergies is provided below:

28 February	2015		2014	
€ million	AGRANA	CropEnergies	AGRANA	CropEnergies
Non-current assets	1,136.6	493.4	1,104.5	502.3
Current assets	1,270.3	150.5	1,287.7	164.0
Total assets	**2,406.9**	**643.9**	**2,392.2**	**666.3**
Non-current liabilities	418.1	157.9	412.5	130.8
Current liabilities	794.4	154.3	788.7	140.2
Total liabilities	**1,212.5**	**312.2**	**1,201.2**	**271.0**
Net assets	**1,194.4**	**331.7**	**1,191.0**	**395.3**
Revenues	2,493.5	827.2	2,841.7	780.4
Income from operations	121.7	−39.4	166.9	28.1
Earnings before income taxes	116.5	−43.1	136.7	23.3
Taxes on income	−31.9	−14.9	−29.7	−11.3
Net earnings	**84.6**	**−58.0**	**107.0**	**12.0**
Income and expenses recognized in other comprehensive income	−21.6	3.1	−44.9	2.1
Comprehensive income	**63.0**	**−54.9**	**62.1**	**14.1**
Cash flow	168.4	5.3	186.1	50.9
I. Net cash flow from operating activities	227.2	26.1	283.9	−14.4
II. Cash flow from investing activities	−90.6	−31.5	−126.5	−18.3
III. Cash flow from financing activities	−74.8	2.6	−139.1	38.0
Change in cash and cash equivalents	**61.8**	**−2.8**	**18.3**	**5.3**
due to exchange rate changes	−3.9	−1.4	−8.8	0.1
due to changes in entities included in consolidation	−0.0	0.0	−0.0	0.5
Decrease (–) / Increase (+) in cash and cash equivalents	57.9	−4.2	9.5	5.9
Cash and cash equivalents at the beginning of the period	135.9	13.9	126.4	8.0
Cash and cash equivalents at the end of the period	**193.8**	**9.7**	**135.9**	**13.9**
Dividend payment in fiscal year	55.4	8.7	52.1	22.1
thereof attributable to other minority interest outside the südzucker group	30.1	2.7	30.3	6.4

TABLE 067

The data correspond to the published consolidated financial statements of the respective subgroups. More detailed information is available in the current 2014/15 annual reports of AGRANA Beteiligungs-AG, Vienna, Austria, and CropEnergies AG, Mannheim.

(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 € 29.5 (35.6) 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 also similar obligations, particularly relating to foreign group companies. They are calculated actuarially taking into account 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	2015	2014
Defined benefit obligation for direct pension benefits	941.7	770.6
Fair value of plans assets	−115.7	−111.5
Provision for pensions and similar obligations (net defined benefit obligation)	**826.0**	**659.1**
Interest rate in %	1.75	3.50

TABLE 068

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 € 711.9 (554.9) 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 € 39.4 (25.5) 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 € 51.6 (48.8) million and plan assets of € 55.3 (54.7) 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 € 29.0 (43.1) million with plan assets of € 32.3 (32.2) 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 € 22.2 (20.8) 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. The basis for measuring Austrian severance plans was retroactively adjusted in fiscal 2014/15. 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 € 58.4 (51.1) million with plan assets totaling € 11.0 (11.6) million.

DEVELOPMENT OF NET FINANCIAL DEBT Net financial debt 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 2013	**799.4**	**−110.4**	**689.0**
Expenses for company pension plans (Income statement)			
Current service cost	20.4		20.4
Past service cost	0.4		0.4
Gains and losses on curtailments or settlements	0.0		0.0
Interest expense (+)/income (–)	26.7	−3.8	22.9
	47.5	**−3.8**	**43.7**
Remeasurements (other comprehensive income)			
Gains (–) and losses (+) on actual return on plan assets		−1.5	−1.5
Gains (-) and losses (+) from change of demographical assumptions	0.3		0.3
Gains (–) and losses (+) from changes in financial assumptions	−20.9		−20.9
Gains (–) and losses (+) on experience adjustments	−17.5		−17.5
	−38.1	**−1.5**	**−39.6**
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	**770.6**	**−111.5**	**659.1**

€ million	Defined benefit obligation	Fair value of plan assets	Provision for pension liabilities and similar obligations
1 March 2014	**770.6**	**−111.5**	**659.1**
Expenses for company pension plans (Income statement)			
Current service cost	20.8		20.8
Past service cost	1.3		1.3
Gains and losses on curtailments or settlements	−0.3		−0.3
Interest expense (+)/income (–)	25.2	−3.9	21.3
	47.0	**−3.9**	**43.1**
Remeasurements (statement of income and expenses recognized directly in equity)			
Gains (–) and losses (+) on actual return on plan assets		−4.4	−4.4
Gains (-) and losses (+) from change of demographical assumptions	0.0		0.0
Gains (–) and losses (+) from changes in financial assumptions	174.2		174.2
Gains (–) and losses (+) on experience adjustments	−7.2		−7.2
	167.0	**−4.4**	**162.6**
Benefit payments, contributions, change in consolidated companies (and other)			
Change in consolidated companies (and other)	−6.3	0.4	−5.9
Effect of exchange rate differences	0.3	−0.1	0.2
Employer contributions to plan assets	0.0	−5.6	−5.6
Plan participants contributions	0.3	−0.3	0.0
Benefit payments	−37.2	9.7	−27.5
	−42.9	**4.1**	**−38.8**
28 February 2015	**941.7**	**−115.7**	**826.0**

TABLE 069

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.

REVALUATION RECOGNIZED DIRECTLY IN EQUITY The € 162.6 (−39.6) million revaluation of pension obligations recognized directly in equity resulted from the adjustment of the discount rate from 3.50 % to 1.75 % for material pension plans, parameter adjustments in salary and pension trends, and experience adjustments. Last year the change was due to adjustments to the parameters for salary and pension increases and from experience adjustments.

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 for material pension plans:

in % 28 February	2015	2014
Interest rate	1.75	3.50
Salary growth	2.50	3.00
Pension growth	1.50	2.00

TABLE 070

Interest rates between 1.40 and 2.00 (3.50) % were used when determining pension and severance provisions in the euro zone. These interest rates are based on yields of high-quality corporate bonds with durations that correspond to the weighted average duration of the obligations. The use of different interest rates takes into account the different durations of groups of plans. Plans primarily comprising pensioners (duration 11 years) had an underlying interest rate of 1.40 %, plans with a mixed portfolio of active employees pensioners (duration 17 years) 1.75 % and plans predominantly comprising active employees (duration 27 years) 2.00 %.

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		2015		2014	
€ million	Change in actuarial assumption	Definded benefit obligation	Change	Definded benefit obligation	Change
Present value of the obligation		941.7	–	770.6	–
Discount rate	Increase by 1.00 percentage point	867.3	−7.9 %	718.3	−6.8 %
	Decrease by 1.00 percentage point	1,027.4	9.1 %	830.0	7.7 %
Salary growth	Increase by 0.25 percentage point	954.8	1.4 %	779.9	1.2 %
	Decrease by 0.25 percentage point	929.3	−1.3 %	758.4	−1.6 %
Pension growth	Increase by 0.25 percentage point	960.2	2.0 %	788.1	2.3 %
	Decrease by 0.25 percentage point	911.3	−3.2 %	753.9	−2.2 %
Life expectancy	Increase by one year	963.0	2.3 %	793.4	3.0 %
	Decrease by one year	916.2	−2.7 %	747.2	−3.0 %

TABLE 071

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 actual return on plan assets was € 8.3 (5.3) million.

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

€ million 28 February	2015	2014
Debt instruments	60.6	57.5
Equity instruments	14.2	11.9
Real estate funds	0.5	0.4
Other funds	0.0	0.2
Assets held by insurance company	39.1	40.8
Other	1.3	0.7
	115.7	**111.5**

TABLE 072

Market prices in active markets were used to the specified extent as a basis to determine the fair value of plan assets for the following asset categories:

€ million 28 February	2015	2014
Debt instruments	60.6	57.5
Equity instruments	14.2	11.9
Real estate funds	0.0	0.1
Other funds	1.2	0.1
	76.0	**69.6**

TABLE 073

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 all defined benefit obligations is approximately 16.9 (14.4) years. Employer contributions to plan assets are expected to total € 3.1 (2.8) million in the 2015/16 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	
2015/16	31.2
2016/17	32.9
2017/18	34.8
2018/19	36.5
2019/20	38.5
2020/21 to 2024/25	208.5
	382.4

TABLE 074

(28) Other provisions

€ million 28 February	2015	Short-term	Long-term	2014	Short-term	Long-term
Personnel-related provisions	**98.6**	36.0	62.6	**69.8**	16.1	53.7
Provisions for litigation risks and risk precautions	**123.2**	114.8	8.4	**133.0**	125.1	7.9
Other provisions	**117.3**	79.3	38.0	**68.2**	48.3	19.9
Total	**339.1**	**230.1**	**109.0**	**271.0**	**189.5**	**81.5**

TABLE 075

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 2014	**69.8**	**133.0**	**68.2**	**271.0**
Change in companies incl. in the consolidation and other changes	−0.1	−4.6	4.6	−0.1
Changes due to currency translation	0.1	0.0	2.3	2.4
Additions	45.7	37.3	72.3	155.3
Use	−12.0	−31.3	−22.7	−66.0
Reversal	−4.9	−11.2	−7.4	−23.5
28 February 2015	**98.6**	**123.2**	**117.3**	**339.1**

TABLE 076

PERSONNEL-RELATED PROVISIONS Personnel-related provisions of € 98.6 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 higher than last year. The additions concern, among other things, termination benefit plans for staff reductions at Raffinerie Tirlemontoise S.A.'s head office in Tienen, Belgium, the closure of Saint Louis Sucre S.A.'s raw sugar refining at the site in Marseille, France and the discontinuation of Südzucker AG's sugar packing in Regensburg. Other restructuring provisions are related to the closure of the site in Herk-De-Stad, Belgium and the closure of the fruit preparation production at the site Kröllendorf, Austria in the fruit segment. Of the total amount of € 98.6 million, € 36.0 million is expected to be used in 2015/16 with the remaining € 62.6 million to be used in subsequent years.

PROVISIONS FOR LITIGATION RISKS AND RISK PRECAUTIONS Provisions for litigation risks and risk precautions are related to general legal risks and antitrust risks such as explained in the risk management report in the consolidated management report. Use and reversal of these provisions largely resulted from the settlement of litigation related to the value-added tax back payments for sugar deliveries to Italy from 1994 to 1995, which was already reported on in previous periods. Of the total amount of € 123.2 million, € 114.8 million is expected to be used in 2015/16 with the remaining € 8.4 million to be used in subsequent years.

OTHER PROVISIONS Other provisions increased from € 68.2 million to € 117.3 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. Among other things, the additions concern the temporary closure of the bioethanol plant in Wilton, United Kingdom. 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 € 79.3 million in the 2015/16 financial year and € 38.0 million in subsequent years.

ADDITIONS AND UNWINDINGS 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 is the unwinding of the discount for non-current provisions that mainly affect personnel-related provisions. Unwindings are recognized in the interest expense as part of the financial result and amounted to € 1.5 (3.3) million.

(29) Trade payables and other liabilities

€ million		Remaining term			Remaining term	
28 February	2015	to 1 year	over 1 year	2014	to 1 year	over 1 year
Liabilities to beet growers	434.8	434.8	0.0	693.4	693.4	0.0
Liabilities to other trade payables	521.1	521.1	0.0	451.9	451.9	0.0
Trade payables	**955.9**	**955.9**	**0.0**	**1,145.3**	**1,145.3**	**0.0**
Liabiliities for production levy	9.0	9.0	0.0	23.6	23.6	0.0
Liabilities for personnel expenses	106.7	105.3	1.4	126.7	125.5	1.2
Liabilities for other taxes and social security contributions	49.8	49.8	0.0	43.5	43.5	0.0
Negative market value derivatives	16.5	16.5	0.0	11.7	11.7	0.0
Remaining financial liabilities	166.0	149.2	16.8	266.5	249.4	17.1
Remaining non financial liabilities	12.8	12.8	0.0	11.3	11.3	0.0
Other liabilities	**360.8**	**342.6**	**18.2**	**483.3**	**465.0**	**18.3**

TABLE 077

Despite increased harvest yields, liabilities to beet growers fell from € 693.4 million to € 434.8 million due to lower beet prices.

Liabilities for personnel expenses of € 106.7 (126.7) million mainly represent commitments for bonuses, premiums, vacation and overtime pay.

Remaining financial liabilities totaling € 166.0 (266.5) million include, among other things, deferred interest and liabilities for outstanding invoices. Last year this item also included 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 and the purchase price obligation from the acquisition of minority interests in AGRANA Bioethanol GmbH by AGRANA Stärke GmbH.

Remaining non-financial liabilities totaling € 12.8 (11.3) million primarily include accrued and deferred items as well as on-account payments received on orders.

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

€ million		Remaining term			Remaining term	
28 February	2015	to 1 year	over 1 year	2014	to 1 year	over 1 year
Bonds	**636.7**	226.9	409.8	**524.9**	116.9	408.0
of which convertible	**0.0**	0.0	0.0	**0.0**	0.0	0.0
Liabilities to banks	**637.2**	273.0	364.2	**658.1**	384.9	273.2
Liabilities from finance leasing	**0.2**	0.1	0.1	**0.3**	0.1	0.2
Financial liabilities	**1,274.1**	**500.0**	**774.1**	**1,183.3**	**501.9**	**681.4**
Securities (non-current assets)	−19.9			−104.6		
Securities (current assets)	−125.7			−40.8		
Cash and cash equivalents	−535.7			−502.3		
Investments in securities and cash and cash equivalents	**−681.3**			**−647.7**		
Net financial debt	**592.8**			**535.6**		

TABLE 078

Gross financial liabilities rose by € 90.8 million from € 1,183.3 million to € 1,274.1 million. Investments in securities and cash and cash equivalents increased, moving from € 647.7 million to € 681.3 million. Net financial debt increased accordingly, rising by € 57.2 million to € 592.8 (535.6) million. Of the financial debt totaling € 1,274.1 million, € 774.1 million, or 60.8 %, 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.

Südzucker uses an optimal mix of long-term financial instruments, taking into consideration terms to maturity and interest rates. These include hybrid capital, bonds, commercial paper programs, promissory notes and syndicated or bilateral bank credit lines. Such instruments are normally prepared by the Dutch financing company Südzucker International Finance B.V. and are guaranteed by Südzucker AG. They are used throughout the group. Acquisitions and investments are financed in consideration of the financial 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 subgroup AGRANA. In addition, the group also has bilateral bank facilities at its disposal.

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. From 30 June 2015, Südzucker can call the bond for the first time at the nominal value and repay it early (call option). The bond can only 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 conditions of issue of the bond).

The subordinated bond has a fixed coupon of 5.25 % p. a. for the first ten years. If the hybrid bond is not called, a floating rate coupon is applied for the remaining term from 1 July 2015 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 then payable quarterly in the subsequent quarter.

Furthermore, the conditions of issue 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 falls below 5 % of the group’s consolidated revenues. As of 28 February 2015, gross cash flow was € 388.8 million, or 5.7 % of the € 6,777.6 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 rating-related debt ratios. 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. Additional information regarding the 4.125 % 2011 / 18 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 € 38.6 (37.4) million and bearing interest at an average of 0.65 (0.94) % were issued by Raffinerie Tirlemontoise S. A., Brussels, Belgium, and mature in 2016 through 2017.

COMMERCIAL PAPER PROGRAM The commercial paper program (CP program) serves short-term financing in the capital markets. 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. The CP program was utilized in the amount of € 200.0 (90.0) million as at 28 February 2015.

€ million 28 February 2015	Due date	Coupon	Carrying amount	Fair value	Nominal value
Bond 2011/2018	29 March 2018	4.125 %	398.1	440.3	400.0
Other bonds			38.6	38.6	38.6
Commercial Paper			200.0	200.0	200.0
Bonds			**636.7**	**678.9**	**638.6**

€ 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**

TABLE 079

Of all bonds with a combined carrying amount of € 636.7 (524.9) million, € 625.0 (514.4) million was for fixed-interest bearing bonds and € 11.7 (10.5) million was for floating-rate bonds.

LIABILITIES TO BANKS Liabilities to banks as of the balance sheet date were € 637.2 (658.1) million with an average interest rate of 1.50 (2.11) %. They also include promissory notes with a volume of € 126.0 (110.0) million, which are explained below. Of these liabilities to banks, € 327.5 (216.3) million were fixed-interest and € 309.7 (441.8) million were variable. As of the balance sheet date, liabilities to banks of € 2.6 (3.1) million were secured by mortgage rights and € 7.9 (8.0) million by other liens.

€ million		Remaining term			Remaining term		Average effective rate of interest in %	
28 February	2015	to 1 year	over 1 year	2014	to 1 year	over 1 year	2014/15	2013/14
Fixed coupon								
EUR	295.7	53.6	242.1	206.2	59.5	146.7	1.57	3.09
ARS	0.0	0.0	0.0	0.6	0.6	0.0	0.00	34.31
CNY	0.0	0.0	0.0	1.4	1.4	0.0	0.00	6.65
USD	31.8	31.8	0.0	8.1	8.1	0.0	1.23	1.38
Total	**327.5**	**85.4**	**242.1**	**216.3**	**69.6**	**146.7**	**1.54**	**3.14**
Variable interest rate								
EUR	293.6	171.5	122.1	405.3	278.8	126.5	1.21	1.41
ARS	0.5	0.5	0.0	0.0	0.0	0.0	20.44	0.00
EGP	0.0	0.0	0.0	0.8	0.8	0.0	7.80	7.80
HUF	7.4	7.4	0.0	19.7	19.7	0.0	2.96	3.41
KRW	4.9	4.9	0.0	5.1	5.1	0.0	3.65	4.08
MXN	3.8	3.8	0.0	2.2	2.2	0.0	14.46	8.00
PLN	0.0	0.0	0.0	8.3	8.3	0.0	3.41	2.72
USD	0.0	0.0	0.0	0.4	0.4	0.0	0.00	0.50
Total	**309.7**	**187.6**	**122.1**	**441.8**	**315.3**	**126.5**	**1.45**	**1.60**
Liabilities to banks	**637.2**	**273.0**	**364.2**	**658.1**	**384.9**	**273.2**	**1.50**	**2.11**

TABLE 080

PROMISSORY NOTES AGRANA placed promissory notes with a total volume of € 110.0 million in April 2012 and increased this to € 126 million in November 2014. Of the total volume of € 126.0 million, € 72 million is variable and € 54 million has a fixed interest rate with maturities from 2017 to 2022.

SYNDICATED CREDIT LINES Südzucker has 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 has a term until November 2019. The line of credit is with a consortium of 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.

AGRANA can utilize syndicated credit facilities of € 300 million and € 150 million, respectively, for the purpose of general corporate financing. The syndicated credit lines have terms until 2018 and 2019, respectively; the credit facility is made available by five banks.

SECURITIES AND CASH AND CASH EQUIVALENTS Investments in securities totaling € 145.6 (145.4) million were mainly in fixed-interest securities. Cash and cash equivalents increased year-on-year by € 33.4 million from € 502.3 million to € 535.7 million. These funds are invested in standard money market overnight and time deposits as part of daily treasury management.

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 from sugar and bioethanol sales, energy, grain and corn purchases as well as currency risk associated with sales and procurement. The investment securities that 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. There are no significant concentrations of risk.

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 syndicated and bilateral credit lines and, if necessary, in the form of cash funds.

Long-term debt 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 2015. All outgoing payment flows are undiscounted and comprise interest and principal payments.

			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
28 February 2015								
Financial liabilities								
Bonds	636.7	705.0	243.7	28.3	16.5	416.5	0.0	0.0
Liabilities to banks	637.2	661.3	279.1	64.8	46.3	38.2	132.8	100.1
Liabilities from finance leasing	0.2	0.3	0.1	0.1	0.1	0.0	0.0	0.0
	1,274.1	**1,366.6**	**522.9**	**93.2**	**62.9**	**454.7**	**132.8**	**100.1**
Other financial liabilities								
Liabilities to beet growers	434.8	434.8	434.8	0.0	0.0	0.0	0.0	0.0
Trade payables	521.1	521.1	521.1	0.0	0.0	0.0	0.0	0.0
Liabilities from production levy	9.0	9.0	9.0	0.0	0.0	0.0	0.0	0.0
Remaining financial liabilities	166.0	166.0	149.2	16.8	0.0	0.0	0.0	0.0
Interest rate derivatives – net cash out	6.0	6.3	1.4	1.4	1.4	1.4	0.7	0.0
Forex futures – cash out	–	268.7	253.4	12.1	0.1	3.1	0.0	0.0
Forex futures – cash in	–	−261.2	−248.8	−9.7	−0.1	−2.6	0.0	0.0
	1,130.9	**1,144.7**	**1,120.1**	**20.6**	**1.4**	**1.9**	**0.7**	**0.0**
	2,405.0	**2,511.3**	**1,643.0**	**113.8**	**64.3**	**456.6**	**133.5**	**100.1**

€ 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
28 February 2014								
Financial liabilities								
Bonds	524.9	610.4	133.7	16.6	27.1	16.5	416.5	0.0
Liabilities to banks	658.1	686.1	394.1	30.4	56.6	63.5	21.9	119.6
Liabilities from finance leasing	0.3	0.4	0.1	0.1	0.1	0.1	0.0	0.0
	1,183.3	**1,296.9**	**527.9**	**47.1**	**83.8**	**80.1**	**438.4**	**119.6**
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	451.9	451.9	451.9	0.0	0.0	0.0	0.0	0.0
Liabilities from production levy	23.6	23.6	23.6	0.0	0.0	0.0	0.0	0.0
Remaining financial liabilities	266.5	266.5	249.4	17.1	0.0	0.0	0.0	0.0
Interest rate derivatives – net cash out	4.6	16.4	4.5	3.9	3.9	2.2	1.7	0.2
Forex futures – cash out	–	322.8	310.2	0.6	12.0	0.0	0.0	0.0
Forex futures – cash in	–	−322.5	−310.5	−0.6	−11.4	0.0	0.0	0.0
	1,435.4	**1,452.1**	**1,422.5**	**21.0**	**4.5**	**2.2**	**1.7**	**0.2**
	2,618.7	**2,749.0**	**1,950.4**	**68.1**	**88.3**	**82.3**	**440.1**	**119.8**

TABLE 081

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 risk

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 result 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 and Moldovian 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 and the Brazilian real.

CURRENCY MANAGEMENT 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.

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.

SENSITIVITY ANALYSIS The sensitivity analysis presented below shows what effects there would have been on net profit or shareholder's equity before tax had existing foreign currency receivables and liabilities required translation using different exchange rates at the balance sheet date.

The currency exposure is equivalent to the net amount of the financial receivables and liabilities exposed to currency risk. These primarily consist of trade receivables and trade payables as well as receivables and liabilities from financing activities and include intragroup balances. Existing currency hedges are not considered in the analysis if they are not precisely allocated to a receivable or payable. A negative amount means there is a surplus of liabilities.

The sensitivity analysis assumes a +10 % drop or −10 % gain in the exchange rates for the currencies against the respective functional currency as at 28 February.

The following shows the currency exposure and the hypothetical impact on net profit before tax as gain (+) or loss (–).

€ million	Exposure		Sensitivity (+)		Sensitivity (–)	
28 February	2015	2014	2015	2014	2015	2014
USD	24.9	37.3	−2.3	−3.4	2.8	4.1
GBP	23.0	21.7	−2.1	−2.0	2.6	2.4
PLN	−8.0	−1.6	0.7	0.1	−0.9	−0.2
CZK	−1.5	−0.1	0.1	0.0	−0.2	0.0
CNY	1.2	0.7	−0.1	−0.1	0.1	0.1
HUF	1.0	2.2	−0.1	−0.2	0.1	0.2
EUR	−205.8	−222.0	18.7	20.2	−22.9	−24.7

TABLE 082

Currency exposure from the euro concerns euro receivables or payables of group companies in countries with other functional currencies. A long-term intra-group euro loan in the amount of € 99.1 million has been granted in Poland since 2005. This loan qualifies as a net investment in a foreign operation, which is why the resulting currency fluctuations are recognized directly in equity. If the value of the euro against the Polish zloty had dropped, i. e. climbed by 10 %, shareholders' equity before tax would have increased by € 9.0 (unchanged) million, i. e. decreased by € 11.0 (unchanged) million, respectively.

Interest rate risk

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:

SENSITIVITY ANALYSIS Most bonds and long-term bank debt are agreed with fixed interest rates. Had market interest rates increased by a half percentage point applied to floating rate financial instruments as at 28 February without considering concluded interest rate swaps, interest expense would have increased as follows:

Interest rate sensitivity			2014/15			2013/14
€ million	Total	thereof with floating rate	Effect from interest rate sensitivity	Total	thereof with floating rate	Effect from interest rate sensitivity
Bonds	**636.7**	11.7	−0.1	**524.9**	10.5	−0.1
Liabilities to banks	**637.2**	309.7	−1.5	**658.1**	441.8	−2.2
Total	**1,273.9**	**321.4**	**−1.6**	**1,183.0**	**452.3**	**−2.3**

TABLE 083

A decline of a half percentage point in market interest rates would have resulted in a similar decline in interest expense.

Commodity price risk

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.

Methods for measuring price risk

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 instruments to hedge price risk

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, coal swaps and forex futures are used as commodity derivatives 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 market values		Net market values	
28 February	2015	2014	2015	2014	2015	2014	2015	2014
Forex futures	261.8	316.6	2.4	2.6	−9.9	−2.9	−7.5	−0.3
Interest rate swaps	68.0	163.7	0.2	0.5	−6.2	−5.1	−6.0	−4.6
Commodity derivatives	149.3	257.3	1.5	1.1	−0.4	−3.7	1.1	−2.6
Total	**479.1**	**737.6**	**4.1**	**4.2**	**−16.5**	**−11.7**	**−12.4**	−7.5

TABLE 084

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 would have to be 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 limiteded by only concluding derivatives with banks and partners with a good credit rating. 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 € 54.8 million to € 261.8 (316.5) million.

INTEREST RATE SWAPS The nominal volume of interest rate swaps in fiscal 2014/15 was € 68.0 (163.7) million.

COMMODITY DERIVATIVES At € 149.3 (257.3) million, the nominal volume of commodity derivatives was well below last year's level. These comprise such items as sugar futures to hedge raw sugar imports and white sugar exports. Existing wheat and corn futures serve to hedge the cost of raw materials for bioethanol production. Concluded gasoline derivatives relate to bioethanol sales contracts based on variable energy prices. The price risk associated with such transactions is minimized using a counteracting hedging instrument. Bioethanol futures were mainly based on price hedges for variable bioethanol contracts.

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 € 0.7 (0.8) million and € −2.1 (−2.4) million, respectively, as at 28 February 2015. Mark-to-market changes previously recognized directly in equity are reclassified to profit or loss at the time they are realized. As in the previous year, all cash flow hedges were effective as the relation of the mark-to-market changes of underlying and hedging transactions were within the designated interval of 80 to 125 %. No ineffective transactions were recognized in the income statement.

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 € 3.4 (unchanged) million and € −14.4 (−9.3) million, respectively, as at 28 February 2015.

SENSITIVITY ANALYSES In response to a decrease, i. e. an increase of one percentage point in the market interest rate as well as an increase, i. e. decrease in the respective currencies 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 coal by 10 % (respectively), the market value of the derivatives concluded as at 28 February 2015 would change as follows (sensitivity analysis):

€ million	Nominal volume		Sensitivity (+)		Sensitivity (–)	
28 February	2015	2014	2015	2014	2015	2014
Forex futures	261.8	316.6	6.1	2.9	−7.5	−3.3
Interest rate swaps	68.0	163.7	3.5	4.1	−2.0	−2.3
Commodity derivatives	149.3	257.3	6.6	10.5	−9.0	−10.5
Total	**479.1**	**737.6**	**16.2**	**17.5**	**−18.5**	**−16.1**

TABLE 085

These corresponding market price changes would have changed equity by € 3.5 (14.2) million and € −6.7 (−15.6) million, respectively, and changed earnings before income taxes by € 12.7 (3.3) million and € −11.8 (−0.5) 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		2015		2014	
€ million	IAS 39 measurement category	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets					
Securities	Available for Sale	19.9	19.9	19.6	19.6
Securities	Available for Sale at Cost	0.0	0.0	85.0	85.0
Long term securities		*19.9*	*19.9*	*104.6*	*104.6*
Other investments	Available for Sale at Cost	21.9	21.9	23.7	23.7
Trade receivables	Loans and Receivables	869.6	869.6	916.8	916.8
Receivables due from the EU	Loans and Receivables	9.6	9.6	103.3	103.3
Remaining financial assets	Loans and Receivables	92.8	92.8	99.7	99.7
Positive market value derivatives	Financial Assets Held for Trading	3.4	3.4	3.4	3.4
Positive market value derivatives	Derivatives, at fair value directly in equity (Hedge-Accounting)	0.7	0.7	0.8	0.8
Securities	Available for Sale	40.7	40.7	40.8	40.8
Securities	Available for Sale at Cost	85.0	85.0	0.0	0.0
Short term securities		*125.7*	*125.7*	*40.8*	*40.8*
Cash and cash equivalents	Loans and Receivables	535.7	535.7	502.3	502.3
		1,679.3	**1,679.3**	**1,795.4**	**1,795.4**
Financial liabilities					
Bonds	Financial liabilities measured at armotized cost	636.7	678.9	524.9	570.9
Liabilities to banks	Financial liabilities measured at armotized cost	637.2	647.5	658.1	662.9
Liabilities from finance leasing	n/a	0.2	0.2	0.3	0.3
Trade liabilities	Financial liabilities measured at armotized cost	955.9	955.9	1,145.3	1,145.3
Liabilities from production levy	Financial liabilities measured at armotized cost	9.0	9.0	23.6	23.6
Remaining financial liabilities	Financial liabilities measured at armotized cost	166.0	166.0	266.5	266.5
Negative market value derivatives	Financial Liabilities Held for Trading	14.4	14.4	9.3	9.3
Negative market value derivatives	Derivatives, at fair value directly in equity (Hedge-Accounting)	2.1	2.1	2.4	2.4
		2,421.5	**2,474.0**	**2,630.4**	**2,681.2**

TABLE 086

Total by IAS 39 measurement category

28 February	2015		2014	
IAS 39 measurement category € million	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets held for trading	3.4	3.4	3.4	3.4
Available for Sale	60.6	60.6	60.4	60.4
Available for Sale at Cost	106.9	106.9	108.7	108.7
Loans and receivables	1,507.7	1,507.7	1,622.1	1,622.1
Financial liabilities measured at armotized cost	2,404.8	2,457.3	2,618.4	2,669.2
Financial Liabilities Held for Trading	14.4	14.4	9.3	9.3

TABLE 087

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).

Measurement takes place at cost for securities (equity instruments) classified as “Available for Sale” and other investments of non-current assets with no active market price available and whose fair value cannot be reliably measured. Other investments represent shares in unlisted companies for which shares were not measured by discounting expected cash flows since future cash flows could not be reliably estimated.

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, interest and commodity derivatives are related in part to derivatives that are the effective portion of a hedge. These are used to hedge future cash flows from firm commitments or from highly probable future transactions against fluctuations.

There are also currency, interest 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 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 € 1.4 (0.8) million and € 0.3 (3.1) million, respectively. Measurement of market values for other commodity derivatives such as gasoline derivatives and coal 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 swaps as well as of currency and interest rate derivatives subject to Level 2 totaled € 2.7 (3.4) million and € 16.2 (8.6) million, respectively.

€ million						Fair value hierachy
28 February	2015	Evaluation level 1	Evaluation level 2	2014	Evaluation level 1	Evaluation level 2
Securities - Available for Sale	60.6	20.6	40.0	60.4	20.4	40.0
Positive market values – derivatives without hedge accounting	3.4	1.1	2.3	3.4	0.0	3.4
Positive market values – hedge accounting derivatives	0.7	0.3	0.4	0.8	0.8	0.0
Financial assets	**64.7**	**22.0**	**42.7**	**64.6**	**21.2**	**43.4**
Negative market values – derivatives without hedge accounting	14.4	0.1	14.3	9.3	1.9	7.4
Negative market value – hedge accounting derivatives	2.1	0.2	1.9	2.4	1.2	1.2
Financial liabilities	**16.5**	**0.3**	**16.2**	**11.7**	**3.1**	**8.6**

TABLE 088

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 € 440.3 (443.5) 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 RESULT BY MEASUREMENT CATEGORY Financial instruments are disclosed by measurement category in the income statement with a net profit or loss as follows:

€ million	2014/15	2013/14
Financial Assets Held for Trading	6.0	4.5
Available for Sale	2.6	2.9
Loans and Receivables	31.4	24.2
Financial liabilities measured at armotized cost	−25.9	−59.2
Financial Liabilities Held for Trading	−8.3	−3.2
	5.8	**−30.8**

TABLE 089

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 € 20.1 (22.6) million.

(33) Contingent liabilities and other financial commitments

Contingent liabilities and other financial commitments not recognized on the balance sheet are as follows:

€ million 28 February	2015	2014
Guarantees	45.0	42.3
thereof for Joint Ventures	40.5	31.9
Warranty commitments	1.6	1.6

TABLE 090

GUARANTEES, WARRANTY COMMITMENTS AND CONTINGENT LIABILITIES 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.

A contingent liability in the amount of € 6.6 (0.0) million exists from a refund claim on EU funding in Hungary. The management has classified the refund claim as unlikely.

PURCHASE ORDERS FOR INVESTMENTS IN PROPERTY, PLANT AND EQUIPMENT Purchase orders for investments in property, plant and equipment in the amount of € 154.7 (98.9) million are mainly related to the construction of the wheat starch plant in Zeitz and to expenditures required at sugar factories in preparation for the next campaign.

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 € 42.3 (45.3) million. The corresponding payment obligations are due as follows:

€ million 28 February	2015	2014
Due date: up to 1 year	10.7	13.4
Due date: 1 to 5 years	24.9	24.6
Due date: over 5 years	6.7	7.3
	42.3	**45.3**

TABLE 091

(34) Fees for services by the group's external auditors

Expenses in 2014/15 for services provided by the group's external auditors, PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, were made up of fees for the following services:

€ thousand	2014/15	2013/14
Auditing services	804	830
Other assurance services	17	20
Tax consulting fees	89	4
Other services	42	196
	952	**1,050**

TABLE 092

(35) Declarations 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 20 November 2014, and made it permanently available to shareholders of Südzucker AG at www.suedzucker.de/en/Investor-Relations/Corporate-Governance/Entsprechenserklaerung/.

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 November 2014, and made it permanently available to shareholders on the CropEnergies corporate website at www.cropenergies.com/en/investorrelations/Corporate_Governance/Entsprechenserklaerungen/.

(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 joint control or significant influence by Südzucker Group.

Related parties as defined in IAS 24 are members of the executive and supervisory boards of Südzucker AG and their dependents.

Items recorded in the 2014/15 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 € 0.3 (0.8) million and € 4.7 (5.2) million, respectively. In addition, there were financial receivables of € 169.1 (144.4) million from, and financial liabilities of € 98.9 (30.2) million to Raiffeisen Group; financial receivables relate to time deposits and participation capital. Interest is charged 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 the same as with unrelated parties. The volume of transactions of Südzucker Group with significant related parties is made up as follows:

€ million [1]	2014/15	2013/14
Joint ventures	314.5	415.0
Associated companies	17.6	29.1
Services performed for related parties	**332.1**	**444.1**
Joint ventures	75.2	72.0
Associated companies	26.3	59.5
Services received from related parties	**101.5**	**131.5**

[1] Only relationships to fully consolidated subsidiaries.

TABLE 093

The receivables from and liabilities to joint ventures and associates at the balance sheet date are:

€ million [1] 28 February	2015	2014
Joint ventures	92.8	173.5
Associated companies	0.3	1.1
Receivables from related parties	**93.1**	**174.6**
Joint ventures	8.2	9.2
Associated companies	0.0	12.0
Liabilities to related parties	**8.2**	**21.2**

[1] Only relationships to fully consolidated subsidiaries.

TABLE 094

EXECUTIVE BOARD COMPENSATION 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	2014/15	2013/14
Fixed compensation	2.8	3.2
Variable compensation	1.8	2.3
Total compensation	**4.6**	**5.5**

TABLE 095

Provisions for pensions of € 35.2 (31.1) 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 € 2.7 (2.5) million. Provisions for pensions for current executive board members amounted to € 23.8 (18.6) million; service cost additions in 2014/15 amounted to € 0.8 (unchanged) million.

SUPERVISORY BOARD COMPENSATION 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	2014/15	2013/14
Fixed compensation	1.3	0.3
Variable compensation	0.2	1.2
Total compensation	**1.5**	**1.5**

TABLE 096

The annual general meeting on 17 July 2014 amended article 12 (1) and (2) of Südzucker AG's Articles of Incorporation. Members of the supervisory board received their compensation pro rata temporis according to the terms valid until the entry was made in the Commercial Registry on 12 August 2014 and thereafter according to the new compensation provisions valid after the entry.

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]
GoodMills Deutschland GmbH, Hamburg
SZVG Süddeutsche Zuckerrübenverwertungs-Genossenschaft eG, Ochsenfurt (chairman)
Vereinigte Hagelversicherung VVaG, Gießen

FRANZ-JOSEF MÖLLENBERG [2]
(1st deputy chairman)
Rellingen
Trade union secretary of Gewerkschaft Nahrung–Genuss–Gaststätten

ERWIN HAMESEDER
2nd deputy chairman (since 17 July 2014)
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 Insurance Group AG, Vienna, Austria (2nd deputy chairman)
RWA Raiffeisen Ware Austria AG, Vienna, Austria
RWA Raiffeisen Ware Austria Handel und Vermögensverwaltung eGen, Vienna, Austria

DR. CHRISTIAN KONRAD (until 17 July 2014)
(2nd deputy chairman)
Vienna, Austria

DR. RALF BETHKE (until 17 July 2014)
Deidesheim

DR. JOCHEN FENNER
Gelchsheim
Chairman of Verband Fränkischer Zuckerrübenbauer e. V.
Chairman of the executive board of SZVG Süddeutsche Zuckerrübenverwertungs-Genossenschaft eG

YÜKSEL GEDIAGAC [2]
Berlin
Chairman of the central works council of Freiberger Lebensmittel GmbH & Co. Produktions- und Vertriebs KG

VERONIKA HASLINGER (since 17 July 2014)
Vienna, Austria
Managing director of Raiffeisen-Holding Niederösterreich-Wien reg. Gen. m. b. H.
BOARD MEMBERSHIPS
SZVG Süddeutsche Zuckerrübenverwertungs-Genossenschaft eG, Stuttgart

RALF HENTZSCHEL
Panschwitz-Kuckau
Chairman of Verband Sächsisch-Thüringischer Zuckerrübenanbauer e. V.
BOARD MEMBERSHIPS
SZVG Süddeutsche Zuckerrübenverwertungs-Genossenschaft eG, Stuttgart (deputy chairman)

WOLFGANG KIRSCH
Königstein
Chairman of the executive board of DZ BANK AG
BOARD MEMBERSHIPS [4]
Adolf Würth GmbH & Co. KG, Künzelsau

GEORG KOCH
Wabern
Chairman of Verband der Zuckerrübenanbauer Kassel e. V.

[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.

SUSANNE KUNSCHERT (since 17 July 2014)
Stuttgart
Managing Partner of Pilz GmbH & Co. KG
BOARD MEMBERSHIPS
Karlsruhe Institute of Technology, Karlsruhe

ERHARD LANDES
Donauwörth
Chairman of Verband bayerischer Zuckerrübenanbauer e. V.

GÜNTHER LINK [2]
Oberickelsheim
Chairman of the works council at the Ochsenfurt plant of Südzucker AG

BERND MAIWEG [2]
Bellheim
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 (chairman)
Messe Berlin GmbH, Berlin
R+V Versicherung AG, Wiesbaden

RONNY SCHREIBER [2]
Einhausen
Chairman of the works council at the Mannheim head office of Südzucker AG

PETRA SCHWALBE [2]
Berlin
State area chairwoman of Gewerkschaft Nahrung – Genuss – Gaststätten
BOARD MEMBERSHIPS
Philipp Morris GmbH, Munich

NADINE SEIDEMANN [2]
Donauwörth
Member of the works council at the Rain plant of Südzucker AG

FRANZ-RUDOLF VOGEL [2]
Worms
Chairman of the central works council of Südzucker AG

WOLFGANG VOGL [2]
Bernried
Manager of the Plattling and Rain plants of Südzucker AG
BOARD MEMBERSHIPS
BGD Bodengesundheitsdienst GmbH, Mannheim

ROLF WIEDERHOLD [2]
Wabern
Chairman of the works council at the Wabern plant of Südzucker AG

[1] Memberships in addition to Südzucker Group functions.
[2] Employee representative.

Committees of the supervisory board

GENERAL COMMITTEE
Dr. Hans-Jörg Gebhard
Franz-Josef Möllenberg
Erwin Hameseder (since 17 July 2014)
Dr. Christian Konrad (until 17 July 2014)
Franz-Rudolf Vogel

AGRICULTURE COMMITTEE
Dr. Hans-Jörg Gebhard (chairman)
Dr. Jochen Fenner
Erhard Landes
Günther Link
Ronny Schreiber
Wolfgang Vogl

AUDIT COMMITTEE
Dr. Jochen Fenner (chairman)
Dr. Hans-Jörg Gebhard
Erwin Hameseder (until 27 January 2015)
Veronika Haslinger (since 27 January 2015)
Franz-Josef Möllenberg
Franz-Rudolf Vogel
Rolf Wiederhold

SOCIAL WELFARE COMMITTEE
Dr. Hans-Jörg Gebhard (chairman)
Dr. Jochen Fenner
Erwin Hameseder (since 17 July 2014)
Dr. Christian Konrad (until 17 July 2014)
Bernd Maiweg
Franz-Josef Möllenberg
Franz-Rudolf Vogel

ARBITRATION COMMITTEE
Dr. Hans-Jörg Gebhard (chairman)
Erwin Hameseder (since 17 July 2014)
Dr. Christian Konrad (until 17 July 2014)
Franz-Josef Möllenberg
Franz-Rudolf Vogel

Executive board

DR. WOLFGANG HEER (CEO)
Ludwigshafen am Rhein

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

JOHANN MARIHART
Limberg, Austria
BOARD MEMBERSHIPS [1]
BBG Bundesbeschaffungsges. m. b. H., Vienna, Austria
Österreichische Forschungsförderungsgesellschaft mbH, Vienna, Austria (deputy chairman)
Ottakringer Getränke AG, Vienna, Austria
Spanische Hofreitschule – Bundesgestüt Piber, Vienna, Austria (chairman)
tecnet equity NÖ Technologiebeteiligungs-Invest GmbH, St. Pölten, Austria
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. Affiliated companies (fully consolidated)

	Location	Country	Group quota %	Direct[1] %	Indirect[2] %
Sugar segment					
Business Unit Sugar					
Division Südzucker and sales companies					
Südzucker AG	Mannheim	Germany			
Sudzucker Hellas E.P.E.	Athen	Greek	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
Hosa Trading Importaçao e Exportaçao S.A.	Sao Paolo	Brasilia	99.41		100.00
James Fleming & Co. Ltd.	West Lothian	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
Rafti B.V.	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
Tiense Suikerraffinaderij Services g.c.v.	Brussels	Belgium	99.41		100.00
W.T. Mather Ltd.	Lancashire	Great Britain	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 Sugar AGRANA					
AGRANA sugar sales and production					
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
AGRANA ZHG Zucker Handels GmbH	Vienna	Austria	49.63		100.00
Sugar Romania					
AGRANA AGRO S.r.l.	Roman	Romania	45.70		100.00
AGRANA BUZAU S.r.l.	Buzau	Romania	45.70		100.00
AGRANA LIESTI S.r.l.	Bukarest	Romania	49.59		100.00
AGRANA TANDAREI S.r.l.	Tandarei	Romania	45.70		100.00
AGRANA URZICENI S.r.l.	Bukarest	Romania	49.59		100.00
S.C. AGRANA Romania S.A.	Bukarest	Romania	45.67		92.02

	Location	Country	Group quota %	Direct [1] %	Indirect [2] %
Sugar Slovakia					
Slovenské Cukrovary s.r.o.	Sered	Slovakia	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		87.60
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	Vienna	Austria	62.22		100.00
AGRANA d.o.o.	Brcko	Bosnia-Herzegowina	62.22		100.00
AGRANA Holding/Other					
AGRANA Beteiligungs-Aktiengesellschaft	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.	Vienna	Austria	33.08		66.67
Divsion Sugar Moldova					
Südzucker Moldova S.A.	Chisinau	Moldova	83.64		83.64
Agro Credit S.R.L.	Drochia	Moldova	100.00		100.00
Agro-SZM S.R.L.	Drochia	Moldova	83.63		100.00
Divsion 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	
AGRANA Zucker, Stärke und Frucht Holding AG [3]	Vienna	Austria	50.00	50.00	
Z & S Zucker und Stärke Holding AG	Vienna	Austria	50.00		100.00
AIH Agrar-Industrie-Holding GmbH	Mannheim	Germany	100.00	100.00	
BGD Bodengesundheitsdienst GmbH	Mannheim	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	

[1] Direct share, directly held by Südzucker AG.
[2] Indirect share, directly held by a subsidary.
[3] Majority of voting shares.

	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	Brasilia	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
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
Orafti Chile S.A.	Pemuco	Chile	100.00		100.00
REMY ITALIA S.P.A.	Confienza (PV)	Italia	66.70		66.70
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.	Warschau	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
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	100.00		100.00
Hellma Gastronomie-Service GmbH	Nürnberg	Germany	100.00		100.00
Hellma Lebensmittel-Verpackungs-Gesellschaft m.b.H	Vienna	Austria	100.00		100.00
Hellma Polska Sp.zo.o. i.L.	Crakow	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.U.	La Llagosta (Barcelona)	Spain	100.00		100.00

	Location	Country	Group quota %	Direct [1] %	Indirect [2] %
Single Source Limited	Telford / Shropshire	Great Britain	100.00		100.00
APCS Holdings Limited	Telford / Shropshire	Great Britain	100.00		100.00
Central Legal Funding Limited	Telford / Shropshire	Great Britain	75.00		75.00
AP Sachets Limited	Telford / Shropshire	Great Britain	100.00		100.00
Sugar Stix Limited	Telford / Shropshire	Great Britain	100.00		100.00
Santeau Limited	Telford / Shropshire	Great Britain	75.00		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
Division Starch					
AGRANA Stärke GmbH	Vienna	Austria	49.63		100.00
S.C. A.G.F.D. Tandarei s.r.l.	Tandarei	Romania	49.62		100.00
CropEnergies segment					
CropEnergies AG	Mannheim	Germany	69.19	69.19	
BioWanze SA	Brussels	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
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	Brasilia	49.62		100.00
AGRANA Fruit Brasil Participacoes Ltda.	Sao Paulo	Brasilia	49.62		99.99
AGRANA Fruit Dachang Co., Ltd.	Dachang	China	49.63		100.00
AGRANA Fruit Fiji Pty Ltd.	Sigatoka	Fidji	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

[1] Direct share, directly held by Südzucker AG.
[2] Indirect share, directly held by a subsidary.
[3] Majority of voting shares.

	Location	Country	Group quota %	Direct[1] %	Indirect[2] %
AGRANA Fruit Latinoamerica S. de R.L. de C.V.	Michoacan	Mexico	49.63		100.00
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	Vienna	Austria	49.63		100.00
AGRANA Fruit Services Inc.	Brecksville, Ohio	USA	49.63		100.00
AGRANA Fruit Services S.A.S.	Paris	France	49.63		100.00
AGRANA Fruit South Africa (Proprietary) Ltd.	Johannesburg	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.	Požega	Serbia	49.63		100.00
Division Fruit juice concentrates (Austria Juice)					
AUSTRIA JUICE GmbH	Gleisdorf	Austria	24.82		50.01
AGRANA JUICE (XIANYANG) CO., LTD	Xianyang City	China	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 & 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
Ybbstaler Fruit Polska Sp. Z.o.o	Chelm	Poland	24.82		100.00
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 097

[1] Direct share, directly held by Südzucker AG.
[2] Indirect share, directly held by a subsidary.
[3] Majority of voting shares.

II. Joint ventures / associated companies (consolidated at equity)

	Location	Country	Group quota %	Direct[1] %	Indirect[2] %
Sugar segment					
Business Unit Sugar					
Division Südzucker and sales companies					
Maxi S.r.l.	Bozen	Italia	50.00		50.00
Division AGRANA Sugar					
AGRANA sugar sales and production					
Sugar Bosnia					
AGRAGOLD d.o.o.	Brcko	Bosnia-Herzegowina	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
AGRANA Studen Sugar Trading GmbH	Vienna	Austria	31.11		50.00
AGRANA-STUDEN Beteiligungs GmbH	Vienna	Austria	31.11		50.00
Company for trade and services AGRANA-STUDEN Serbia d.o.o. Beograd	Beograd	Serbia	31.11		100.00
STUDEN-AGRANA Rafinerija Secera d.o.o.	Brcko	Bosnia-Herzegowina	31.11		100.00
Sugar Other					
ED&F MAN Holdings Limited	London	Great Britain	25.00		25.00
Special products segment					
Division PortionPack					
Collaborative Packing Solutions [Pty] Ltd	Johannesburg	South Africa	40.00		40.00
Division Starch					
GreenPower E85 Kft	Szabadegyháza	Hungary	24.81		100.00
HUNGRANA Keményitö- és Isocukorgyártó és Forgalmazó Kft.	Szabadegyháza	Hungary	24.81		50.00
HungranaTrans Kft.	Szabadegyháza	Hungary	24.81		100.00
CropEnergies segment					
CT Biocarbonic GmbH	Zeitz	Germany	34.60		50.00

TABLE 098

[1] Direct share, directly held by Südzucker AG.
[2] Indirect share, directly held by a subsidary.

III. Companies of minor improrttance and other participations > 20 % (not included)

	Location	Country	Group quota %	Direct[1] %	Indirect[2] %
Affiliated companies (not included)					
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	Brasilia	99.21		100.00
Division AGRANA Sugar					
AGRANA sugar sales and production					
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					
Agrana Research & Innovation Center GmbH	Vienna	Austria	49.63		100.00
Österreichische Rübensamenzucht Gesellschaft m.b.H.	Vienna	Austria	42.68		86.00
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	
Special products 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 concentrates (Austria Juice)					
Ybbstal Getränkegrundst. VertriebsgmbH i. L.	Munich	Germany	24.82		100.00

	Location	Country	Group quota %	Direct[1] %	Indirect[2] %
Joint ventures / associated companies (not included)					
Sugar segment					
Division AGRANA Sugar					
AGRANA sugar sales and production					
Sugar Bosnia					
SCO STUDEN & CO. BRASIL EXPORTACAO E IMPORTACAO LTDA.	Sao Paulo	Brasilia	31.11		100.00
Other participations > 20 %					
Sugar segment					
Business Unit Sugar					
Division Sugar Belgium					
Bio-Generator Regio - Leuven - PORT NV	Tienen	Belgium	35.50		35.71
Division Sugar France					
GARDEL S.A.	Le Moule	France	24.08		24.28
Eastern Sugar B.V.	Breda	Netherlands	49.60		50.00
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
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
Division AGRANA Sugar					
AGRANA sugar sales and production					
Sugar Czech Republic					
DELHIA SHELF s.r.o.	Hrusovany	Czech Republic	48.46		100.00
Sugar Hungary					
Cukoripari Egyesülés	Budapest	Hungary	19.25		44.27
Sugar Other					
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 099

[1] Direct share, directly held by Südzucker AG.
[2] Indirect share, directly held by a subsidary.

(39) Proposed appropriation of earnings

Retained earnings of Südzucker AG amount to € 51,145,612.44. It will be proposed to shareholders at the annual general meeting on 16 July 2015 that a dividend of € 0.25 per share be distributed and be appropriated as follows:

	2014/15
Issued shares (number)	204,183,292
Dividends (€)	0.25
Dividend amount (€)	51,045,823.00
Earnings carried forward (€)	99,789.44
Retained earnings (€)	**51,145,612.44**

TABLE 100

To the extent that treasury shares are available on the day of the general meeting, the proposed resolution will be amended so that the distribution of € 0.25 per dividend-bearing share is maintained and the corresponding higher remainder carried forward. The dividend will be paid on 17 July 2015.

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, 24 April 2015
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, 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

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Südzucker AG, 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 2014 to 28 February 2015.

Management's responsibility for the consolidated financial statements

The management of Südzucker AG 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 and performance of the group as at 28 February 2015 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 for the financial year from 1 March 2014 to 28 February 2015. The management of Südzucker AG 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, 24 April 2015
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.

BIOFUELS Fuels derived directly from renewable raw materials. Conventional first-generation biofuels are made from materials such as starch, sugar or oil seeds, whereas advanced second and third-generation biofuels are derived from biomass such as straw, wood, waste and recyclable materials.

C

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 have been reviewed in 2014 for the allocations covering the period 2015 – 2019. Future controls will take place every five years.

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 several cereal grains, such as wheat. Gluten is used in industry as a foodstuff and animal feed.

GLYCEMIC Blood-sugar raising effect.

H

HACCP Hazard Analysis and Critical Control Points. Clearly structured monitoring system aimed at preventing health hazards related to food that could cause consumers to become ill.

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 soluble fibre from chicory root with proven health 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 effect on blood-sugar levels. The most commonly used raw material in sugar-free candies worldwide, it is also used in chewing gums, chocolates and baked goods.

L

LDC Least developed country. 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.

MINT PROFESSIONS German acronym for "Mathematics, Informatics, Natural Sciences and Technology".

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 applications 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 On international capital markets typical assessment of the creditworthiness of a creditor and of the bonds issued using standardized rating 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.

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 report contains forward looking statements. The statements are based on current assumptions and estimates made by the executive board and information currently available to its members. The forward looking statements are not to be viewed as guarantees of the future developments and results presented therein. Future developments and results are in fact dependent on a variety of factors and are subject to various risks and imponderables. They are based on assumptions that could in fact prove to be invalid. The risk management report in this annual report presents an overview of the risks. It is supplemented by information in this interim report. We assume no obligation to update the forward-looking statements made in this report.

Contacts

Investor Relations
Nikolai Baltruschat
investor.relations@suedzucker.de
Phone: +49 621 421-240
Fax: +49 621 421-449

Financial press
Dr. Dominik Risser
public.relations@suedzucker.de
Phone: +49 621 421-428
Fax: +49 621 421-425

Südzucker on the Internet
For more information about Südzucker Group
pleaso go to our website: www.suedzucker.de

Published by
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68165 Mannheim
Phone: +49 621 421-0

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Financial Calender

Q1
1ST QUARTER REPORT 2015/16
9 July 2015

ANNUAL GENERAL MEETING
FOR FISCAL 2014/15
16 July 2015

Q2
1ST HALF YEAR REPORT 2015/16
8 October 2015

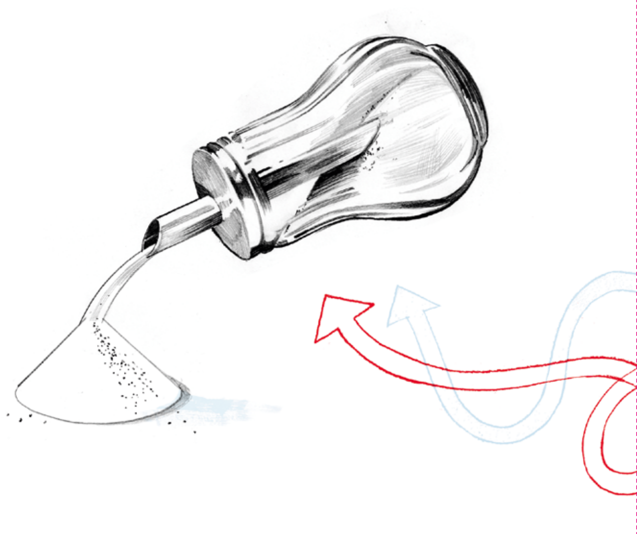
Q3
1ST TO 3RD QUARTER REPORT 2015/16
13 January 2016

PRESS AND ANALYSTS' CONFERENCE
FISCAL 2015/16
19 May 2016

Q1
1ST QUARTER REPORT 2016/17
7 July 2016

ANNUAL GENERAL MEETING
FOR FISCAL 2015/16
14 July 2016

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.



Südzucker AG

Maximilianstraße 10
68165 Mannheim
Phone: +49 621 421 - 0