Q2
2011/12

Interim Report

First half year 2011/12

March 1 to August 31, 2011
Release date: October 13, 2011

- Consolidated group revenues climb 9 % to € 3,338 (3,068) million
- Operating profit rises 23 % to € 347 (282) million
- Forecast for the overall 2011/12 financial year confirmed: consolidated group revenues of € 6.5 (6.2) billion; operating profit to exceed € 600 (519) million

SÜDZUCKER

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Overview

Financial calendar

Q3 – 1st to 3rd quarter report 2011/12	January 12, 2012
Press and analysts' conference fiscal 2011/12	May 15, 2012
Q1 – 1st quarter report 2012/13	July 12, 2012
Annual general meeting for fiscal 2011/12	July 19, 2012
Q2 – 1st half year report 2012/13	October 11, 2012
Q3 – 1st to 3rd quarter report 2012/13	January 10, 2013

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www.suedzucker.de/de/Investor-Relations/Publikationen/Berichte/Berichte_2011_12/ and/or
www.suedzucker.de/en/Investor-Relations/Publikationen/Berichte/Berichte_2011_12/

On the following pages, the numbers in brackets represent the corresponding previous year's figures or items. Südzucker AG's financial year is not aligned with the calendar year. The 1st half year covers the period March 1 through August 31.

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

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Group figures

as of August 31, 2011

€ million	2nd quarter			1st half year		
	2011/12	2010/11	+/- in %	**2011/12**	2010/11	+/- in %
Revenues	1,699	1,535	10.6	3,338	3,068	8.8
EBITDA	211	181	16.8	442	376	17.5
EBITDA margin	12.4 %	11.8 %		13.2 %	12.3 %	
Depreciation	-48	-48	-0.2	-95	-95	0.3
Operating profit	163	133	23.0	347	282	23.3
Operating margin	9.6 %	8.7 %		10.4 %	9.2 %	
Restructuring costs and special items	-10	-19	-46.3	-10	-19	-49.0
Income from operations	153	114	34.5	337	262	28.7
Net earnings for the period attributable to Südzucker AG shareholders	52	50	5.8	145	123	18.0
Earnings per share (€) (undiluted)	0.28	0.27	3.7	0.76	0.65	16.9
Cash flow	158	134	18.0	349	269	29.6
Investments in fixed assets	65	64	1.2	114	111	3.0
Net financial debt (as of reporting date)				768	777	-1.1
Average number of employees				17,492	18,062	-3.2

Südzucker shares

Market data

		2nd quarter		1st half year	
		2011/12	2010/11	**2011/12**	2010/11
Average price	€/share	23.81	14.78	22.17	15.32
Highest price	€/share	26.11	15.57	26.11	17.45
Lowest price	€/share	21.60	14.16	18.61	13.94
Closing XETRA® price (as of reporting day)	€/share	24.37	14.39	24.37	14.39
Average trading volume/day	k shares	1,093	820	881	879
Number of issued shares	million	189.4	189.4	189.4	189.4
Market capitalization (as of reporting day)	€ million	4,615	2,724	4,615	2,724

Performance

Südzucker shares reached an all-time high of € 26.11 on July 18, 2011. On the last trading day of the first half of the 2011/12 financial year, August 31, 2011, the shares closed at € 24.37, bringing the total price increase in the first six months of fiscal 2011/12 to 23 %. During the same period, the MDAX® lost 11 %.

Overview

First half year 2011/12

- Consolidated group revenues climb 9 % to € 3,338 (3,068) million
- Consolidated group operating profit rises sharply, up 23 % to € 347 (282) million
- Sugar segment's operating profit rises, driven primarily by higher prices in the Eastern European markets:
  - Revenues: +3 % to € 1,728 (1,671) million
  - Operating profit: € 220 (166) million
- Special product segment's revenues rise; as expected, profit remains below prior year's level due to commodity prices:
  - Revenues: +18 % to € 896 (762) million
  - Operating profit: € 67 (77) million
- CropEnergies segment reports substantially higher revenues and operating profit driven by higher ethanol and byproduct sales:
  - Revenues: +27 % to € 253 (200) million
  - Operating profit: € 29 (17) million
- Fruit segment profit grows significantly due to improved margins for fruit juice concentrates:
  - Revenues: +6 % to € 461 (435) million
  - Operating profit: € 31 (22) million

Forecast for the 2011/12 financial year

- Consolidated group revenues expected to come in at € 6.5 (2010/11: 6.2) billion
- Operating profit expected to exceed € 600 (2010/11: 519) million

Revenues by segment 1st half 2011/12:

Operating profit by segment 1st half 2011/12:

Economic policy, general framework

EU sugar market

As a result of the comprehensive reform of the EU's sugar policies, the EU went from being the world's second-largest sugar exporter to one of the largest net importers. A major reason was the complete elimination of duties for the LDCs and ACP countries effective October 1, 2009. The EU is now only able to supply about 85 % of its own needs. The excess demand must thus be met by world market imports.

Even though there was market demand, there was not enough incentive during the 2010/11 sugar marketing year (October 1, 2010 to September 30, 2011) to import sugar into the EU from the preferred countries (ACP/LDC). The world market price was higher than the European market price, especially during the first few months of the 2010/11 sugar marketing year. In November 2010, duties on all raw sugar import quotas from non-preferred nations were suspended to counter the anticipated declining supply of imported sugar. In February 2011, permission was also granted for the first time to sell 500,000 tonnes of non-quota sugar in the EU food market. In March 2011, an additional duty-free import quota of 300,000 tonnes was announced, followed in May 2011 by a further quota of 200,000 tonnes. In addition, the EU Commission has allowed several tranches of raw and white sugar to be imported at reduced duties since July, to a total of about 350,000 tonnes. After these steps were taken, the EU's quota sugar inventory was significantly higher than the year prior as of September 30, 2011.

Due to the continuing high world market prices, imports are not expected to increase significantly as a result of the preferred nations agreement during the 2011/12 sugar marketing year. On the other hand, the EU's sugar beet harvest is expected to be excellent and sugar production is expected to be high as a result. This will provide leeway to permit non-quota sugar to be sold in the EU sugar market during the 2011/12 sugar marketing year.

Initially, only 650,000 tonnes of sugar were approved for export for the 2010/11 sugar marketing year (maximum per WTO budget: 1.35 million t). In April 2011, the EU Commission granted permission to export a further 700,000 tonnes of sugar starting September 2011. For the 2011/12 sugar marketing year, 650,000 tonnes had already been approved for export in March 2011, effective January 2012. There is thus room for a further 700,000 tonnes of exports for the 2011/12 sugar marketing year.

A world market import quota of 400,000 tonnes per annum has been regularly granted for non-quota sugar for the chemical, pharmaceutical and fermentation industries, as well as for bioethanol production, since the 2008/09 sugar marketing year; however, utilization of this quota has been low to date. In view of the high world market prices for sugar and high logistics costs, it is not likely that much use will be made of this quota for the 2011/12 sugar marketing year either.

Key sections of the domestic EU sugar market regulations will expire as of September 30, 2015. Various options regarding EU sugar market regulations as of October 2015 are also being explored within the context of the current discussions on the future direction of general EU agricultural policy as of 2014. On October 12, the EU Commission submitted a legislative proposal to the Council of Agricultural Ministers and the EU Parliament, in which it recommended that the existing quotas and price regulations will not be extended beyond September 30, 2015. However, in June 2011, the EU Parliament had argued in favor of leaving the current regulations unchanged until at least 2020.

The current EU sugar market regulations guarantee a high degree of supply security for processors and consumers. They allow market players to respond effectively and flexibly to both surpluses and shortages. The developments of the past two years, including those in the international sugar market, have shown how important adequate self-sufficiency is to damping price volatility. The existing volume management system in conjunction with minimum beet prices thus continues to be an indispensable tool. Südzucker concurs with the EU Parliament that the EU sugar policies must be extended so that supplies to consumers and processors can be guaranteed, independent of world market developments. The rules also ensure planning certainty for farmers and the sugar industry.

WTO/free trade agreement

To date, the ongoing WTO-II negotiations, which have been underway since 2001, have not been concluded. The World Trade Organization recently conceded that the Doha round will not be completed this year.

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

Certification systems ease implementation of European climate and energy package

The EU established the legal foundation for reaching the mandatory blend ratio of 10 % renewable energies in the transportation sector by 2020 when it introduced the renewable energy directive and amended the quality fuel directive. Initially only Germany and Austria implemented the renewable energy directive on time, especially the part concerning the establishment of sustainability criteria. Since then, other member states have made progress in implementing the directive. For example, the Netherlands and Sweden have enacted legislation encompassing sustainability requirements. Belgium, France and Great Britain plan to pass laws to implement the EU directives in the second half of 2011. The certification mechanisms approved by the EU Commission on July 19, 2011 will make it easier for member states to quickly introduce the sustainability criteria at the national level, which should accelerate the implementation process.

Market developments

Sugar

World market
F.O. Licht continued to forecast that inventory levels will remain low in its third estimate (July 2011) of the world sugar market balance for the 2010/11 campaign ending September 30, 2011. Despite an increase in production to 167.4 (158.5) million tonnes of sugar and only slightly higher sugar consumption of 159.9 (159.2) million tonnes, inventories to the end of the business year are only expected to rise moderately to 37.8 (36.4) % of one year's consumption.

The high volatility of the world market price for sugar continued during the campaign year just ended. After reaching a historic high of 845 USD/t or 612 €/t of white sugar in February 2011, the price dropped sharply, reaching 582 USD/t or 401 €/t of white sugar at the beginning of May, only to achieve a new record high of 876 USD/t or 623 €/t of white sugar in July. Since then, world market prices have again fallen amid considerable volatility. At the end of August 2011, the world market price for raw sugar was quoted at USD 654/t or € 453/t and the world market price for white sugar at USD 771/t or € 533/t.

Bioethanol

E10 also launched in northern and western Germany
E10 has been approved in Germany since January 1, 2011 and has been offered at gas stations since February. By the middle of the year, E10 was available at half of Germany's 14,000 gas stations. About 744,000 tonnes of E10 had been sold by the end of June 2011. In June 2011, E10's market share in the Otto fuel sector was about 9 %. Although E10 was primarily only available at eastern and southern German gas stations at the start, oil companies have redoubled their efforts to introduce E10 in northern and western Germany since August 2011. Availability throughout Germany will further increase E10 volumes.

According to a survey conducted by TNS Infratest on behalf of the German Bioethanol Industry Association (BDBe), many consumers still doubt that E10 is suitable for their car engines. Even though 93 % of the cars with gasoline engines that are on the road in Germany are approved for using E10, 69 % of those users interviewed stated they had not used E10 due to technical concerns. Stakeholders must therefore provide further clarification to improve E10 consumer acceptance.

Market observers expect the EU's ethanol demand for fuel to rise 11.8 % to 6.1 million m^3 in 2011 as a result of the higher mandatory blending ratios. Bioethanol consumption in Germany is expected to grow about 9 % to 1.6 million m^3. Bioethical volumes from January to June 2011 reached 721,000 m^3. Volumes rose 4.7 % in comparison to the prior year's equivalent period. About 84 % or 607,000 m^3 of the bioethanol consumed was directly blended with gas. During the first half year, 107,000 m^3 of the octane booster ETBE were produced. This represents an increase of 45 % and is due to the higher consumption of "Super Plus" gasoline. The relatively high gasoline prices drove the volume of significantly cheaper E85 fuel up about 17 % compared to same period the year prior.

European ethanol prices on high level
In Europe, ethanol prices remained above € 600/m^3 FOB Rotterdam on account of high commodity costs and increasing blending of bioethanol. Contrary to the trend in Brazil and the United States, European ethanol prices declined slightly, from 635 €/m^3 at the beginning of June to 623 €/m^3 at the end of August 2011.

Brazil has changed from being a bioethanol exporter to a bioethanol importer. Due to a reduced sugar cane harvest in 2011/12 and a lower sugar content, the Association of Brazilian sugar producers (UNICA) is expecting ethanol production in the greater São Paulo region to decline 17 % to about 21 million m^3. Ethanol prices rose from 775 USD/m^3 at the beginning of June 2011 to 870 USD/m^3 FOB Santos at the end of August. Steady high world market sugar prices also contributed to driving up prices.

One-month futures for bioethanol on the Chicago Board of Trade (CBOT) and the Chicago Mercantile Exchange (CME) rose from 687 USD/m^3 at the beginning of June 2011 to about 766 USD/m^3 at the end of August due to high commodity costs and gasoline prices, as well as declining inventories.

Fruit

The global fruit yogurt market stagnated in the first six months of the 2011 calendar year. The macroeconomic situation impacted consumer behavior. Recently there was a noticeable trend towards buying cheaper products and in some countries, consumption of yogurt without fruit. This trend was further reinforced by higher milk, energy and packaging costs in the dairy industry, which caused consumers to look for ways to cut costs. The stagnation was evident in all markets around the world. In mature markets where the per capita consumption is already high, such as Western and Central Europe, market demand dropped two to four percent. In the emerging markets of Eastern Europe, Asia and Latin America, fruit yogurt sales growth rates declined by half and ended at three to four percent. Competitive pressure increased in this stagnating market environment.

Growth rates for fruit juice concentrate volumes remained strong in Western Europe and single digit growth was reported in Eastern Europe. We continue to expect stable volumes in these regions. Apple juice concentrates volume growth in North America was also satisfactory.

Grain

Moderate decline in grain prices

Despite solid conditions in key farming regions, especially in the EU, the Commonwealth of Independent States and in the important grain exporting countries Argentina and Australia, the United States Department of Agriculture (USDA) expects global demand to again slightly exceed global supply during the 2011/12 grain marketing year. This is mainly due to reduced corn harvest expectations associated with low rainfall in the United States. According to the Department's September 12, 2011 estimate, global grain production (excluding rice) for the 2011/12 harvest is expected to rise 3.8 % to 1,809 million tonnes and grain consumption to grow 2.2 % to 1,821 million tonnes. With global grain inventories at 345 million tonnes, (- 3.3 %) at the end of the 2011/12 grain marketing year, global supplies of grain are still expected to be solid. The USDA is forecasting that the harvest yield in the EU will rise 1.5 % to 279 million tonnes of grain. The grain harvest could thus slightly exceed the expected grain consumption of 273 million tonnes.

Although one-month futures for bread wheat went as high as 235 €/t on the NYSE Liffe Paris exchange at the beginning of June, the price of wheat has since fallen to under 200 €/t because of the excellent harvest conditions in Europe.

Energy

In the second quarter of 2011/12, the energy market was affected by the crisis in Libya and rising recession fears, as well as reported damage to a refinery and gas pipeline maintenance. Expectations that demand in the emerging markets will continue to rise remain unchanged. Together with declining inventories and surprisingly high demand for oil products in the United States in July, this briefly drove the price of Brent Crude to 118 USD/barrel at the end of August. Oil prices continue to be very volatile and traded in a range of 105 to 115 USD/barrel. Spot gas prices were up just under 10 % in the second quarter of 2011/12 and the spread between the price of oil and gas continued to narrow. Steam coal prices remain stable.

Business performance

Revenues and operating profit | Group

Revenues

Consolidated group revenues grew about 9 % to € 3,338 (3,068) million in the first half of the 2011/12 financial year. All segments reported higher revenues than the year prior in the second quarter.

€ million	2nd quarter			1st half year		
	2011/12	2010/11	+/- in %	**2011/12**	2010/11	+/- in %
Sugar segment	899	828	8.6	1,728	1,671	3.3
Special products segment	446	385	15.8	896	762	17.6
CropEnergies segment	130	111	16.4	253	200	26.7
Fruit segment	224	211	6.2	461	435	6.1
Group total	**1,699**	**1,535**	**10.6**	**3,338**	**3,068**	**8.8**

Operating profit

Consolidated operating profit in the first six months of the 2011/12 financial year rose sharply to € 347 (282) million. While the special products segment's operating profit was significantly below last year's as expected, it rose substantially in the other segments.

€ million	2nd quarter			1st half year		
	2011/12	2010/11	+/- in %	**2011/12**	2010/11	+/- in %
Sugar segment	108	72	51.0	220	166	33.1
Special products segment	27	37	-26.6	67	77	-13.4
CropEnergies segment	14	15	-8.7	29	17	66.7
Fruit segment	14	9	55.1	31	22	44.7
Group total	**163**	**133**	**23.0**	**347**	**282**	**23.3**

Revenues and operating profit | Sugar segment

€ million	2nd quarter			1st half year		
	2011/12	2010/11	+/- in %	**2011/12**	2010/11	+/- in %
Revenues	899	828	8.6	1,728	1,671	3.3
EBITDA	121	84	43.6	245	191	29.0
EBITDA margin	13.5 %	10.2 %		14.2 %	11.4 %	
Depreciation	-13	-12	1.6	-25	-25	1.6
Operating profit	108	72	51.0	220	166	33.1
Operating margin	12.1 %	8.7 %		12.7 %	9.9 %	

The sugar segment's revenues rose to € 1,728 (1,671) million in the first half of fiscal 2011/12. The increase is primarily due to higher sugar sales in the Eastern European markets. In the first quarter, the increase was masked by the fact that exports did not match the prior year's unusually high volume.

The sugar segment's operating profit rose to € 220 (166) million. This was driven mainly by higher sugar sales revenues, especially in the Eastern European markets, as well as higher sales revenues from industrial non-food sugar and exports. Because the EU is a net importer, the significant increase in the world market price is impacting the European market price level. This is significantly offsetting declining sugar volumes, especially for exports.

Revenues and operating profit | Special products segment

€ million	2nd quarter			1st half year		
	2011/12	2010/11	+/- in %	**2011/12**	2010/11	+/- in %
Revenues	446	385	15.8	896	762	17.6
EBITDA	46	56	-17.5	105	114	-8.3
EBITDA margin	10.3 %	14.4 %		11.7 %	15.0 %	
Depreciation	-19	-19	0.5	-38	-37	2.4
Operating profit	27	37	-26.6	67	77	-13.4
Operating margin	6.1 %	9.6 %		7.5 %	10.1 %	

The special products segment's revenues for the first six months of the 2011/12 financial year rose to € 896 (762) million. The higher revenues were mainly the result of the high sales revenues driven by elevated commodity prices together with excellent volume growth overall, especially in the starch division.

The special products segment's operating profit fell to € 67 (77) million in the first half of the fiscal year. Continuing commodity price increases began to have an impact in the second quarter. As expected, not all divisions have as yet been able to fully pass the increases on to the market.

Revenues and operating profit | CropEnergies segment

€ million	2nd quarter			1st half year		
	2011/12	2010/11	+/- in %	**2011/12**	2010/11	+/- in %
Revenues	130	111	16.4	253	200	26.7
EBITDA	22	23	-5.3	45	32	37.3
EBITDA margin	16.6 %	20.4 %		17.6 %	16.2 %	
Depreciation	-8	-8	1.3	-16	-15	3.3
Operating profit	14	15	-8.7	29	17	66.7
Operating margin	10.6 %	13.5 %		11.5 %	8.7 %	

The CropEnergies segment's revenues rose sharply to € 253 (200) million during the period under review. The growth was driven by higher ethanol and byproduct sales revenues as well as higher volumes.

CropEnergies' operating profit rose sharply to € 29 (17) million in the first six months of the financial year. While extensive maintenance and optimization work had been undertaken during the prior year's first quarter at both the Wanze and Zeitz factory, routine maintenance was distributed across the first and second quarter during the current financial year. This is why the significant profit rise in the first quarter was offset by a year-over-year profit decline during the second quarter. Significantly higher commodity costs were offset by higher ethanol and byproduct sales revenues.

Revenues and operating profit | Fruit segment

€ million	2nd quarter			1st half year		
	2011/12	2010/11	+/- in %	**2011/12**	2010/11	+/- in %
Revenues	224	211	6.2	461	435	6.1
EBITDA	22	18	24.9	47	40	20.6
EBITDA margin	9.9 %	8.4 %		10.3 %	9.0 %	
Depreciation	-8	-9	-5.7	-16	-18	-8.5
Operating profit	14	9	55.1	31	22	44.7
Operating margin	6.2 %	4.2 %		6.8 %	5.0 %	

The fruit segment's revenues grew to € 461 (435) million in the first quarter of the 2011/12 financial year. The growth was driven primarily by higher sales revenues, which were up as a result of higher commodity prices. However, volumes were lower than the high prior year's levels.

The segment's operating profit in the first six months was € 31 (22) million, sharply higher than the year prior and driven mainly by improved margins for fruit juice concentrates.

Income statement | Group

€ million	2nd quarter			1st half year		
	2011/12	2010/11	+/- in %	**2011/12**	2010/11	+/- in %
Revenues	**1,699**	**1,535**	**10.6**	**3,338**	**3,068**	**8.8**
Operating profit	163	133	23.0	347	282	23.3
Restructuring costs and special items	-10	-19	-46.3	-10	-20	-49.0
Income from operations	**153**	**114**	**34.5**	**337**	**262**	**28.7**
Income from companies consolidated at equity	-1	0	-	0	1	-92.3
Financial result	-40	-19	> 100	-59	-45	31.1
Earnings before income taxes	**112**	**95**	**18.6**	**278**	**218**	**27.7**
Taxes on income	-27	-23	20.4	-63	-53	19.6
Net earnings for the period	**85**	**72**	**18.0**	**215**	**165**	**30.3**
of which attributable to Südzucker AG shareholders	52	50	5.8	145	123	18.0
of which attributable to hybrid capital	7	7	0.0	13	13	0.0
of which attributable to minority interests	26	15	65.6	57	29	95.5
Earnings per share (€)	**0.28**	**0.27**	**3.7**	**0.76**	**0.65**	**16.9**

Income from operations of € 337 (262) million in the first six months of the 2011/12 financial year consisted of the **operating profit** of € 347 (282) million, which was sharply higher than the year prior, while the **result from restructuring and special items** was € -10 (-20) million. The latter was mainly attributable to the special products segment, where an accrual was increased by € 7 million in the BENEO division on account of market regulation risks. The year prior, the sugar segment's expenses related mainly to risks associated with value-added tax back payments for sugar deliveries to Italy from 1994 to 1995.

Income from companies consolidated at equity was less than last year at € 0 (1) million and includes the company's share of earnings from a joint-venture distributor.

The **financial result** deteriorated in the first six months of the 2011/12 financial year from € -45 million to € -59 million. The deterioration is primarily driven by unrealized currency exchange losses, particularly as a result of the weakening of Polish Zloty, together with lower security valuations. The net interest result improved.

After deducting **income taxes** in the amount of € 63 (53) million, **net earnings** were reported at € 215 (165) million.

The co-owners of the AGRANA and CropEnergies Groups account for most of the **other minority interests' share** of the net earnings of € 57 (29) million.

Earnings per share came in at € 0.76 (0.65). The calculation is based on the time-weighted average of 189.3 (189.4) million outstanding shares. The total number of treasury shares considered pro-rata temporis is 130,020.

Cash flow statement | Group

€ million	2nd quarter			1st half year		
	2011/12	2010/11	+/- in %	2011/12	2010/11	+/- in %
Cash flow	**158**	**134**	**18.0**	**349**	**269**	**29.6**
Change in working capital	**256**	**358**	**-28.5**	**38**	**267**	**-85.7**
Investments in fixed assets						
Sugar segment	35	36	-4.9	59	64	-8.2
Special products segment	18	14	35.6	30	28	9.7
CropEnergies segment	4	9	-60.4	9	11	-19.3
Fruit segment	8	5	67.3	16	8	100.0
Total investments in fixed assets	**65**	**64**	**1.2**	**114**	**111**	**3.0**
Investments in financial assets	**7**	**2**	**> 100**	**9**	**6**	**57.9**
Dividends paid	**-167**	**-142**	**18.0**	**-167**	**-142**	**17.6**

The **cash flow** increase of € 80 million to € 349 (269) million is due to the excellent growth in operating profit. The improved cash availability resulting from the seasonal reduction in working capital was € 38 (267) million, significantly below last year's level. This is primarily due to a slower decline in inventories, higher raw material inventories due to higher prices and an increase in trade receivables in the sugar segment.

The group's **investments in fixed assets** (including intangible assets) in the period from March 1 to August 31, 2011 totaled € 114 (111) million. The sugar segment invested € 59 (64) million, mainly for construction of the 70,000-tonne sugar silo in Tulln, Austria, relocation of a silo to the factory in Rain, Germany, and replacement investments. The special products segment invested € 30 (28) million; among other things, to pay for the construction of a wastewater treatment plant by BENEO at the site in Oreye, Belgium. Investments of € 9 (11) million by the CropEnergies segment went mainly toward improving the efficiencies of its production systems. The fruit segment's investments of € 16 (8) million were for a stainless steel container to transport fruit preparations and the new finished goods warehouse in Serpuchow, Russia and other items.

Investments in financial assets of € 9 (6) million related mainly to the fruit segment's acquisition of a 100 % interest (previously 50 %) in the joint-venture company Xianyang Andre Juice Co., Ltd., based in Xianyang City, China, during the second quarter. At the beginning of March 2011, the sugar segment's Südzucker Polska S.A., based in Breslau, Poland, had acquired two farming operations in Lewin Brzeski in southern Poland.

Balance sheet | Group

€ million	31.08.2011	31.08.2010	+/- in %
Assets			
Non-current assets	4,044	4,089	-1.1
Current assets	3,400	2,607	30.4
Total assets	**7,444**	**6,696**	**11.2**
Liabilities and shareholders' equity			
Shareholders' equity	3,779	3,578	5.6
Non-current liabilities	1,591	1,859	-14.4
Current liabilities	2,074	1,259	64.7
Total liabilities and shareholders' equity	**7,444**	**6,696**	**11.2**
Net financial debt	768	777	-1.1
Equity ratio	51 %	53 %	
Net financial debt as % of equity (Gearing)	20 %	22 %	

Non-current assets fell € 45 million to 4,044 (4,089), which is mainly the result of a decline in assets and lower deferred tax assets.

The increase of € 793 million in **current assets,** bringing the total to € 3,400 (2,607) million, is primarily due to an increase in cash and cash equivalents as well as short-term securities following the placement of the € 400-million Südzucker bond on March 22, 2011, but also higher inventories and trade receivables.

Shareholders' equity was higher than last year at € 3,779 (3,578) million; due to the increase in total assets, the equity ratio was lower than the year prior at 51 (53) %. During the period under review, Südzucker bought back 130,020 of its own shares for € 2.6 million. These were allocated to equity.

Non-current liabilities declined by € 268 million to € 1,591 (1,859) million. This decline was the result of moving the Südzucker bond, which has a face value of € 500 million and matures on February 27, 2012, from non-current to current liabilities. Offsetting this is the Südzucker bond with a face value of € 400 million placed on March 22, 2011, which is reported under non-current financial liabilities. The bond has a coupon rate of 4.125 % and matures on March 29, 2018. In addition, Südzucker has called the variable interest component of the promissory note, € 105 million, on October 17, 2011 and transferred the sum to current bank liabilities.

The increase of € 815 million in **current liabilities** resulted in a final total of € 2,074 (1,259) million. This is primarily because the Südzucker bond valued at € 500 million has been reclassified from non-current to current financial liabilities. In addition, current bank liabilities rose € 214 million to € 533 million. Of this amount, € 105 million is attributable to the reclassification of the variable interest-bearing component of the promissory note, which Südzucker has called on October 17, 2011.

Net financial debt was slightly lower than the year prior at € 768 (777) million. The ratio of net financial debt to equity improved from about 22 % to 20 %.

Employees | Group

	1st half year		
	2011/12	2010/11	+/- in %
Sugar segment	7,611	7,601	0.1
Special products segment	4,344	4,318	0.6
CropEnergies segment	308	305	1.0
Fruit segment	5,229	5,838	-10.4
Group total	**17,492**	**18,062**	**-3.2**

The average number of employees declined slightly to 17,492 (18,062) in the first six months of fiscal 2011/12, mainly due to the low demand for seasonal workers in the fruit segment in the Ukraine and Mexico.

Opportunities and risks

Südzucker uses an integrated system for early identification and monitoring of group-specific risks. The successful treatment of risks is based on achieving an appropriate balance between opportunities and risks. The company's risk culture is characterized by risk-aware behavior, clear responsibilities, independent risk controlling and internal audits.

Currently there are no risks that threaten the organization's continued existence, nor do we foresee any such risks.

Detailed information about the opportunities and risk management system and the group's risk situation can be found in the 2010/11 annual report in the "Opportunities and risks" section on pages 73 -80.

In view of the current confidence crisis in the capital markets, the overall risk of receivables default, product pricing and currency fluctuations have increased. The risk management system is continuously being enhanced to mitigate these risks.

Outlook

We continue to expect consolidated group revenues to rise to about € 6.5 billion in financial 2011/12 from € 6.2 billion in fiscal 2010/11. All segments are expected to contribute to the growth.

We still expect the group's operating profit to rise to over € 600 million. We expect that the major contribution to the higher profit will come from the sugar segment. Also for the CropEnergies segment we anticipate a significantly higher operating profit. We now expect the fruit segment's profit to be approximately the same as last year. We do not expect the special products segment to be able to match the high prior year's level on account of higher commodity prices.

The ongoing confidence crisis in the capital market and volatile commodity prices are making forecasting more difficult.

Sugar segment
We expect the sugar segment's revenues to rise in fiscal 2011/12. Lower exports, particularly in the first half of the year, will be more than offset by the expected sales revenue improvements and the opportunity to sell a limited amount of non-quota sugar from the 2010 campaign in the EU food market.

Temporary charges associated with the transition phase of the market regulation reforms were completely eliminated in the financial year 2010/11 just ended. However, balanced supply and demand conditions will continue to be of key importance going forward. The sustainable profit recovery in the quota sugar business resulted in an improvement in operating profit. In addition, operating profit received a one-time boost from the opportunity to export non-quota sugar during the first quarter of 2010/11 as a result of the bountiful harvest in 2009. Although this opportunity will not be repeated in financial 2011/12, the missing income was already compensated by the end of the first half of fiscal 2011/12. We are thus expecting operating profit for the overall 2011/12 financial year to improve substantially.

Special products segment
We are expecting the special product segment's 2011/12 revenues to again rise sharply, with contributions from all divisions.

However, we still do not expect the special products segment to be able to match the prior year's operating profit. The higher commodity costs will now impact the entire financial year. This will be partially offset by the positive impact of a further increase in volumes.

CropEnergies segment
According to the action plans of the EU member states, bioethanol demand is expected to grow steadily until 2020. Higher blend ratio targets and the introduction of E10 fuel in a number of member states, such as Germany, will further spur the EU's bioethanol demand in financial 2011/12. We expect the EU market to be increasingly served by European bioethanol producers due to the sustainability criteria established by the EU and the market conditions in the leading bioethanol markets of Brazil and the United States. Taking into consideration developments in the global crude oil and sugar markets, CropEnergies expects bioethanol prices to remain at current levels for the remainder of the 2011/12 financial year despite the anticipated strong sugar harvest in the EU.

Thanks to capacity expansion and productivity improvements, the CropEnergies segment will continue to grow profitably, even after the robust growth of the past few years. Given the success of the first half year, we expect revenues to rise significantly in 2011/12.

Provided higher commodity costs can continue to be offset by increased selling prices, we are expecting to be able to again boost operating profit significantly above the already elevated prior year's result.

Fruit segment

We are also expecting the fruit segment's revenues to rise. The growth in the fruit preparations division will be supported by sales revenue increases and volume development stabilization. The fruit juice concentrates division is expected to grow due to higher sales revenues driven by higher commodity costs. The planned merger with Ybbstaler Fruit Austria GmbH will generate additional growth, although the deal is not expected to be closed until about the end of the calendar year.

We expect the fruit segment's operating profit for 2011/12 to be approximately the same as last year. The substantial operating profit increase driven by higher sales revenues in the fruit juice concentrates division will be offset by declining operating profit in the fruit preparations division due to lower volumes and higher commodity costs.

Consolidated statement of comprehensive income

€ million	2nd quarter			1st half year		
	2011/12	2010/11	+/- in %	2011/12	2010/11	+/- in %
Income statement						
Revenues	**1,698.5**	**1,535.1**	**10.6**	**3,337.5**	**3,068.0**	**8.8**
Change in work in progress and finished goods inventories and internal costs capitalized	-311.3	-353.1	-11.8	-616.1	-755.7	-18.5
Other operating income	21.2	22.1	-4.1	35.1	51.0	-31.2
Cost of materials	-828.9	-676.2	22.6	-1,596.8	-1,281.9	24.6
Personnel expenses	-170.7	-162.1	5.3	-344.0	-328.2	4.8
Depreciation	-48.5	-47.6	1.9	-95.9	-90.4	6.1
Other operating expenses	-207.2	-204.4	1.4	-382.5	-400.7	-4.5
Income from operations	**153.1**	**113.8**	**34.5**	**337.3**	**262.1**	**28.7**
Income from companies consolidated at equity	-1.2	0.2	-	0.1	1.3	-92.3
Financial income	2.0	14.3	-86.0	14.3	22.4	-36.2
Financial expense	-41.5	-33.5	23.9	-73.9	-68.3	8.2
Earnings before income taxes	**112.4**	**94.8**	**18.6**	**277.8**	**217.5**	**27.7**
Taxes on income	-27.2	-22.6	20.4	-62.9	-52.6	19.6
Net earnings for the period	**85.2**	**72.2**	**18.0**	**214.9**	**164.9**	**30.3**
of which attributable to Südzucker AG shareholders	53.1	50.2	5.8	144.7	122.6	18.0
of which attributable to hybrid capital	6.6	6.6	0.0	13.1	13.1	0.0
of which attributable to minority interests	25.5	15.4	65.6	57.1	29.2	95.5
Earnings per share (€)	**0.28**	**0.27**	**3.7**	**0.76**	**0.65**	**16.9**
Dilusion effect	-0.01	-0.02	-50.0	-0.03	-0.03	0.0
Diluted earnings per share (€)	0.27	0.25	8.0	0.73	0.62	17.7
Statement of income and expenses recognized directly in equity						
Net earnings for the period	**85.2**	**72.2**	**18.0**	**214.9**	**164.9**	**30.3**
Market value of hedging instruments (cash flow hedge) after deferred taxes	-15.0	5.5	-	-9.7	4.0	-
Market value of securities (available for sale) after deferred taxes	-1.7	0.1	-	-1.9	0.4	-
Exchange differences on net investments in foreign operations after deferred taxes	-4.0	1.4	-	-3.6	-0.4	> 100
Market valuations and exchange differences on net investments	**-20.7**	**7.0**	**-**	**-15.2**	**4.0**	**-**
Foreign currency differences from consolidation	-19.2	0.9	-	-23.2	33.7	-
Other comprehensive income	**-39.9**	**7.9**	**-**	**-38.4**	**37.7**	**-**
Comprehensive income	**45.3**	**80.1**	**-43.4**	**176.5**	**202.6**	**-12.9**
of which attributable to Südzucker AG shareholders	21.4	63.2	-66.1	112.7	157.6	-28.5
of which attributable to hybrid capital	6.6	6.6	0.0	13.1	13.1	0.0
of which attributable to minority interest	17.3	10.3	68.0	50.7	31.9	58.9

Consolidated cash flow statement

€ million	1st half year	
	2011/12	2010/11
Net earnings for the period	214.9	164.9
Depreciation and amortization of intangible assets, fixed assets and other investments	95.9	90.3
Decrease (-)/Increase (+) in non-current provisions and deferred tax liabilities and increase (-)/decrease (+) in deferred tax assets	28.6	6.7
Other income (-)/expenses (+) not affecting cash	9.6	7.3
Cash flow from operating activities	**349.0**	**269.2**
Gain (-)/Loss (+) on disposal of items included in non-current assets and of securities	-2.2	-0.9
Decrease (-)/Increase (+) in current provisions	-7.5	25.8
Decrease (-)/Increase (+) in inventories, receivables and other current assets	394.6	666.8
Decrease (-)/Increase (+) in liabilities (excluding financial liabilities)	-348.9	-425.8
Decrease (-)/Increase (+) in working capital	**38.2**	**266.8**
I. Net cash flow from operating activities	**385.0**	**535.1**
Investments in fixed assets and intangible assets	-113.8	-110.5
Investments in financial assets	-9.0	-5.7
Investments	**-122.8**	**-116.2**
Cash received on disposal of non-current assets	8.2	7.7
Cash paid (-)/received (+) for the purchase / sale of securities	-328.0	-82.3
II. Cash flow from investing activities	**-442.6**	**-190.8**
Capital decrease (-)/increase (+)	-2.6	0.0
Dividends paid	-167.4	-142.3
Repaiment (-)/Refund (+) of financial liabilities	517.0	-348.5
III. Cash flow from financing activities	**347.0**	**-490.8**
IV. Change in cash and cash equivalent (total of I., II. und III.)	**289.4**	**-146.5**
Change in cash and cash equivalents due to exchange rate changes	-6.7	2.5
due to changes in entities included in consolidation	0.0	-0.6
Decrease (-)/Increase (+) in cash and cash equivalents	**282.7**	**-144.6**
Cash and cash equivalents at the beginning of the period	250.0	357.3
Cash and cash equivalents at the end of the period	**532.7**	**212.7**

Consolidated balance sheet

€ million	31.08.2011	31.08.2010	+/- in %	28.02.2011	+/- in %
Assets					
Intangible assets	1,193.1	1,186.8	0.5	1,188.1	0.4
Fixed assets	2,560.8	2,592.5	-1.2	2,554.9	0.2
Shares in companies consolidated at equity	11.0	15.6	-29.5	11.1	-0.9
Other investments and loans	32.8	27.6	18.8	32.4	1.2
Securities	105.6	106.2	-0.6	105.4	0.2
Receivables and other assets	25.2	27.6	-8.7	29.1	-13.4
Deferred tax assets	115.4	133.0	-13.2	126.3	-8.6
Non-current assets	**4,043.9**	**4,089.3**	**-1.1**	**4,047.3**	**-0.1**
Inventories	1,166.5	1,025.9	13.7	1,708.9	-31.7
Trade receivables	912.2	740.9	23.1	719.2	26.8
Other assets	290.6	291.5	-0.3	360.6	-19.4
Current tax receivables	19.2	17.6	9.1	23.6	-18.6
Securities	478.7	317.7	50.7	150.8	> 100
Cash and cash equivalents	532.7	212.7	> 100	250.0	> 100
Current assets	**3,399.9**	**2,606.3**	**30.4**	**3,213.1**	**5.8**
Total assets	**7,443.8**	**6,695.6**	**11.2**	**7,260.4**	**2.5**
Liabilities and shareholders' equity					
Subscribed capital	189.2	189.4	-0.1	189.4	-0.1
Capital reserves	1,189.3	1,189.3	0.0	1,189.3	0.0
Revenue reserves	1,090.7	960.5	13.6	1,086.3	0.4
Equity attributable to shareholders of Südzucker AG	**2,469.2**	**2,339.2**	**5.6**	**2,465.0**	**0.2**
Hybrid capital	683.9	683.9	0.0	683.9	0.0
Other minority interests	626.0	554.7	12.9	594.7	5.3
Shareholders' equity	**3,779.1**	**3,577.8**	**5.6**	**3,743.6**	**0.9**
Provisions for pensions and similar obligations	402.7	412.9	-2.5	397.8	1.2
Other provisions	160.5	175.4	-8.5	167.6	-4.2
Non-current financial liabilities	824.6	1,082.5	-23.8	547.8	50.5
Other liabilities	14.0	13.3	5.3	14.3	-2.1
Deferred tax liabilities	188.7	174.5	8.1	178.1	6.0
Non-current liabilities	**1,590.5**	**1,858.6**	**-14.4**	**1,305.6**	**21.8**
Other provisions	180.6	129.1	39.9	188.1	-4.0
Current financial liabilities	1,060.0	330.6	> 100	811.9	30.6
Trade payables and other liabilities	413.9	433.0	-4.4	813.7	-49.1
Other liabilities	378.1	328.3	15.2	365.7	3.4
Current tax liabilities	41.6	38.2	8.9	31.8	30.8
Current liabilities	**2,074.2**	**1,259.2**	**64.7**	**2,211.2**	**-6.2**
Total liabilities and shareholders' equity	**7,443.8**	**6,695.6**	**11.2**	**7,260.4**	**2.5**
Net financial debt	767.6	776.5	-1.1	853.5	-10.1
Equity ratio	50.8 %	53.4 %		51.6 %	
Net financial debt as % of equity (Gearing)	20.3 %	21.7 %		22.8 %	

Consolidated statement of changes in shareholders´ equity

€ million	Equity of Südzucker AG shareholders	Hybrid capital	Other minority interests	Shareholders' equity
March 1, 2011	**2,465.0**	**683.9**	**594.7**	**3,743.6**
Market valuations and exchange differences on net investments	-14.6	0.0	-0.6	-15.2
Foreign currency transalation differences from consolidation	-17.4	0.0	-5.8	-23.2
Income and expenses directly recognized in equity	**-32.0**	**0.0**	**-6.4**	**-38.4**
Net earnings for the period	144.7	13.1	57.1	214.9
Comprehensive income	**112.7**	**13.1**	**50.7**	**176.5**
Distributions	-104.1	-13.1	-26.6	-143.8
Capital increase/decrease	-2.6	0.0	0.0	-2.6
Other changes	-1.8	0.0	7.2	5.4
August 31, 2011	**2,469.2**	**683.9**	**626.0**	**3,779.1**
March 1, 2010	**2,270.5**	**683.9**	**545.8**	**3,500.2**
Market valuations and exchange differences on net investments	2.8	0.0	1.2	4.0
Foreign currency transalation differences from consolidation	32.2	0.0	1.5	33.7
Income and expenses directly recognized in equity	**35.0**	**0.0**	**2.7**	**37.7**
Net earnings for the period	122.6	13.1	29.2	164.9
Comprehensive income	**157.6**	**13.1**	**31.9**	**202.6**
Distributions	-85.2	-13.1	-20.4	-118.7
Capital increase/decrease	0.0	0.0	0.0	0.0
Other changes	-3.7	0.0	-2.6	-6.3
August 31, 2010	**2,339.2**	**683.9**	**554.7**	**3,577.8**

Segment report

€ million	2nd quarter			1st half year		
	2011/12	2010/11	+/- in %	2011/12	2010/11	+/- in %
Südzucker Group						
Gross revenues	1,769.3	1,604.6	10.3	3,473.1	3,200.0	8.5
Consolidation	-70.8	-69.5	1.9	-135.6	-132.0	2.7
Revenues	1,698.5	1,535.1	10.6	3,337.5	3,068.0	8.8
EBITDA	210.9	180.5	16.8	442.2	376.2	17.5
EBITDA margin	12.4 %	11.8 %		13.2 %	12.3 %	
Depreciation	-47.6	-47.7	-0.2	-95.0	-94.7	0.3
Operating profit	163.3	132.8	23.0	347.2	281.5	23.3
Operating margin	9.6 %	8.7 %		10.4 %	9.2 %	
Restructuring costs and special items	-10.2	-19.0	-46.3	-9.9	-19.4	-49.0
Income from operations	153.1	113.8	34.5	337.3	262.1	28.7
Investments in fixed assets	64.9	64.1	1.2	113.8	110.5	3.0
Investments in financial assets	6.9	2.0	> 100	9.0	5.7	57.9
Capital Employed				5,335.7	5,136.5	3.9
Average number of employees				17,492	18,062	-3.2
Sugar segment						
Gross revenues	943.9	871.5	8.3	1,812.1	1,753.2	3.4
Consolidation	-44.7	-43.5	2.8	-84.9	-81.3	4.4
Revenues	899.2	828.0	8.6	1,727.2	1,671.9	3.3
EBITDA	121.5	84.6	43.6	245.8	190.6	29.0
EBITDA margin	13.5 %	10.2 %		14.2 %	11.4 %	
Depreciation	-12.9	-12.7	1.6	-25.7	-25.3	1.6
Operating profit	108.7	72.0	51.0	220.0	165.3	33.1
Operating margin	12.1 %	8.7 %		12.7 %	9.9 %	
Restructuring costs and special items	-2.6	-18.0	-85.6	-2.2	-18.4	-88.0
Income from operations	106.3	54.1	96.5	218.0	147.0	48.3
Investments in fixed assets	34.8	36.6	-4.9	58.2	63.4	-8.2
Investments in financial assets	1.4	1.3	7.7	3.5	5.0	-30.0
Capital Employed				2,771.8	2,662.2	4.1
Average number of employees				7,611	7,601	0.1
Special products segment						
Gross revenues	458.6	401.3	14.3	923.8	797.5	15.8
Consolidation	-12.6	-16.1	-21.7	-27.9	-35.7	-21.8
Revenues	446.0	385.2	15.8	895.9	761.8	17.6
EBITDA	45.8	55.5	-17.5	104.5	113.9	-8.3
EBITDA margin	10.3 %	14.4 %		11.7 %	15.0 %	
Depreciation	-18.7	-18.6	0.5	-37.7	-36.8	2.4
Operating profit	27.1	36.9	-26.6	66.8	77.1	-13.4
Operating margin	6.1 %	9.6 %		7.5 %	10.1 %	
Restructuring costs and special items	-6.5	-1.2	> 100	-6.5	-1.2	> 100
Income from operations	20.5	35.7	-42.6	60.2	75.9	-20.7
Investments in fixed assets	18.3	13.5	35.6	30.4	27.7	9.7
Investments in financial assets	0.0	0.7	-100.0	0.0	0.7	-100.0
Capital Employed				1,324.3	1,282.9	3.2
Average number of employees				4,344	4,318	0.6

€ million	2nd quarter			1st half year		
	2011/12	2010/11	+/- in %	**2011/12**	2010/11	+/- in %
CropEnergies segment						
Gross revenues	143.1	121.2	18.1	275.2	214.7	28.2
Consolidation	-13.5	-9.9	36.4	-22.0	-14.9	47.7
Revenues	129.6	111.3	16.4	253.2	199.8	26.7
EBITDA	21.5	22.7	-5.3	44.5	32.4	37.3
EBITDA margin	16.6 %	20.4 %		17.6 %	16.2 %	
Depreciation	-7.7	-7.6	1.3	-15.5	-15.0	3.3
Operating profit	13.7	15.0	-8.7	29.0	17.4	66.7
Operating margin	10.6 %	13.5 %		11.5 %	8.7 %	
Restructuring costs and special items	0.3	0.2	50.0	0.2	0.2	0.0
Income from operations	14.0	15.1	-7.3	29.2	17.5	66.9
Investments in fixed assets	3.6	9.1	-60.4	9.2	11.4	-19.3
Investments in financial assets	0.0	0.0	-	0.0	0.0	-
Capital Employed				522.6	523.3	-0.1
Average number of employees				308	305	1.0
Fruit segment						
Gross revenues	223.7	210.6	6.2	462.0	434.6	6.3
Consolidation	0.0	0.0	-	-0.8	-0.1	> 100
Revenues	223.7	210.6	6.2	461.2	434.5	6.1
EBITDA	22.1	17.7	24.9	47.4	39.3	20.6
EBITDA margin	9.9 %	8.4 %		10.3 %	9.0 %	
Depreciation	-8.3	-8.8	-5.7	-16.1	-17.6	-8.5
Operating profit	13.8	8.9	55.1	31.4	21.7	44.7
Operating margin	6.2 %	4.2 %		6.8 %	5.0 %	
Restructuring costs and special items	-1.4	0.0	-	-1.4	0.0	-
Income from operations	12.3	8.9	38.2	29.9	21.7	37.8
Investments in fixed assets	8.2	4.9	67.3	16.0	8.0	100.0
Investments in financial assets	5.5	0.0	-	5.5	0.0	-
Capital Employed				717.0	668.1	7.3
Average number of employees				5,229	5,838	-10.4

Principles for the preparation of the consolidated interim financial statements

Südzucker Group's interim financial statements as of August 31, 2011 were prepared in accordance with the rules on interim financial reporting pursuant to IAS 34 (Interim Financial Reporting), in conformance with the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB). Südzucker AG's consolidated financial statements dated August 31, 2011 have been condensed as per IAS 34. These interim consolidated financial statements have been authorized for issue by the executive board as of October 12, 2011.

The standards and interpretations that came into effect for the first time in the 2011/12 financial year were applied for the first time in preparing these interim financial statements. The amended standard had no impact on the financial statements or the asset, financial and earnings position of the group. The same accounting and valuation methods as those used to prepare the consolidated financial statements dated February 28, 2011 were applied for the remainder of this interim report. The relevant explanatory notes on pages 96 to 101 of the 2010/11 annual report thus also apply here.

Income taxes were calculated on the basis of local corporate income tax rates in consideration of the income tax forecast for the entire business year.

Sugar is primarily produced in the months of September to December. This is why depreciation on equipment used for the campaign is primarily applied to the third quarter results. The material, personnel and other operating expenses incurred prior to the sugar campaign to prepare for production are now itemized over the course of the fiscal year under the respective expense type and capitalized under inventories as work in progress. The prorated prior year's period was adjusted accordingly.

Südzucker's annual report for 2010/11 can be viewed or downloaded at www.suedzucker.de/de/Investor-Relations/ and/or www.suedzucker.de/en/Investor-Relations/.

Scope of consolidation

As of the end of the first half of fiscal 2011/2012, the scope of consolidation included 157 companies in addition to Südzucker AG (end of fiscal 2010/11: 151 companies). Proportionate consolidation was applied to eight (ten) companies and the equity method continues to be applied to one company.

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

The net assets of 100 % of Xianyang Andre Juice Co., Ltd. at the time of the initial full consolidation and the goodwill arising from the acquisition based on a preliminary balance sheet is shown in the following:

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

The goodwill of € 4.5 million arising from the overall transaction upon initial consolidation of Yongji Andre Juice Co., Ltd. increased total goodwill by € 10.6 million and resulted in a loss of € 1.4 million, which was reported under other operating expenses.

Südzucker and British commodities trading company ED&F Man, London, Great Britain, reached an agreement on May 18, 2011, under the terms of which Südzucker will acquire a twenty-five percent stake in ED&F Man as part of a capital increase. Since the transaction is still subject to approval by the antitrust authorities, it has not been included in the interim report. The purchase price of USD 255 million is due upon receipt of approval from the competition authorities. The EU commission was notified of the merger on September 19, 2011.

Earnings per share

The calculation of earnings per share according to IAS 33 from March 1 to August 31, 2011 is based on a time-weighted average of 189.3 million shares outstanding. The total number of treasury shares considered pro-rata temporis is 130,020. Earnings per share came in at € 0.28 for the second quarter and € 0.76 for the first half of the fiscal year. No holders of the convertible bond issued on June 30, 2009 exercised conversion rights during the reporting period. Assuming total conversion to shares, the diluted earnings per share were € 0.27 per share for the second quarter and € 0.73 per share for the first half year. The calculation is based on the theoretical conversion of 15 million shares or a total of 204.3 million shares.

Inventories

€ million August 31	2011	2010
Raw materials and supplies	409.5	338.5
Work in progress and finished goods		
Sugar segment	396.3	386.6
Special products segment	158.2	133.0
CropEnergies segment	16.5	19.4
Fruit segment	87.2	74.4
Total of work in progress and finished goods	658.2	613.4
Merchandise	98.8	74.0
	1,166.5	**1,025.9**

Inventories are significantly higher than the year prior at € 1,166.5 (1,025.9) million, mainly due to the price- and volume-driven increase in raw materials and operating supplies to € 409.5 million from € 338.5 million in the sugar, special products and fruit segments. The sugar segment itemizes the material, personnel and other operating expenses incurred prior to the sugar campaign in preparation for production over the course of the fiscal year under the respective expense type and capitalizes them under inventories as work in progress. Last financial year an accrual was formed during the fiscal year under other assets and was not utilized under the respective expense type until the campaign was underway. The prior year's item was adjusted as per the current procedure. The increase in commodities from € 74.0 million to € 98.8 million is mainly attributable to the sugar segment and reflects the increased trading activities.

Trade receivables and other assets

		Remaining term			Remaining term	
€ million August 31	2011	to 1 year	over 1 year	2010	to 1 year	over 1 year
Trade receivables	**912.2**	912.2	0.0	**740.9**	740.9	0.0
Receivables due from the EU from export recoveries	**9.1**	9.1	0.0	**4.7**	4.7	0.0
Other taxes recoverable	**93.5**	93.5	0.0	**78.2**	78.2	0.0
Positive market value derivatives	**12.1**	12.1	0.0	**11.5**	11.5	0.0
Other financial assets	**100.1**	86.0	14.1	**121.8**	108.0	13.8
Other non-financial assets	**101.0**	89.9	11.1	**102.9**	89.1	13.8
	1,228.0	**1,202.8**	**25.2**	**1,060.0**	**1,032.4**	**27.6**

The € 171.3 million increase in trade receivables to € 912.2 (740.9) million applies mainly to the sugar segment.

Trade payables and other liabilities

€ million August 31	2011	Remaining term to 1 year	Remaining term over 1 year	2010	Remaining term to 1 year	Remaining term over 1 year
Liabilities to beet growers	**20.2**	20.2	0.0	**30.3**	30.3	0.0
Liabilities to other trade trade payables	**393.7**	393.7	0.0	**402.7**	402.7	0.0
Trade payables	**413.9**	413.9	0.0	**433.0**	433.0	0.0
Liabiliities for production levy	**0.8**	0.8	0.0	**0.9**	0.9	0.0
Liabilities for personnel expenses	**86.0**	85.3	0.7	**79.7**	79.0	0.7
Liabilities for other taxes and social security contributions	**63.5**	63.5	0.0	**49.2**	49.2	0.0
Negative market value derivatives	**17.5**	17.5	0.0	**17.4**	17.4	0.0
Other liabilities	**216.6**	203.3	13.3	**185.3**	172.7	12.6
On-account payments received on orders	**7.7**	7.7	0.0	**9.1**	9.1	0.0
	806.0	**792.0**	**14.0**	**774.6**	**761.3**	**13.3**

Financial liabilities, securities and cash (net financial debt)

€ million August 31	2011	Remaining term to 1 year	Remaining term over 1 year	2010	Remaining term to 1 year	Remaining term over 1 year
Bonds	**1,172.0**	526.7	645.3	**767.1**	11.7	755.4
(of which convertible)	**236.6**	0.0	236.6	**235.5**	0.0	235.5
Liabilities to banks	**712.3**	533.2	179.1	**645.6**	318.8	326.8
Liabilities from finance leasing	**0.3**	0.1	0.2	**0.4**	0.1	0.3
Financial liabilities	**1,884.6**	**1,060.0**	**824.6**	**1,413.1**	**330.6**	**1,082.5**
Securities (non-current assets)	-105.6			-106.2		
Securities (current assets)	-478.7			-317.7		
Cash and cash equivalents	-532.7			-212.7		
Net financial debt	767.6			776.5		

Financial liabilities totaled € 1,884.6 (1,413.1) million, € 471.5 million higher than the year prior. On March 22, 2011, Südzucker placed a bond with a face value of € 400 million. This bond has a coupon of 4.125 %, matures on March 29, 2018 and is reflected in the higher level of cash and cash equivalents. The Südzucker bond that matures on February 27, 2012 and has a face value of € 500 million has been transferred from non-current to current liabilities. In addition, Südzucker repaid the variable interest component of the promissory note, € 105 million, on October 17, 2011 and reported the sum under current bank liabilities.

Related parties

The related parties described in the 2010/11 annual report under item (36) in the notes remain unchanged.

Personnel changes on the supervisory board

At the end of the annual general meeting on July 21, 2011, Mr. Ludwig Eidmann, residing in Groß-Umstadt, resigned from the supervisory board in order to retire. Mr. Ralf Hentzschel, a resident of Panschwitz-Kuckau, was elected in his place as a supervisory board share-holder representative for the remaining term of the current supervisory board; i.e., to the end of the annual general meeting at which the decision on ratification for the 2011/12 financial year is made. In its meeting of July 20, 2011, the supervisory board elected Dr. Jochen Fenner, a resident of Gelchsheim, as Mr. Ludwig Eidmann's successor on the audit committee, the agricultural committee and the social committee. In the audit committee meeting of July 21, 2011 immediately following the annual general meeting, Dr. Jochen Fenner was elected to succeed Mr. Ludwig Eidmann as the chair of the audit committee.

Responsibility statement

To the best of our knowledge, and in accordance with the applicable reporting principles for proper interim financial reporting the interim consolidated financial statements give a true and fair view of the assets, financial position and profit or loss of the group, and the interim management report of the group includes a fair review of the development and performance of the business and the position of the group, together with a description of the principal opportunities and risks associated with the expected development of the group for the remaining months of the financial year.

Mannheim, October 12, 2011
Südzucker Aktiengesellschaft Mannheim/Ochsenfurt
The executive board

Dr. Heer Dr. Kirchberg Kölbl Prof. Dr. Kunz Marihart

Forward looking statements/forecasts

This interim report contains forward looking statements based on assumptions and estimates made by the executive board of Südzucker AG. Although the executive board may be convinced that these assumptions and estimates are reasonable, future actual developments and future actual results may vary considerably from the assumptions and estimates due to many external and internal factors. For example, matters to be mentioned in this connection include negotiations relating to the world trade agreement (WTA), changes to the overall economic situation, changes to EU sugar policies, consumer behavior and state food and energy policies. Südzucker AG assumes no responsibility and accepts no liability for future developments and future actual results achieved being the same as the assumptions and estimates included in this interim report.

SÜDZUCKER AG

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Südzucker on the Internet

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Published by

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