Interim Report

Financial Year 2005/06
1st–3rd Quarter
1 March to 30 November 2005

SÜDZUCKER

Dear Shareholders,

This interim report informs you about the development of business in the first nine months of the current 2005/06 financial year (March to November 2005).

Reform of the European Sugar Market Regulation

The Council of the Ministers of Agriculture of the European Union agreed on a reorganisation of the Common Sugar Market Regulation on 24 November 2005, with the core elements of the Commission's reform proposal of 22 June 2005 being adopted. This includes a drastic reduction of the sugar reference price and the sugar beet price from 2006/07, the creation of a Restructuring Fund and the possibility for previous C-sugar producers to purchase a total quota of 1.1 million tonnes. These measures are aimed at strengthening the competitiveness of the European sugar industry and at the same time creating a long-term perspective for efficient producers. The reform had become inevitable after the WTO panel was lost in spring 2005.

The Restructuring Fund will offer to buy quotas from sugar producers on a voluntary basis over the period 2006/07 to 2009/10. Regions which largely abandon sugar production will receive compensation in the form of additional regional aid for the sugar factories that are to be closed and for giving up sugar beet production. It will still be possible for sugar to be imported into the EU from less developed countries but the growth in volume will be capped by protective clauses. The previous C-sugar producers will be able to purchase an additional quota of up to 1.1 million tonnes. The reduction of the sugar reference price by a total of 36 % and the sugar beet price by 39 % is less than had been put forward in the Commission's proposal of 22 June 2005 and will now take place in four steps over the period 2006/07 to 2009/10. An average of 64.2 % of the income lost by beet growers as a result of the reduction of beet prices is to be compensated.

The reform that has been passed offers efficient producers reliable framework conditions and long-term planning certainty through to September 2015. Compared with the European Commission's proposal of 22 June 2005, Südzucker welcomes the now 3 percentage point lower price reduction and the improved framework of the Restructuring Fund.

Südzucker assumes that the planned price reductions and the volume restrictions will lead to farreaching structural changes in the European sugar industry. Especially producers in climatically less suitable beet-growing regions of the EU will accept the Restructuring Fund's offer, thus significantly reducing the present production capacity in the EU. Thanks to the concentration of the Südzucker factories in the most efficient regions with the highest sugar yields in Europe the company is in an excellent competitive position. To strengthen its competitiveness, Südzucker will also undertake cost-cutting and structural measures in order to defend the profitability of the Sugar segment despite the considerable burdens from the price reductions.

At the WTO summit in December 2005 in Hong Kong it was resolved to stop all officially supported exports by 2013; the reform of the Sugar Market Regulation already largely takes this into account. Further resolutions, especially on market access, are to follow later in the course of 2006.

Admixture of bioethanol to be made mandatory

At the beginning of December 2005, within the framework of the coalition agreement, the German government spoke out in favour of making the admixture of biofuels to conventional, mineral oil-based fuels mandatory. The aim of such a requirement is to fulfil the goals pursued with the ratification of the Kyoto Protocol. We expressly welcome this political resolve to continue promoting the use of biogenic fuels in the mineral oil industry. We see the coalition agreement as confirmation of our decision to invest in this environment-friendly business and continue to view the market's as sustainably positive.

Sugar production in 2005

Good growing conditions resulted in a beet harvest of 31 million tonnes within the Südzucker Group, which was on a par with the previous year's, and the production of 4.8 (PY: 4.8) million tonnes of sugar from sugar beet. The Group's beet-growing acreage was slightly lower but the average yield rose to 11.2 (PY: 10.9) tonnes sugar per hectare.

The again good sugar beet quality and low soiling had a beneficial influence on the course of the campaign. This was again proof that Südzucker's strategy of concentrating production on the most efficient, high-yield beet-growing regions of Europe is right. Including the refining of cane sugar, the Südzucker Group produced a total of 5.2 (PY: 5.1) million tonnes of sugar.

2005 CAMPAIGN

	Sugar production in 1,000 t		Change
	2005	2004	in %
Südzucker AG	1,706	1,806	(5.5)
RT Belgium	623	660	(5.6)
SLS France	1,125	1,111	1.3
AGRANA Austria	489	458	6.8
Total	**3,943**	**4,035**	**(2.3)**
Eastern Europe	1,259	1,097	14.8
Total	**5,202**	**5,132**	**1.4**

During the 2005 campaign the sugar was produced, as the year before, at 45 factories. Production went smoothly. Taking an average of 90 (PY: 91) days, the campaign was completed in more or less the same time as the year before.

Capital-raising measures

The 1-for-12 rights issue approved by the Annual General Meeting on 28 July 2005 was carried through successfully in September 2005. The 14,565,662 new no-par-value shares issued at a price of € 14.00 per share provided Südzucker with proceeds of approximately € 201 million. Owing to the exceptionally strong demand we were able to increase the hybrid capital issued in June 2005 by an additional € 200 million to € 700 million in August 2005. The placing of a total of roughly € 900 million of equity, which found a positive echo in the capital markets, underlines the confidence placed in Südzucker's strategy and long-term prospects.

The equity base has been substantially strengthened by these capital measures and, now amounting to approximately € 3.8 billion, provides the foundation for carrying through the Group's long-term, dynamic growth strategy. This consists, on the one hand, in the further expansion of the Special Products segment, with the main focus on investment in the bioethanol, fruit and functional food businesses. On the other, we will be further strengthening the competitive position of the Sugar segment within the reorganised EU sugar market and, additionally, will be looking for advantageous investment opportunities outside the European Union.

Capital expenditure

In the current financial year the focus of investment activity is again on the Special Products segment. The biggest single project is the construction of the ORAFTI plant in Chile. Work is progressing according to plan; it is scheduled to come on stream in spring 2006. With a total budget of € 165 million, the new factory will almost double ORAFTI capacities. They will be available to capitalise especially on the expected market growth on the American continent.

In the fruit business, Steirerobst AG brought a new plant in Serpuchov near Moscow (Russia) on stream in September 2005. At this location, which enjoys favourable production conditions and direct proximity to the main customers in the dairy industry, it is planned in future to produce around 15,000 tonnes of fruit preparations per year in order to participate in the dynamic growth of the Russian market.

In December 2005 the ownership interest in the Atys Group was increased to 100 % after acquiring the remaining 37.5 % of the shares. With revenues of approximately € 450 million, Atys is the world market leader for fruit preparations for the dairy industry and is therefore participating in the growing global market for fruit yoghurts. The market position of the Atys Group is being further strengthened by the reacquisition of Deutsch-Schweizerische Früchteverarbeitung GmbH (DSF), Constance, which was approved, subject to conditions, by the German Cartel Office in December 2005. The acquisition of DSF, which achieved revenues of approximately € 60 million in the past financial year, considerably enhances the competitive position in the German market for fruit preparations which – in terms of volume – is the biggest in Europe. At present, efforts are in progress to group the fruit companies together under one management holding company each for the fruit preparation business and for the fruit juice concentrate business. This will further improve market and customer proximity and at the same time will enable synergies to be effectively tapped.

The bioethanol business is also being expanded further. Besides the construction by AGRANA of a bioethanol plant at the Pischelsdorf/Austria location, Südzucker is currently considering extending its activities in this environment-friendly business to Belgium, too.

Revenues

In the first three quarters of the 2005/06 financial year Group revenues rose by € 401 million, or 11,1 %, to € 4,009 (PY: 3,608) million, with both the Sugar segment and the Special Products segment growing revenues versus the year-earlier period.

Revenues in the Sugar segment were up by 4.1 %, or € 108 million, to € 2,720 (PY: 2,612) million. This was due in the main to higher exports of quota and C-sugar on the back of the previous year's good harvest which led to strong growth in revenues especially in the first half of the year.

Revenues in the Special Products segment were up by 29.4 %, or € 293 million, to € 1,289 (PY: 996) million, mainly due to the enlargement of the fruit business. In contrast to the year-earlier period, this includes first-time revenues of the Atys Group for six months and the Wink Group for nine months. Moreover, in the year-earlier period Steirerobst had been included pro rata for only six months.

Income from operations

In the first three quarters of the 2005/06 financial year the Group achieved an income from operations of € 349 (PY: 403) million and an operating margin of 8.7 % and – as had been announced – was therefore not able to match the year-earlier result.

The income from operations in the Sugar segment fell well short of the year-earlier level at € 256 (PY: 286) million. While in the first half of the year sharply increased exports from the 2004 bumper harvest still managed to more than compensate for the burdens from the lack of declassification by the European Commission in 2004, declining exports in the third quarter led to a drop in earnings. The result was additionally burdened by considerably higher energy prices compared with a year earlier.

The income from operations in the Special Products segment declined to € 93 (PY: 117) million. This was due in the main to start-up losses at the bioethanol plant in Zeitz. However, significant progress has been made over the past months in eliminating technical capacity restrictions, but this will only take effect from the fourth quarter. The functional food business was unable to repeat its outstanding year-earlier results which had been buoyed especially by strong demand in the USA on the back of the "low carb" wave which has since subsided. The fruit and starch activities continued to develop well, sustaining the good results achieved in the second quarter.

Outlook

For the full year 2005/06 we expect Group revenues to be up by almost 10 % to € 5.3 (PY: 4.8) billion.

In autumn 2005 the Commission at last undertook the declassification of 1.8 million tonnes of sugar needed to restore the market balance which had been omitted the year before. This reduces the Südzucker Group's quota for 2006/07 by approximately 449,000 tonnes. This will lead to a corresponding decline in revenues, but this will be slightly more than offset by an increase of almost € 0.2 billion in revenues in the Central and Eastern European region following the new member states' entry into the EU and good C-sugar business with significantly firmer world market prices. In the Special Products segment we expect revenues to be up by € 0.5 billion, or 35 %, to just under € 1.8 billion, which will be attributable in the main to the expansion of the fruit business and higher revenues from the start-up of bioethanol production.

We will not match last year's income from operations in the 2005/06 financial year. The main reason for the weaker performance is the continued price pressure weighing on the market caused by the non-exportable surpluses resulting from the lack of declassification the year before. This has led not only to considerable pricing pressure but also to an exceptionally high supplementary levy incurred, also as a result of the lack of declassification, on top of the production levy. Further burdens stem from the higher energy costs, with the result that income from operations in the Sugar segment will fall well short of last year's result despite the, thanks to the bumper harvest, strong and, thanks to firmer world market prices, improved C-sugar business. For the Special Products segment we expect income from operations to match last year's level. The bioethanol plant will still burden the segment's earnings despite much lower start-up losses in the fourth quarter, while the functional food business will not be able to repeat its, on the back of the "low carb" wave, exceptionally good result last year. However, the Special Products segment's result will be strengthened by the fruit business.

Yours faithfully,
Südzucker Aktiengesellschaft
Mannheim/Ochsenfurt
The Executive Board

Assets and liabilities, financial position and results of operations

The interim financial statements of the Südzucker Group as of 30 November 2005 have been prepared according to the rules for interim financial reporting of IAS 34 in compliance with the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB) and their interpretation by the International Financial Reporting Interpretations Committee (IFRIC). We have adjusted the reporting in the balance sheet and statement of income on the basis of the modified IAS 1 (Presentation of financial statements) of the IFRS Improvement Project. In addition to the operating result as reported in the past, income from operations now also includes elements previously reported separately under net restructuring costs and special items. Income from associated companies is now reported as a separate item.

Otherwise, the same accounting and valuation methods as applied in the preparation of the consolidated financial statements as of 28 February 2005 have been applied unchanged. The explanatory notes to the financial statements in the Annual Report for 2004/05 therefore apply accordingly. Income taxes have been calculated on the basis of the local rates of income tax taking account of the income planning for the full financial year.

With the final acquisition step in December 2005 AGRANA has acquired all the remaining shares of the Atys Group. The original agreement had provided for a phased acquisition in steps by the end of 2006. The integration of the Atys Group in the AGRANA fruit division can therefore be completed a year earlier than planned. With 28 companies and an output of 300,000 tonnes of fruit preparations Atys is the world leader in this market segment in business with the dairy industry. Including the Dirafrost Group acquired in October 2004, Atys generates total revenues of € 450 million p.a.

In the first quarter of the 2005/06 financial year Atys was still recognized according to the equity method as investment in associated companies. Atys has been fully consolidated as from the beginning of the second quarter; in the present financial statements for the first three quarters Atys is recognised with revenues of € 227 million (six months from April to September 2005).

GROUP BALANCE SHEET

€ million	30 Nov. 2005	30 Nov. 2004	Change	28 Feb. 2005
Assets				
Intangible assets	1,721.3	1,684.7	36.6	1,687.6
Tangible assets	2,267.5	1,938.8	328.7	2,076.7
Investments in associated companies	74.6	23.1	51.5	163.0
Other investments and securities	198.5	268.6	(70.1)	166.6
Receivables and other assets	4.8	2.9	1.9	4.8
Deferred tax assets	25.8	13.9	11.9	13.0
Non-current assets	**4,292.5**	**3,932.0**	**360.5**	**4,111.7**
Inventories	2,234.3	2,190.3	44.0	1,954.4
Receivables and other assets	1,091.3	906.5	184.8	856.8
Cash and cash equivalents	1,413.5	238.3	1,175.2	272.0
Current assets	**4,739.1**	**3,335.1**	**1,404.0**	**3,083.2**
Total assets	**9,031.6**	**7,267.1**	**1,764.5**	**7,194.9**
Liabilities and shareholder' equity				
Subscribed capital	189.4	174.8	14.6	174.8
Capital reserves	1,137.7	951.3	186.4	951.3
Revenue reserves	1,219.7	1,000.1	219.6	1,065.3
Equity attributable to shareholders of Südzucker AG	*2,546.8*	*2,126.2*	*420.6*	*2,191.4*
Hybrid capital	690.1	0.0	690.1	0.0
Other minority interests	541.6	355.6	186.0	546.2
Total equity	**3,778.5**	**2,481.8**	**1,296.7**	**2,737.6**
Provision for pensions	396.9	385.0	11.9	393.0
Other provisions and accrued liabilities	99.0	208.3	(109.3)	200.3
Financial liabilities	1,324.4	1,211.9	112.5	1,215.7
Other liabilities	41.5	24.5	17.0	23.5
Deferred tax liabilities	341.2	330.7	10.5	330.2
Total non-current liabilities	**2,203.0**	**2,160.4**	**42.6**	**2,162.7**
Other provisions and accrued liabilities	365.5	448.0	(82.5)	409.6
Financial liabilities	730.0	372.6	357.4	728.6
Other liabilities	1,954.6	1,804.3	150.3	1,156.4
Total current liabilities	**3,050.1**	**2,624.9**	**425.2**	**2,294.6**
Total liabilities and shareholders' equity	**9,031.6**	**7,267.1**	**1,764.5**	**7,194.9**
Net financial debt	640.9	1,346.2	(705.3)	1,672.3
Equity ratio	41.8 %	34.2 %		38.0 %

The increase in tangible assets versus 28 February 2005 is due in the main to the full consolidation of the Atys Group and the investment in new capacity in the functional food business. The decline in investments in associated companies is also due to the full consolidation for the first time of the Atys Group, which had still been reported under this item as of 28 February 2005. The growth in inventories versus 28 February 2005 is a result of sugar production in the months September to November 2005. The increase in current receivables and other assets is due in the main to higher trade receivables as a result of higher sales of sugar in the third quarter in connection with the campaign and to the enlarged circle of consolidated companies following the addition of the Atys Group.

The strong increase in securities and cash and cash equivalents is mostly attributable to the short-term investment of the proceeds from the hybrid capital issued and the rights issue.

The increase of € 14.6 million in subscribed capital to € 189.4 million and the increase of € 186.4 million in capital reserves to € 1,137.7 million reflect the proceeds from the Südzucker AG rights issue, which was completed on 14 September 2005.

Under current other provisions, the level of the provision for EU levies included under this item is significantly lower than as of 30 November 2004 owing to the declassification of 13 % for the 2005/06 sugar industry year.

GROUP STATEMENT OF INCOME

€ million	3rd quarter *		1st – 3rd quarter **	
	2005/06	2004/05	2005/06	2004/05
Revenues	**1,347.9**	**1,334.7**	**4,009.2**	**3,607.9**
Income from operations	**111.8**	**140.9**	**349.1**	**402.9**
Income from associated companies	3.0	0.5	9.4	1.0
Financial expense	(15.1)	(19.2)	(77.0)	(70.4)
Earnings before income taxes	**99.7**	**122.2**	**281.5**	**333.5**
Taxes on income	(1.0)	(16.4)	(31.0)	(67.1)
Net earnings for the year	**98.7**	**105.8**	**250.5**	**266.4**
of which attributable to Südzucker shareholders	73.1	75.7	193.6	211.7
of which attributable to hybrid capital	5.7	0.0	8.8	0.0
of which attributable to minority interests	19.9	30.1	48.1	54.7
Earnings per share (€)	**0.40**	**0.41**	**1.10**	**1.20**

* 1 September to 30 November ** 1 March to 30 November

As regards the analysis of the development of revenues and income from operations we refer to the general comments at the beginning of this interim report. Income from associated companies mainly represents the income from Eastern Sugar. Net financial expense felt the first full effect of the relief from the hybrid capital in the third quarter of the current financial year, which explains the improvement to € 15.1 (PY: 19.2) million. The lower tax expense as of the reporting date of € 31.0 (PY: 67.1) million reflects the efforts to optimise Group structures for tax purposes and lower tax burdens, especially in Eastern Europe.

Other minority interests in Group net earnings for the year mostly relate to outside shareholders of the AGRANA Group.

Earnings per share have been calculated on the basis of an average number of 175.9 million shares outstanding in the period from 1 March to 30 November 2005, including the 14.6 million new shares from the rights issue on a pro rata basis. Earnings per share for the third quarter have been calculated according to the same approach and are based on an average of 184.0 million shares outstanding. The year-earlier figures have been adjusted accordingly.

STATEMENT OF CASH FLOWS

€ million	1st – 3rd quarter *	
	2005/06	2004/05
Gross cash flow	**393.5**	**441.2**
Change in net current assets	245.4	274.3
Net cash flow from operating activities	**638.9**	**715.5**
Cash flow from investing activities	(275.2)	(766.0)
Cash flow from financing activities	777.8	(16.8)
Change in cash and cash equivalents	**1,141.5**	**(67.3)**
Cash and cash equivalents at the beginning of the period	272.0	305.6
Cash and cash equivalents at the end of the period	1,413.5	238.3

* 1 March to 30 November

The negative cash flow from investing activities declined year-on-year from € 766.0 million to € 275.2 million. This includes capital expenditure on financial investments of € 44.4 million as compared with € 375.9 million a year earlier. The strong decrease in this item is attributable in the main to the acquisition of the minority interests in Raffinerie Tirlemontoise in the previous year. The cash flow from financing activities includes proceeds of € 200.9 million from the rights issue and € 690.1 million from the hybrid capital, less the dividends distributed in the current financial year which are detailed in the statement of movements in shareholders' equity below.

STATEMENT OF MOVEMENTS IN SHAREHOLDERS' EQUITY

€ million	Equity attributable to share-holders	Hybrid capital	Other minority interests	Total equity
Balance at 1 March 2005	**2,191.4**	**0.0**	**546.2**	**2,737.6**
Profit after tax	193.6	8.8	48.1	250.5
Dividends	(96.1)	(8.8)	(20.5)	(125.4)
Capital increase	200.9	690.1	0.0	891.0
Other changes	57.0	0.0	(32.2)	24.8
Balance at 30 November 2005	**2,546.8**	**690.1**	**541.6**	**3,778.5**
Balance at 1 March 2004	**1,977.1**	**0.0**	**408.8**	**2,385.9**
Profit after tax	211.7	0.0	54.7	266.4
Dividends	(87.4)	0.0	(13.7)	(101.1)
Other changes	24.8	0.0	(94.2)	(69.4)
Balance at 30 November 2004	**2,126.2**	**0.0**	**355.6**	**2,481.8**

The dividend of € 0.55 per share or € 96.1 million for the 2004/05 financial year resolved at the Annual General Meeting of Südzucker AG on 28 July 2005 was paid on 29 July 2005. The dividends paid to minority interests relate in the main to the dividend paid by AGRANA in July 2005. The strong increase in other minority interests versus the year-earlier period to € 541.6 million is mainly attributable to the capital increase at AGRANA Beteiligungs-AG in February 2005.

SEGMENT REPORTING

€ million	3rd quarter *		1st – 3rd quarter **	
	2005/06	2004/05	2005/06	2004/05
Revenues	**1,347.9**	**1,334.7**	**4,009.2**	**3,607.9**
Sugar	873.8	988.0	2,720.4	2,612.2
Special products	474.1	346.7	1,288.8	995.7
Income from operations	**111.8**	**140.9**	**349.1**	**402.9**
Sugar	72.8	100.8	256.1	285.9
Special products	39.0	40.1	93.0	117.0
Sales margin from operations in %	**8.3 %**	**10.6 %**	**8.7 %**	**11.2 %**
Sugar	8.3 %	10.2 %	9.4 %	10.9 %
Special products	8.2 %	11.6 %	7.2 %	11.8 %
Capital expenditure	**111.3**	**159.6**	**314.9**	**375.9**
Sugar	56.3	46.4	128.1	112.2
Special products	55.0	113.2	186.8	263.7
Average number of employees			**20,677**	**17,582**
Sugar			11,928	12,097
Special products			8,749	5,485

Capital expenditure

€ 314.9 million was invested in tangible fixed assets in the period from 1 March to 30 November 2005 as compared with € 375.9 million in the same period a year earlier. Capital expenditure in the Sugar segment was slightly higher than a year earlier at € 128.1 (PY: 112.2) million. € 186.8 (PY: 263.7) million was invested in the Special Products segment, with the focus on the functional food business.

Employees

The average number of employees in the first nine months of the 2005/06 financial year rose to 20,677 (PY: 17,582), an increase of 3,095 versus the comparable year-earlier period. The increase results from the enlargement of the AGRANA fruit division by the addition of the Atys Group and the Wink Group. The decline in the number of employees in the Sugar segment is mostly due to the restructuring in Eastern Europe.

* 1 September to 30 November ** 1 March to 30 November

Events after the interim reporting period

On 15 December 2005 AGRANA acquired the remaining 37.5 % of the globally operating fruit preparation company Atys, France. This completes the acquisition of the Atys Group and allows the full integration of Atys into the AGRANA Group.

In addition, Atys has increased its ownership interests in Atys Austria and Atys Merko of Turkey from 50 % to 100 %. The acquisitions are subject to the approval of the respective antitrust authorities. In the financial year 2004 Atys Austria and Atys Merko had a total of 100 employees and achieved combined revenues of approximately € 30 million. The Atys Austria plant in Kröllendorf in Lower Austria specialises in fruit preparations for yoghurt drinks and organic products and has around 75 employees.

In addition, in December 2005 the German Cartel Office approved AGRANA's acquisition of DSF, which was signed in July 2005, on the condition that DSF sells its Nauen production plant in the state of Brandenburg beforehand. DSF produces fruit preparations for the dairy industry and for manufacturers of bakery products and ice cream.

Now that the DSF acquisition has been approved by the German Cartel Office, AGRANA will be able to considerably strengthen its position in the German market, the biggest national market for fruit preparations in Europe, with 80 % of DSF's original business and thus further expand on its world market leadership in this segment.

CALENDAR

Press conference and analysts' conference Financial Year 2005/06
31 May 2006
Report 1st Quarter 2006/07
13 July 2006
Annual General Meeting in Mannheim Financial Year 2005/06
27 July 2006
Report 2nd Quarter 2006/07
12 October 2006
Report 3rd Quarter 2006/07
11 January 2007

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13 January 2006

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