

SÜDZUCKER AG MANNHEIM/OCHSENFURT
MANAGEMENT REPORT AND FINANCIAL STATEMENTS
DATED FEBRUARY 28, 2013 (German GAAP – HGB)



SÜDZUCKER

The annual report is also available in German. This translation is provided for convenience only and should not be relied upon exclusively. The German version of the annual report is definitive and takes precedence over this translation.

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

REPORT OF THE SUPERVISORY BOARD

Dear shareholders,

Trends usually shift faster than we can grasp. Megatrends on the other hand are different, in that they will keep us busy for long term. These include the continuing expansion of the world's population, which consumes ever-increasing volumes and types of raw materials to satisfy its needs. The increasing scarcity of raw materials and the associated price swings affect Südzucker Group directly and indirectly. After all, the business model in each of our segments is based on agriculture materials. It was only logical then, that availability of diverse agriculture materials continued to be a dominant topic of discussion at the supervisory board level last year.

Developments in the international sugar market in the past few years have shown that stable general conditions are essential to achieving a high degree of supply security for European processors and consumers. In spite of this, the EU Commission recommended that the quota and minimum beet price regulations be allowed to expire as of September 30, 2015, which among other things, could significantly impact the availability of raw material beets. Raw material supply reliability and availability, as well as price volatility, are also very important to the company's other segments. But we are aware of our special responsibility here and that we must handle raw materials in a sustainable way. The discussions between the executive board and the supervisory board last year addressed these issues, focused on the company's growth and set the stage for the future.

We also set the strategic direction in the personnel area. Professor Dr. Markwart Kunz, who among other things is responsible for production/engineering and research/development/services at the company, will retire at the end of this year's annual general meeting, scheduled for August 1, 2013. As part of our long-range succession planning program and to prepare for his departure, we had already appointed Dr. Lutz Guderjahn to the executive board last July. He will successively assume the duties of Professor Kunz, whom we would like to recognize and thank at this juncture for his many years of excellent service. Dr. Guderjahn was most recently the CEO of Südzucker's subsidiary CropEnergies AG, where he was responsible for establishing the group's bioethanol segment. We wish him continued success and the occasionally necessary good fortune as he assumes his new role.

Again in fiscal 2012/13, we continued to work on the basis of mutual trust and in the spirit of a goal-oriented team with the executive board and extensively discussed the impact of the general framework and the strategic development of the company. In doing so, we concentrated on the tasks for which we are responsible by law, the company's articles of association and the rules of procedure: to monitor and advise the executive board in the management of the company.

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

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

Supervisory board meetings and decisions | The supervisory board met with the executive board at five ordinary meetings in fiscal 2012/13 and adopted four resolutions via written correspondence. The supervisory board approved all of the executive board's decisions after a thorough review and discussions.

In April 2012, the supervisory board approved in writing one proposed participation and one financing project.

The meeting regarding the balance sheet on May 14, 2012 dealt with the audit and endorsement of Südzucker AG's financial statements and the consolidated financial statements dated February 29, 2012. The auditor reported on the material findings and results of the audit, which also included the accounting-system-related internal control systems. The supervisory board approved the annual and consolidated financial statements after discussing them in detail. In this meeting, the board also dealt with the agenda and proposed resolutions for the 2012 annual general meeting, including the proposed candidates for the reelection of the supervisory board. It also approved three investment projects and one planned partial acquisition. The supervisory board extended Dr. Heer's appointment to the executive board for additional five years.

In June 2012, the supervisory board approved a proposed partial acquisition by written correspondence.

In its meeting of July 18, 2012, the supervisory board approved the amended resolution proposal for the annual general meeting related to the appropriation of retained earnings. The mid-range plan was presented and discussed. The supervisory board also approved the investment plan for 2013/14, the long-term investment program and previously unbudgeted investments.

In its meeting on July 19, 2012, a new supervisory board was elected. The chair of the supervisory board and his two deputies were reelected and the committees were formed.

In October 2012, the supervisory board approved a financing proposal by written correspondence.

The earnings projections for 2012/13 were presented at the board's November 20, 2012 meeting. Corporate governance issues were discussed as always during the November meeting. In addition, the board conducted its annual test of effectiveness. It approved the declaration of compliance for 2012 and confirmed the diversity goals for its composition. It also endorsed two financing proposals, two investment projects and approved a property project. The supervisory board subsequently adjusted the executive board's compensation and named Dr. Heer CEO of the company.

The update earnings projections for 2012/13 were presented to the supervisory board at its January 29, 2013 meeting. The supervisory board approved one proposed investment and one financing proposal. The rules of procedure for the executive board and the assigned duties were revised.

One member was absent at each of the supervisory board's meetings on May 14, July 18, July 19 and November 20, 2012 and three members were excused at the January 29, 2013 meeting. Otherwise, all supervisory board members personally attended the meetings.

Supervisory board committees | The supervisory board set up five committees to fulfill its duties efficiently (executive committee, mediation committee, audit committee, agricultural committee and economic and social committee), each of which is made up of an equal number of shareholders' and employees' representatives.

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

The supervisory board executive committee met once in fiscal 2012/13. The board dealt with a preliminary plan for the revised executive remuneration at its November 20, 2012 meeting.

The audit committee convened five times during the year, in three meetings and two telephone conferences. At its May 3, 2012 meeting and in the presence of the external auditors it discussed in detail 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 its meeting of July 19, 2012 following the annual general meeting, the audit committee appointed the external auditors and evaluated the main items of the pending external audit for 2012/13. In the October 8, 2012 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 July 10, 2012 and January 8, 2013, the audit committee discussed the Q1 and Q3 quarterly reports with the executive board in depth.

One member was absent at the audit committee meeting on May 3, 2012 and two members were excused at each of the meetings on July 19, 2012, October 9, 2012 and January 8, 2013.

The agricultural committee met on December 13, 2012. Topics on the agenda included a business update on the agricultural/commodity markets division, the Rackwitz biogas project, the situation in the commodity markets and the Common market agricultural policy in the EU from 2014 onward.

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

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

Supervisory board effectiveness test | In accordance with paragraph 5.6 of the German Corporate Governance Code, the supervisory board again conducted a test of effectiveness. This is done annually using a questionnaire, with no outside assistance. Each year, the questionnaire is revised according to the latest changes to the code. The questionnaires were assessed in the meeting on November 20, 2012, 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 January 24, 2013, the executive board, external auditor, chairman of the supervisory board and audit committee sat for the regular fraud review meeting. One of the topics addressed in detail at the meeting were the irregularities at AGRANA Fruit Mexico, including preparation of a summary of the facts surrounding the case, the steps taken to date and anti-fraud management. These same topics were also tabled at separate supervisory board and audit committee meetings.

Corporate governance | A detailed description of corporate governance at Südzucker, including the wording of the supervisory board's diversity goals for its future composition and the declaration of compliance for 2012 issued by the executive and supervisory boards, can be reviewed in the corporate governance report. In addition, all relevant information is available on the Internet at www.suedzucker.de/en/Investor-Relations/Corporate-Governance/.

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

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

Financial statements | PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft (PwC), Frankfurt am Main, was selected by the shareholders at the annual general meeting at the recommendation of the supervisory board. The auditor has reviewed the financial statements and management report of Südzucker AG for fiscal 2012/13, the recommendation of the executive board for appropriation of retained earnings and the consolidated financial statements and management report for 2012/13, and issued an unqualified audit opinion on each of them. The auditor also confirmed that the executive board suitably complied with its duties as outlined in article 91, paragraph 2 of the German Stock Corporation Act (AktG). In particular, it established an appropriate information and monitoring system that meets the needs of the company and that appears suitable for early detection of developments that may threaten the company's survival.

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

The documents to be audited and the audit reports were sent to each supervisory board member in a timely manner. The auditor participated in the audit committee's May 6, 2013 meeting and in the supervisory board's financial review meeting of May 15, 2013 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 May 15, 2013, 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 € 0.90 per share.

Board members | The term of office of all supervisory board members ended at the close of Südzucker's annual general meeting of July 19, 2012. The term of office of the new supervisory board; that is, the employee and union representatives elected by the employees on April 19, 2012, and the shareholder

representatives elected by the shareholders at the annual general meeting on July 19, 2012, extends until the adjournment of the 2017 annual general meeting, at which shareholders will vote on ratifying the actions of the board members for fiscal 2016/17.

All former shareholder representatives were reelected to the supervisory board at the 2012 annual general meeting.

Two new employee representatives were elected to replace departing members of the board. Mr. Klaus Kohler of Bad Friedrichshall stepped down from the supervisory board at the close of the July 19, 2012 annual general meeting; Mr. Yüksel Gediagac, Berlin, Chairman of the Works Council of Freiburger Lebensmittel GmbH & Co. Produktions- und Vertriebs KG, was newly elected to the panel. Mr. Roland Werner from Saxdorf retired on February 28, 2013 and stepped down from the supervisory board; Mr. Rolf Wiederhold from Wabern, chairman of the Works Council of the Wabern plant of Südzucker, who had been elected as his replacement at the employee elections in 2012, took his place on that date.

The supervisory board sincerely thanks Messrs Kohler and Werner for their long-standing commitment to the company's wellbeing.

At the constituent meeting of the supervisory board on July 19, 2012, Dr. Hans-Jörg Gebhard was elected chairman and Mr. Franz-Josef Möllenberg and Dr. Christian Konrad were elected as deputy chairs of the supervisory board.

Dr. Lutz Guderjahn was nominated as a full member of the executive board for a term of five years effective July 17, 2012. The speaker of the executive board, Dr. Wolfgang Heer, was named CEO by the supervisory board effective November 20, 2012.

Mannheim, May 15, 2013

On behalf of the supervisory board



Dr. Hans-Jörg Gebhard

Chairman

SÜDZUCKER AG MANNHEIM/OCHSENFURT MANAGEMENT REPORT FOR FISCAL 2012/13

CORPORATE STRATEGY AND GUIDING PRINCIPLES

Who we are

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

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

Our guiding principles

Our aim is to compete fairly, set benchmarks in our business fields and continue to be successful by innovating, delivering high quality, excellent service and reliability.

We have a long-standing tradition of conducting business sustainably – from the farming methods we apply to all commodities to our processes along the entire value added chain.

We strive to be a responsible employer helping its employees to fulfill their potential and valuing their individual personalities. The solid experience and expertise in marketing, sales and logistics we gain thereby make us a reliable partner.

We strengthen Südzucker Group's innovation power with our own research and development and by cooperating with other parties.

In the capital markets, we stand for transparency and an open dialogue with all stakeholders.

Our strategy

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

We aligned our business fields early with the rising demand for agricultural commodities, food, animal feed and energy. The steadily growing global population and especially the changing dietary habits in the emerging nations due to rising incomes will continue to be growth drivers and offer new prospects. We want both our traditional sugar division and our other business operations to take advantage of the arising opportunities, either through organic growth, alliances or acquisitions. We aim to be number one or a strong number two in our target markets. Our company's strong cash flow and investment grade rating give us excellent access to international capital markets and are very important to achieving this goal. We maintain a reasonable risk exposure by diversifying our portfolio of products and services and spreading it out across a wide range of geographic locations. In doing so, we always focus on having a solid financing strategy.

Further objectives are to keep pace with increasing internationalization, address the fast-growing regions outside Europe and participate more actively than in the past in these global markets. A key component of this strategy is the interest we acquired in the British trading company ED&F Man, which in addition to having its own production facilities and shares of other companies, is a leading trader in global sugar and other agricultural commodities markets.

The success of our company is embodied and supported by the interdisciplinary competence, experience, social skills and commitment of our 17,900 employees world-wide. Personnel development and continuing education thus take center stage at Südzucker.

We create value that generates sustainable, rewarding corporate growth.

SUSTAINABILITY

Since its founding in the nineteenth century, Südzucker has had a strong association with agriculture and thus also with nature. The company's core competence has always been to refine agricultural commodities to produce high quality products for the food industry, end consumers and industrial applications. Sustainability has thus traditionally been a key part of the company's enduring success and an integral component of its corporate philosophy.

When refining raw materials, we strive to continuously improve the efficiency of the entire value added chain. Conserving natural resources begins with carefully selecting the agricultural commodities we process, such as sugar beets, grain, chicory and fruits. This is why Südzucker chooses only commodity suppliers meeting 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 or 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 commodities Südzucker processes come mainly from European fields. They comply with the EU's cross compliance principles and associated constraints on the agricultural industry, which aim to ensure the cultivation of agricultural commodities to be 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.

Südzucker ensures that methods used to process agricultural commodities to make sugar, functional food ingredients, bioethanol, starch and fruit products are sustainable and that the company is the quality leader in this field. The focus here is on effectively managing quality and continuously improving our production systems. The goal is to fully utilize the input raw materials. For example, we reintroduce by-products of the beet refining process such as molasses and sugar beet pellets to the economic cycle in the form of high quality animal feed.

Südzucker's efficient production processes and modern energy management systems are first class. For example, co-generation systems and systems suitable for multiple energy sources underlie the company's above-average energy efficiency. In addition, most of the thermal and electric process energy required at the bioethanol facility in Wanze, Belgium, is generated by using the chaff from the wheat delivered to the plant. To date, it is the world's first biomass power station of this particular type. We ensure to produce at least 35 % less greenhouse gases at our bioethanol plants compared to plants that produce con-

ventional gasoline, rising to 50 % effective 2017, in compliance with biomass sustainability regulations and the RedCert certification system.

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

Another aspect of sustainable business management is accepting social responsibility. Among other things, social responsibility is embedded in Südzucker's code of conduct regarding corporate social responsibility, which it introduced in 2011. It is based on a corresponding agreement with the European sugar industry, which addresses fundamental issues such as human rights, education and training, health and safety, remuneration and working conditions and the relationship between employers and employees.

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

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

ECONOMIC ENVIRONMENT, GENERAL CONDITIONS

World market

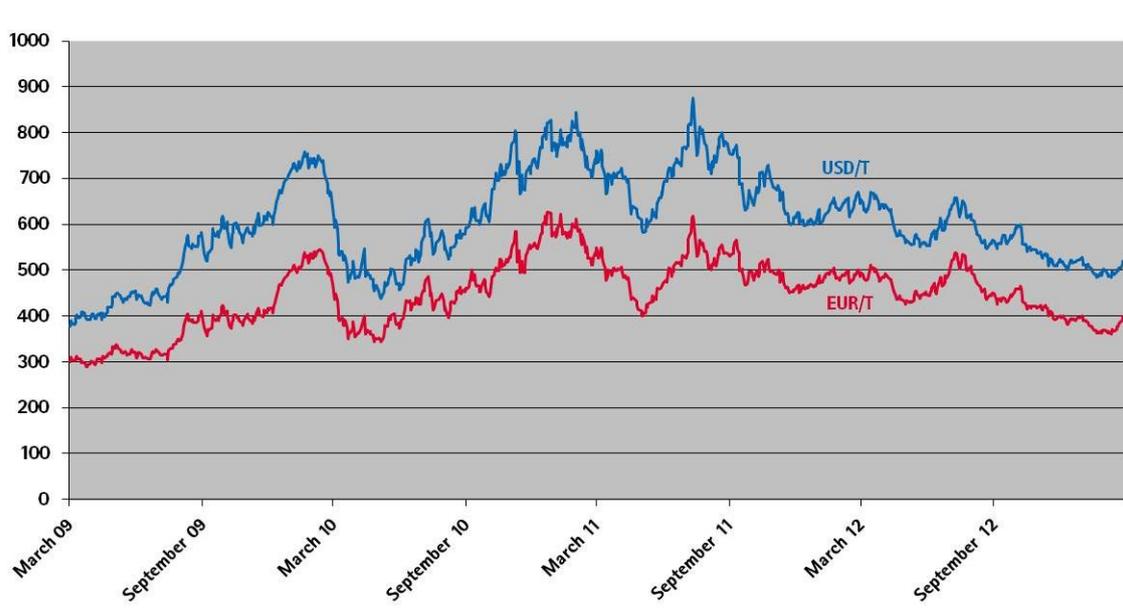
German market analyst F.O. Licht's second estimate of the world's sugar balance for the 2012/13 campaign year, released in March 2013, forecasts that production will increase to 183.1 (175.3) million tonnes and consumption rise to 168.7 (165.5) million tonnes. Inventories are expected to rise from 68.5 million tonnes to 78.5 million tonnes of sugar, or 46.5 (41.4) % of one year's consumption.

Global sugar balance

Million of tonnes	2012/13	2011/12	2010/11	2009/10	2008/09
Opening balance	68,5	61,5	59,3	62,6	73,9
Production	183,1	175,3	165,4	159,0	151,8
Consumption	168,7	165,5	160,7	160,5	160,2
Volume adjustments	-4,4	-2,8	-2,5	-1,8	-2,9
Closing balance	78,5	68,5	61,5	59,3	62,6
In % of consumption	46,5	41,4	38,3	36,9	39,1

Source: F. O. Licht, world sugar balance estimate for 2012/13 as of March 14, 2013.

Global market sugar prices March 2009 to March 2013



London, t/white value. in USD and €, nearest forward trading month

The world sugar market remained volatile during the fiscal year just ended. World market prices for white sugar in March 2012 started at 650 USD/t or 490 €/t, then fell to about 550 USD/t or 430 €/t per tonne of white sugar in May, before rising back to around 660 USD/t or 540 €/t in July. Since then, world market prices for white sugar have fluctuated between 500 and 600 USD/t. At the end of February 2013, the world market price for white sugar was quoted at 520 USD/t or 396 €/t.

European Union

EU domestic market | As a result of the reform of the EU's sugar policies, the EU turned from the world's second-largest sugar exporter to one of the largest net importers. This was primarily the result of the reduced sugar quotas and complete elimination of import duties for LDCs and ACP countries effective October 1, 2009. The EU is now able to supply only about 85 % of its own needs. The EU is thus dependent on world market imports to satisfy its market demand.

The EU Commission did not expect imports from preferred nations to satisfy the market need during the past 2011/12 sugar marketing year (October 1 to September 30). In view of this situation, 0.4 million tonnes of non-quota sugar were released for marketing in the EU food market in December 2011 and a further 0.25 million tonnes of non-quota sugar in April 2012, for which sugar producers were required to pay a surplus levy of 85 and 211 €/t. In addition, the EU Commission launched a tender offering for imports for the 2011/12 sugar marketing year, to which about 0.4 million tonnes of imports were allocated for import at reduced duties. Contrary to the original forecast, the EU's sugar inventories were higher as of September 30, 2012 as a result of these extraordinary measures.

The EU Commission is expecting total sugar production from beets for the current 2012/13 sugar marketing year to reach 17.6 (18.7) million tonnes and quota sugar production to be stable. It is also expected that imports from preferred nations will rise due to new free trade agreements. In spite of this, the EU Commission again launched a tender offering for imports in December 2012, consisting of four tenders between January and June 2013. To date, 0.3 million tonnes of imports at reduced duties have been allocated. In addition, 0.3 million tonnes of non-quota sugar were released for sale in the EU food market in two tranches, for which surplus levies of € 224 per tonne and € 172 per tonne were payable. On July 1, 2013, Croatia will join the EU. Croatia will receive a beet sugar quota of 0.19 million tonnes and a reduced duty import quota of 0.04 million tonnes, which in total corresponds approximately to Croatia's consumption.

EU exports | For the past 2011/12 sugar marketing year, export licenses for 0.65 million tonnes had already been granted for non-quota sugar in March 2011, effective January 2012. A further 0.7 million tonnes of sugar were approved for export in November 2011. For the current 2012/13 sugar marketing year, in April 2012 0.65 million tonnes were approved for export. The associated export licenses were allocated at the beginning of October 2012. A further 0.7 million tonnes were added in January 2013.

A duty-free world market import volume of 0.4 million tonnes per annum has been regularly granted for non-quota sugar for use by the chemical, pharmaceutical and fermentation industries, as well as for bioethanol production, since the 2008/09 sugar marketing year; however, this quota has been little used to date. In view of the continued 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 2012/13 sugar marketing year either.

Common agricultural policy 2013 | Key sections of the domestic EU sugar market regulations will expire on September 30, 2015. Various options regarding EU sugar market regulations as of the 2015/16 sugar marketing year are also being explored within the context of current discussions on the future EU agricultural policy starting from 2014. In October 2011, EU Commission submitted a legislative proposal to the Council of Agricultural Ministers and the EU Parliament, in which it recommended that the existing quotas and minimum beet price regulations be terminated effective September 30, 2015. However, in March 2013, European Parliament followed the recommendation of its agricultural committee and decided to extend the sugar beet quota and minimum beet price regulations until September 30, 2020. Also in March 2013, the Council of Agricultural Ministers decided to extend the quota and minimum beet price regulations until September 30, 2017. In light of the ongoing trilogue negotiations EU Commission, EU Parliament and Council of Agricultural Ministers are expected to reach agreement on the reform of the common market regulations in early summer 2013.

The current EU sugar market regulations protect the EU sugar market from volume volatility and guarantee a high degree of supply security for processors and consumers. The developments of the past few years, including those in the international sugar market, have shown how important adequate self-sufficiency is. The existing volume management system in conjunction with minimum beet prices thus continues to be an indispensable tool. Südzucker considers an extension of the current EU sugar policies to at least 2020 necessary to ensure supply reliability for consumers and processors in Europe, independent of developments on the world market.

WTO-II negotiations | So far, no progress has been made on completing WTO-II negotiations, which have been underway since 2001.

The Doha round is not expected to be concluded this year either. The WTO ministers have scheduled a meeting in Bali for December 2013.

Free trade agreement | In parallel with the ongoing WTO-II round, 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.

The EU Commission granted the Andean nations Colombia and Peru and Central American nations such as Costa Rica, Guatemala, Honduras, Nicaragua, Panama and El Salvador duty-free import quotas of 0.3 million tonnes of sugar and products containing substantial amounts of sugar. In addition, it was agreed to raise the share of these duty-free import volumes by 3 % per annum.

These agreements must be ratified by all of the beneficiary nations. The agreements are then to be rolled out and utilized before they have been ratified by the EU committees and their member states. The agreement with Peru went into force on March 1, 2013. The other agreements are expected to become effective in the first half of 2013.

Energy | In fiscal 2012/13, the energy markets were impacted by regulatory decisions, the energy shift and the expansion of renewable energies. Looking back, the price of Brent crude traded in a range between 90 and 128 USD/barrel, with strong interim fluctuations. For example, in March 2012, considerable liquidity and speculation concerning supply shortages in connection with the import embargo on Iranian oil initially drove the price of crude to a four-year high of 128 USD/barrel. In contrast, the Euro debt crisis and a worldwide surplus of oil, which was reflected among other things in a seventeen-year high in US oil production, resulted in a sharp correction of the price of Brent crude. It briefly fell just under 90 USD/barrel in mid-June 2012. In January 2013, the price of oil climbed back to over 117 USD/barrel, supported by a weak US dollar and increasing optimism about the economy.

The price of natural gas in Europe was significantly higher than in spring 2012. The market stabilized as a result of the temporary easing of the Euro debt crisis and the comparably mild winter. The production of shale gas in the United States and the associated price drop in that country have to date not impacted the gas market.

Emission trading | The sugar industry fulfills the criteria related to carbon leakage for the third trading period from 2013 to 2020 according to current EU regulation. This means that CO₂ certificates can be issued free of charge (for the thermal part of any existing co-generation facilities), although there is the possibility of cutbacks to an extent not yet known. This also applies to starch, inulin and ethanol production. The carbon leakage criteria for allocation years 2015 until 2019 are expected to be reviewed in 2014. The free CO₂ certificates allocated in conjunction with the third trading period in the EU from 2013 to 2020 will not cover Südzucker Group's expected consumption.

BEET HARVEST AND CAMPAIGN CHRONOLOGY

In 2012, planting in Südzucker's fields began early, about the same time as last year. The first beet fields were already drilled at the beginning of March in the Offstein and Offenau sugar factories' territories. Low temperatures for a few weeks after the seeding initially retarded growth and in some regions there was ground frost. But good weather followed and subsequent beet development was excellent. Both the beet harvest and the campaign proceeded without a hitch.

Although 2012 was a good year for beet farmers, yields did not match the previous year's record harvests. Still, the sugar yield per hectare was above average, with an average beet yield of 74.4 (79.3) tonnes per hectare and sugar content of 18.10 (18.15) %.

The campaign started on September 13, 2012 and ended on January 15, 2013. The average campaign duration was 109 (120) days, shorter than last year.



REVENUE AND OPERATING PROFIT

(in € millions)	2012/13	2011/12
Revenues	1,809.7	1,575.9
Change in work in progress and finished goods inventories and internal costs capitalized	77.0	124.2
Other operating income	81.3	85.5
Cost of materials	-1,306.2	-1,175.8
Personnel expenses	-200.2	-188.7
Depreciation of intangible assets and fixed assets	-42.8	-40.2
Other operating expenses	-494.0	-220.9
Investment income/expense	271.6	175.8
Depreciation of financial assets	-0.3	0.0
Interest income/expense	-55.7	-72.9
Income from ordinary activities	140.4	262.9

Sales revenues rose 14.8 % or € 233.8 million, from € 1,575.9 million to € 1,809.7 million in fiscal 2012/13, mainly because of higher European sugar prices.

Other operating income of € 81.3 (85.5) million includes deferred income from the reversal of € 20.4 (20.4) million for EU restructuring assistance, for which accruals were formed to 2014/15, and income of € 3.6 (14.2) million from the disposal of assets. Income from the reversal of a special item that included reserve fund of € 2.5 (1.4) million and income from the reversal of accruals of € 7.5 (6.0) million are also included.

The increase of € 130.4 million in **material costs**, which totaled € 1,306.2 (1,175.8) million, was primarily due to the noticeably higher cost of beets.

Personnel expenses rose € 11.5 million to € 200.2 (188.7) million, driven by higher profit sharing payouts to employees, wage increases and 27 additional persons on the payroll, bringing the total to 2,373 (2,346). Additions to pension provisions totaled € 27.0 (25.0) million.

Depreciation was € 42.8 (40.2) million, higher than the year prior.

Other operating expenses rose € 273.1 million to € 494.0 (220.9) million. The reason for the increase was the redemption of the convertible bond, which is described in the notes to the financial statements under the Shareholders' equity balance sheet item. The total amount redeemed was € 256.9 million and the cost of the capital increase was € 6.0 million. Operating and administrative expenses also rose, especially the cost of IT services. Losses from the disposal of fixed assets totaled € 2.5 (0.4) Mio. €.

Net investment income came in at € 271.6 (175.8) million, significantly higher than last year. It thus tracked the excellent operating profit growth, especially that of the sugar segment's subsidiaries.

The **financial result** improved to € -55.7 (-72.9) million, up € 17.2 million. The company was able to significantly cut its average debt last fiscal year. In addition, the cost of current working capital financing was lower due to low short-term commercial paper interest rates. The financial result contains expenses from the unwinding of accruals totaling € 24.4 (23.4) million.

(in € millions)	2012/13	2011/12
Income from ordinary activities	140.4	262.9
Extraordinary result	0.0	-88.4
Tax result - tax court proceedings	76.5	0.0
Other taxes on earnings and income	-7.0	-25.6
Taxes on income	69.5	-25.6
Other taxes	-0.9	-0.8
Net earnings for the year	209.0	148.1
Profit brought forward from the previous year	0.4	0.0
Allocations to revenue reserves	-25.6	-15.6
Net earnings available for distribution	183.8	132.5

The **extraordinary result** of € -88.4 million reported last year relates to the remaining special allocations to pension provisions in line with the amended rules regarding measurement of pension provisions as per the Accounting Law Modernization Act (BilMoG).

The **tax result – tax court proceedings** item in the amount of € 76.5 million relates to a one-time tax yield resulting from settlement of a long-standing appeal before the fiscal court regarding taxation issues surrounding the Foreign Tax Act.

Other taxes fell to € 7.0 million from € 25.6 million last year.

Net earnings were thus € 209.0 (148.1) million.

After allocating € 25.6 (15.6) million to **revenue reserves** and adding last year's profit brought forward of 0.4 (0.0) million €, net retained earnings were € 183.8 (132.5) million.

BALANCE SHEET

ASSETS (in € millions)	February 28, 2013	February 29, 2012
Intangible assets	21.5	29.5
Property, plant and equipment	263.9	226.2
Financial assets	2,701.9	2,701.7
Fixed assets	2,987.3	2,957.4
Inventories	623.3	534.6
Receivables and other assets	975.3	862.9
Securities	40.9	41.0
Cash and cash equivalents	2.2	4.2
Current assets	1,641.7	1,442.7
Accrued and deferred items	1.9	35.8
	4,630.9	4,435.9

Südzucker AG's **total assets** as of February 28, 2013 increased to € 4,630.9 (4,435.9) million.

Fixed assets totaled € 2,987.3 (2,957.4) million, € 29.9 million higher than last year. Investments in property, plant and equipment were mainly for replacements and energy efficiency improvement projects.

Inventories rose to € 623.3 (534.6) million due to higher sugar stocks on February 28, 2013 and increased production costs.

Receivables and other assets rose € 112.4 million to € 975.3 (862.9) million, largely because of higher intra-group loans to associated companies within the group.

LIABILITIES AND SHAREHOLDERS' EQUITY (in € millions)	February 28, 2013	February 29, 2012
Shareholders' equity	2,227.7	1,700.1
Special items with an equity portion	38.3	40.8
Provisions	752.3	753.2
Liabilities	1,559.9	1,868.6
Accrued and deferred items	52.7	73.2
	4,630.9	4,435.9

Shareholders' equity increased to € 2,227.7 (1,700.1) million due to the higher net earnings and the capital increase outlined in the notes to the Shareholders' equity item of the balance sheet. The increase in shareholders' equity drove up the equity ratio to 48.1 (38.3) % in spite of the higher total assets. As was the case at the prior year's balance sheet date, Südzucker AG's fixed assets were completely financed by medium to long-term capital. The equity to fixed assets ratio was 119.4 %.

Provisions for pensions had to be topped up by 27.0 million to € 454.7 (427.7) million, mainly because of the adjustment of the discount rate to 5.0 (5.13) % and recognition of wage and pension increases.

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

Liabilities declined € 308.7 million, going from € 1,868.6 million to € 1,559.9 million. The main reason for the drop is the redemption of the convertible bond and a capital increase explained in the notes to the Shareholders' equity item of the balance sheet. In contrast, liabilities to beet farmers increased because of higher beet prices.

The **deferred item** of € 52.7 (73.2) million on the liability side is primarily comprised of the deferred income from the EU restructuring assistance, which has been proportionally released and recognized as income since fiscal 2008/09. This process will continue until fiscal 2014/15.

INVESTMENTS AND FINANCING

In fiscal 2012/13, **investments in fixed and intangible assets** totaled € 79.5 (50.9) million. The investment focus was on the environment, replacements and optimization programs.

A new anaerobic wastewater treatment system that handles excess water from the sugar beet washing systems was constructed and successfully started up during the campaign at the Ochsenfurt factory. The biogas produced by the system is used by the plant's power station to produce heat and electricity, which reduces the facility's impact on climate change and replaces some of the fossil fuels previously burned. The raw-juice heat exchangers installed at the Offenau factory that utilize steam from the cookers have met their energy-saving targets. The low temperature dryers (German: NTT) ahead of the existing high temperature dryers in the animal feed production area at the Offstein and Plattling plants were successfully started up to the beginning of the campaign and are also reducing energy consumption at these facilities. Big bag filling systems were installed at the Offstein and Rain factories and the Zeil silo site to improve sugar handling logistics. In addition to improving the process, the commissioning of the new first carbonation system in Rain permanently cut lime consumption. The project to replace the centrifuge motors and AC drives at the Zeitz factory for safety reasons has been completed.

Net financial debt decreased from € 752.3 million last year to € 403.0 million as of February 28, 2013. About € 260 million of this reduction was achieved by redeeming the 2.5 % 2009/2016 convertible bond, which was financed mainly by the capital increase (see also Note 5, Shareholders' equity, in the notes to the annual report). Some of the strong cash flow was applied to further reducing debt, despite higher investments of € 77.9 (48.2) million in fixed assets.

As of February 28, 2013, Südzucker has the following bonds outstanding:

	Coupon	Volume (€)	ISIN	Listed on
Hybrid bond 2005 Perpetual NC 10	5,25 %	700 million	XS0222524372	Luxemburg (official market)
Bond 2011/2018	4,125 %	400 million	XS0606202454	Luxemburg (official market)

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

A supplementary commercial paper (CP) program with a volume of € 600 million is available to finance seasonal campaigns. As of February 28, 2013, Südzucker AG had drawn no funds against this credit line. On February 29, 2012, € 50 million were drawn against the line of credit.

The seasonal funding requirements are also secured with a volume of € 600 million by the syndicated line of credit secured in June 2011, which runs until 2016.

Please refer to the section with the same heading in the group management report for fiscal 2012/13 for notes regarding Südzucker AG's corporate management.

EMPLOYEES

On average Südzucker AG had 2,373 (2,346) employees during the financial year.

Work-life balance | Südzucker strives to improve the general conditions for reconciling a career and family and promotes the concept of work-life balance. Some of the initiatives include flexible working hours and under certain conditions the ability to work from home, as well as looking after sick children and/or sick or elderly family members. This policy framework also serves to support Südzucker's personnel retention policies, which are not only directed towards the labor market, but especially also internally toward the company's existing employees. The goal is to bind the employees to the company for the long term. Evidence that this is the right thing to do is reflected in the average length of service, which is 21 years.

Employee qualification | Promoting young talent has been a high priority at Südzucker for many years. The aim is to be able to find qualified workers to fill vacant positions despite the demographic shift in the population. Initiatives include well-established training and continuing education programs, as well as trainee and international "On-Boarding" programs. The recruiting programs are increasingly international. For example, we enroll young university graduates in trainee programs, especially in the engineering/production and raw material fields, in which they rotate through various company locations in Germany and abroad every two or three months to learn on the job. This gives them a detailed insight into the various parts of the company, allows them to participate in projects and develop the necessary identity with the group. The program prepares these young people for taking on business responsibilities and taking the first key steps along their career path at Südzucker Group.

Work safety | Programs and initiatives relating to occupational health and safety are assigned a high priority at all Südzucker Group companies. This is reflected both in the comparatively low number of accidents and the overall excellent level of accident-related lost work hours. The aim is to use preventive measures to further increase work safety and continuously improve health protection. Every single employee – from the production floor to the management level – is responsible for working on this task.

Since the majority of work accidents are caused by behavioral and risk awareness attitudes, the current focus is on implementing procedures and tools that raise safety awareness. Our employee suggestion programs also provide valuable input to our efforts to continuously improve work safety and protect the health of our employees.

Employee suggestions program | The number of improvement suggestions submitted, as well as the total premiums paid, again rose substantially. This commitment by our employees demonstrates that they are prepared to take responsibility for optimizing their own working environment.

Thank you from the executive board | The executive board thanks all of the company's employees. You worked hard for the company's success and your extraordinary performance contributed significantly to the record numbers we achieved during the fiscal year just ended. We also thank the employee representatives for their candid and constructive cooperation.

RESEARCH AND DEVELOPMENT

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

Südzucker AG's research, development and engineering services are focused on developing new food products and preparing concepts that will enable our food ingredients to be successfully established in the marketplace. The company offers customized product solutions based on carbohydrates for a wide variety of applications in the non-food sector.

Much of the work involves improving product quality and optimizing production processes. When product lines are expanded, close attention is paid to evaluating and implementing new technologies. The company thus uses modern, high-performance production systems. In addition to product-related aspects, energy consumption and thus ecological factors are increasingly being taken into consideration.

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

The tasks are also spread throughout the group. This enables the company to pursue concepts transnationally, utilize synergies and provide targeted support for Südzucker Group's individual business development, marketing, purchasing and sales business units. Patent applications safeguard the company's expertise and strengthen its market position.

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

Südzucker AG has 131 (125) employees involved in research, development and engineering services.

Please refer to the section on research and development, product safety and quality management in the group management report for fiscal 2012/13 for further details about the key projects and activities.

CORPORATE GOVERNANCE

The following is the report on corporate management in accordance with article 289a, paragraph 1 of the German Commercial Code (HGB) and corporate governance as per item 3.10 of the German Corporate Governance Code. The declaration regarding corporate management and the corporate governance report are published at Südzucker's Web site (www.suedzucker.de/en/Investor-Relations/Corporate-Governance/Corporate-Governance-Bericht_Erklaerung_zur_Unternehmensfuehrung/).

Executive board and supervisory board operating procedures (article 289a, paragraph 2, item 3 of the German Commercial Code (HGB))

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

Executive board | Südzucker AG's executive board currently consists of six members. The management body independently manages the company's businesses in the interests of the corporation with the aim of generating sustainable value. The duties assigned to the executive board members are outlined in the rules of procedure for the executive board dated January 29, 2013, which include the current organization chart.

Some executive board members have dual responsibilities with respect to the subsidiary AGRANA Beteiligungs-AG, Vienna, Austria. The CEO of AGRANA Beteiligungs-AG, Johann Marihart, is also a member of Südzucker AG's executive board and the CFO of Südzucker AG, Thomas Kölbl, is also a member of the executive board of AGRANA Beteiligungs-AG.

Südzucker AG's executive board members are also either members or chairs of the supervisory boards of Südzucker Group's major subsidiaries.

Supervisory board | The supervisory board supervises and advises the executive board in its management of the company. It is involved in strategy and planning, as well as all issues of material importance to the company. For important business processes, such as budgeting and strategic planning, acquisitions and divestments, the rules of procedure of both the executive board and the supervisory board stipulate that decisions are subject to approval by the supervisory board. The chair of the supervisory board coordinates the supervisory board's work, chairs the meetings and speaks on behalf of the panel to the outside world.

The executive board submits comprehensive, timely written reports regarding planning, business developments and the group's situation to the supervisory board and meets regularly with the supervisory board to discuss these topics. Risk management and compliance are additional key reporting topics. If necessary, extraordinary meetings are held with the supervisory board to discuss important events. The supervisory board has established rules of procedure for its work, which are in force as per the version dated November 26, 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 ended at the close of Südzucker's annual general meeting of July 19, 2012. The term of office of the new supervisory board; that is, the employee and union representatives elected by the employees on April 19, 2012, and the shareholder representatives elected by the shareholders at the annual general meeting on July 19, 2012, extends until the adjournment of the 2017 annual general meeting, at which shareholders will vote on ratifying the actions of the board members for fiscal 2016/17. At the last supervisory board elections, held during the annual general meeting of July 19, 2012, the shareholder representatives were elected one at a time as recommended by the German Corporate Governance Code. Mr. Erwin Hameseder is the supervisory board's and audit committee's financial expert. There are no former Südzucker AG executive board members on the supervisory board.

Diversity goals | As per a resolution passed on November 25, 2010, which was confirmed by the newly constituted supervisory board on November 20, 2012, the supervisory board will aim for the following diversity targets in its composition, in consideration of the sector, the size of the company and the share of international business activity:

- Maintain the number of independent members at the appropriate level, considered to be two and
- Maintain the number of persons that can be considered to meet the "internationality" criterion at the appropriate level, considered to be two.

The supervisory board will endeavor to include an appropriate number of women. The board has not set a specific target, because the priority for selecting a board member will not be gender, but instead the qualifications of the potential candidates.

The supervisory board's rules of procedure state that supervisory board members must step down from the board at the end of the financial year in which they turn seventy.

The supervisory board will continue to recommend candidates at the annual general meeting who are most suited to sit on a supervisory board, whereby the aforementioned diversity goals will be duly considered.

The degree to which these goals have been achieved as of the time of this report are as follows: In its recommendations for supervisory board candidates at the 2012 annual general shareholders' meeting, the supervisory board took into consideration the requirements of the German Stock Corporation Act (AktG), the corporate governance code, the supervisory board rules of procedure and the diversity goals. The board especially took into consideration the knowledge, skills and professional experience essential to fulfilling the supervisory board duties and the diversity goals. On July 19, 2012, shareholders at the annual general meeting, following the recommendations of the supervisory board, re-elected the previous shareholder representatives. The supervisory board thus currently has 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). In particular, at least two members meet the criterion of "internationality". There are presently no women on the supervisory board.

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

Shareholders and annual general meeting | Südzucker AG's shareholders exercise their voting and control rights at a general meeting held at least once a year. At this meeting, shareholders vote on all issues as per the statutory requirements. The decisions are binding for all shareholders and the company. Shareholders are entitled to one vote for each share held.

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

2013 annual general meeting | The invitation to the annual general meeting scheduled for August 1, 2013, as well as the reports and information required for the resolutions will be published in accordance with the rules of the German Stock Corporation Act and made available on Südzucker AG's Web site (www.suedzucker.de/en/Investor-Relations/Hauptversammlung/).

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

Details regarding risk management are outlined in the risk management section (page 37 et seq.).

Accounting standards and annual audit | Südzucker AG prepares its annual and interim consolidated statements in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union. Südzucker AG's financial statements are prepared in accordance with the German Commercial Code (HGB). Südzucker AG's annual and consolidated financial statements are prepared by the executive board and reviewed by the auditor, the audit committee and the supervisory board. The supervisory board adopts the financial statements and approves the consolidated financial statements. Prior to their release, the audit committee discusses the interim and mid-year financial reports with the executive board, which subsequently publishes them a few days prior to publication. The date of the release marks the end of the preparation time frame for the respective interim reporting period.

The consolidated financial statements and Südzucker AG's financial statements were audited by PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Frankfurt/Main, the accounting firm elected by shareholders at the 2012 annual general meeting. The audit was carried out in accordance with the International Standards on Auditing (as applicable to the consolidated financial statements), German audit procedures and in consideration of the principles of proper auditing as outlined by Germany's Institute of Public Auditors. It also included an audit of the early warning system for risks.

As part of the agreement with the auditor, the supervisory board instructed the auditors to immediately report to the supervisory board concerning any possible disqualification or bias issues encountered during the audit, as well as any material findings or events arising during the course of the audit. There was no need to report to the supervisory board in this regard during the audit for the 2012/13 financial year.

Capital markets and transparency | Südzucker advises capital market stakeholders and the interested public immediately, regularly and simultaneously about the group's business situation and new facts that come to light. The annual report, the half-year financial report and the interim quarterly reports are published as per the prescribed intervals. Telephone conferences with investors and analysts are held in conjunction with the quarterly reports. An audio recording of the telephone conferences (including the associated presentations) is posted soon thereafter for all investors to download from Südzucker's Web site, www.suedzucker.de/en/Investor-Relations/. Press releases and notifications as required by capital market regulations, as well as ad hoc announcements if necessary, are used to communicate current events and new developments. All information is available simultaneously in German and English and is published in form of hard copies and using suitable electronic media such as e-mail and the Internet. Südzucker AG's Web site, www.suedzucker.de, also offers extensive information about Südzucker Group and Südzucker shares.

Financial calendar | The scheduled dates of key recurring events and publications, such as the annual general meeting, the annual report and the interim reports, are summarized in a financial calendar. The calendar is published well in advance and is always available at Südzucker AG's Web site. It is printed on the cover pages of this annual report.

Corporate governance (article 289a, paragraph 2, item 1 of the German Commercial Code (HGB))

Corporate governance aims to ensure that companies are managed and controlled responsibly and that they provide long-term shareholder value. Effective and efficient cooperation between the executive and supervisory boards ensures transparency and fulfills the need to keep shareholders and the public comprehensively informed in a timely manner. The corporate governance report published here by Südzucker AG complies with legal requirements and the German Corporate Governance Code rules as per the 2012 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 May 15, 2012 as largely balanced, practical and of a high standard when compared internationally. As in previous years, we have thus not found it necessary to prepare individual, company-specific corporate governance principles. We comply with the recommendations of the code with the exception of the items outlined in the declaration of compliance.

Declaration of compliance for 2012 | The mutual declaration of compliance by the executive board and supervisory board for 2012 and prior years is posted on Südzucker's Web site (<http://www.suedzucker.de/en/Investor-Relations/Corporate-Governance/Entsprechenserklaerung/>).

The current declaration reads as follows:

"The executive board and the supervisory board of Südzucker AG Mannheim/Ochsenfurt adopted the resolution on November 20, 2009 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 May 26, 2010, and will in future comply with the recommendations in the version dated May 15, 2012, with the following exceptions:

Paragraph 2.3.3 – (Absentee ballot at the annual general meeting):

Südzucker AG Mannheim/Ochsenfurt's articles of incorporation have to date not provided the option of permitting an absentee ballot to be cast at the annual general meeting. We can thus not comply with the recommendation to provide shareholders with absentee ballots.

Paragraph 4.2.3 (Severance payment cap for executive board members' contracts):

Executive board members' contracts contain no provision for a severance payment cap, nor do we see a need for this in future, particularly since there are significant legal concerns regarding such contractual clauses.

Paragraph 4.2.4 – (Individual executive remuneration):

Shareholders at the annual general meeting of Südzucker AG Mannheim/Ochsenfurt resolved on July 20, 2010 to waive disclosure of individual remuneration of executive board members for five years.

Paragraph 5.3.2, clause 3 (Independence of the chair of the audit committee):

The audit committee is chaired by Dr. Jochen Fenner, who is also CEO of Süddeutsche Zuckerrübenverwertungs- Genossenschaft eG (SZVG), a majority shareholder of the company. We consider it sensible 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.

Paragraph 5.3.3 – (Supervisory board nominating committee):

We do not see a need to create an additional nominating committee that would compile a list of recommended candidates for the supervisory board. It is more appropriate that all supervisory board members have the opportunity to participate equally in finding supervisory board candidates, as has been the practice to date.

Paragraph 5.4.1 – (Diversity goals for composition of the supervisory board):

The supervisory board endeavors to achieve diversity in its composition and in particular, appropriate representation by women. However, the supervisory board will continue to prioritize the qualifications of the candidates being considered for office rather than their gender in making its decisions on its composition.

Because the amendment to paragraph 5.4.1 had not yet come into force at the time the annual general meeting for 2012 was called, the candidates recommended to shareholders at the annual general meeting were selected according to the provisions that applied at the time. The intent is to comply with the recommendation in future.

Paragraph 5.4.6 – (Individual supervisory board remuneration):

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

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

Remuneration | Südzucker AG's executive board compensation consists of a fixed annual salary, a variable incentive, a company pension plan based on a share of the annual fixed salary and payments in kind. The remuneration does not include any share-based compensation or comparable long-term remuneration components. Since the Act on the Appropriateness of Management Board Compensation (VorstAG) came into force, the executive committee has prepared the executive board's compensation, which is defined by the full supervisory board and reviewed at regular intervals. Article 87, paragraph 1 of the German Stock Corporation Act, revised by VorstAG, states that the remuneration system for listed companies must be based on sustainable corporate growth and that variable compensation components must therefore be based on terms longer than one year. The executive board's variable incentive has been revised. The VorstAG requirement regarding a term longer than one year is met by basing the variable component on the average dividend of the three previous fiscal years, starting sequentially with the dividend for 2011/12.

The amount paid by Südzucker AG to the executive board in 2012/13 totaled € 3.9 (3.2) million. The variable incentive will be 52 (49) % of cash compensation. It is based on the dividend amount still to be declared by the shareholders at the 2013 annual general meeting. Members of the executive boards of subsidiaries were paid € 1.7 (1.5) million. Executive board members' pensions are based on a percentage of their fixed salaries. Pension provisions for members of the executive board were increased by € 7.6 (2.6) million.

The supervisory board is compensated in accordance with article 12 of Südzucker AG's articles of incorporation, which states that each member of the supervisory board be paid a fixed annual salary of € 1,000 and a variable annual salary of € 1,000 per € 0.01 of distributed dividend above € 0.04. Reimbursement for expenses and statutory value-added tax are additional. The chair is paid twice this amount, and the chair's deputy and chairs of the supervisory board committees receive 1.5 times this amount. Committee members receive 1.25 times the regular remuneration provided the respective committee has convened during the financial year. Total remuneration paid to Südzucker AG's supervisory board for all activities was € 2.5 (1.9) million in 2012/13; subsidiaries contributed € 0.2 (0.2) million to the total remuneration.

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

Asset loss liability insurance | The company has taken out asset loss liability insurance with a deductible, which covers the activities of members of the executive and supervisory boards (D&O insurance). Article 93, paragraph 2 of the German Stock Corporation Act, revised by VorstAG, states the deductible for supervisory board members shall be at least 10 % of the damage up to at least 1.5 times their fixed annual remuneration. The German Corporate Governance Code 2010 endorses this recommendation with respect to supervisory board members. Südzucker adjusted the deductible for supervisory board members in accordance with the new statutory requirements on the policy due date.

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

In fiscal 2012/13, a member of the supervisory board acquired 200 Südzucker shares at an average price of € 29.47 per share.

Corporate compliance principles (article 289a, paragraph 2 of the German Commercial Code (HGB))

Compliance | For Südzucker, compliance; that is, operation in accordance with relevant laws and regulations, is a standard part of good corporate management. The purpose of Südzucker's compliance program is to ensure that the company, its management bodies and employees conduct themselves in accordance with applicable laws. The goal is to keep employees from breaking any laws and to help them apply laws and corporate guidelines properly and professionally. Of course, Südzucker ensures that all programs are consistent with employee data privacy protection requirements.

Südzucker's group-wide compliance principles are adapted as required to various national and company-specific peculiarities and focus on compliance with antitrust laws, data protection, environmental protection, capital market compliance (particularly insider rights and ad hoc publicity) and prevention of corruption.

Existing Südzucker Group corporate rules were incorporated into the compliance program policies and various parts of the company and activities were integrated into the program.

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

Compliance – corporate principles | Südzucker aims to compete successfully through innovation, quality, reliability and fairness. This entails complying with internal rules, as well as statutory regulations. 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 Web site at www.suedzucker.de/en/Investor-Relations/Corporate-Governance/Compliance-Unternehmensgrundsaeetze/.

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

- *Compete fairly*
Südzucker is fully committed to competing fairly, and especially to complying with antitrust laws.
- *Integrity in business transactions*
Corruption is not tolerated. Gifts and invitations from suppliers must always be in reasonable proportion to the business relationship. Such gratuities require express approval from the respective supervisor. This applies to all employees who are part of any procurement process. The same principles apply in reverse to employees working in the various sales departments, in relation to our customers.
- *Sustainability principle*
Südzucker is cognizant of its responsibility to protect the environment, as well as the health and safety of people inside and outside the company.
- *Compliance with food and agricultural industry laws*
Compliance with all relevant national, European and international laws – especially food and agricultural industry laws – is mandatory.
- *Ensuring equal opportunity in securities trading*
Every employee is obliged to treat confidentially any internal company information that could impact the company's share price on the stock market.
- *Proper documentation*
The company's internal control system requires that business processes be adequately documented. Audits must be conducted to ensure that the accounting-related information has been fully and correctly captured.
- *Proper and transparent financial reporting*
Südzucker commits to providing open and transparent financial reports based on international accounting standards to ensure that all stakeholders are treated equally.

- *Fair and respectful working conditions*

Every employee is expected to be friendly and to treat colleagues and third parties fairly, professionally and respectfully. Discrimination or harassment of any type is not tolerated.

- *Protecting our knowledge advantage and respecting third-party protective rights*

Business secrets may not be passed on to third parties or published. The protective rights given to third parties shall be equally respected.

- *Separation of company and personal interests*

All employees must always separate their personal interests from those of the company. Only objective criteria shall be applied when making personnel decisions or conducting business with third parties.

- *Cooperative conduct with authorities*

Südzucker strives to maintain an open and cooperative relationship with all governing authorities. Information shall be provided completely, correctly, in a timely manner and in a comprehensible form.

Südzucker provides its employees with the necessary information sources and advice to enable them to avoid contravening any rules or laws. All supervisors must organize their area of responsibility to ensure that the corporate compliance principles, the company's internal rules and statutory requirements are adhered to. The compliance officer and compliance representatives ensure that information flow is timely. They are charged with tasks such as training and investigating alleged compliance issues. All employees are obliged to report any violation of corporate compliance principles to the compliance officer, the compliance representatives and the executive board immediately.

INFORMATION ON TAKEOVERS AS REQUIRED BY ART. 289, PARA. 4 OF GERMAN COMMERCIAL CODE (HGB)

Composition of subscribed capital and voting rights | As of February 28, 2013, Südzucker's subscribed capital is valued at € 204,183,292 million and consists of 204,183,292 bearer shares, each of which represents a notional holding of € 1 per share. The company held no treasury shares as of the period end.

Südzucker AG shareholdings exceeding 10 % | Südzucker AG Mannheim/Ochsenfurt has knowledge of two direct equity investments in the company that exceed 10 %: Süddeutsche Zuckerrübenverwertungs-Genossenschaft eG (SZVG), Stuttgart, holds a majority interest of about 52 % and Raiffeisen-Holding Niederösterreich-Wien registrierte Genossenschaft mit beschränkter Haftung (registered cooperative with limited liability), Vienna, Austria, (Raiffeisen-Holding), and its associated companies (Raiffeisen Group) hold about 10 % of the company shares via Zucker Invest GmbH, Vienna, Austria.

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 SZVG and Raiffeisen Group and voting agreements also exist within Raiffeisen Group itself. According to the agreement, the shareholdings of SZVG and Zucker Invest GmbH are reciprocally attributed to each other as per the German Securities Trading Act, so that in total, SZVG and Zucker Invest GmbH together hold about 62 % of the subscribed capital of Südzucker AG, again according to the German Securities Trading Act. Furthermore, SZVG has an option to buy 18,797,796 of Zucker Invest GmbH's Südzucker shares and Zucker Invest GmbH has an option to buy 246,368 of the Südzucker shares held by SZVG.

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, paragraph 2 of Südzucker AG Mannheim/Ochsenfurt's articles of incorporation in the current version of November 22, 2012 (www.suedzucker.de/en/Investor-Relations/Corporate-Governance/Satzung/), the supervisory board determines the number of executive board members and the supervisory board is also authorized to appoint deputy members to the executive board.

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 incorporation that only affect the wording.

Authority of the executive board, especially as relates to issuing shares and share buybacks | As per resolution by shareholders at the annual general meeting dated July 29, 2008, the executive board, subject to approval by the supervisory board, is authorized to issue bearer or registered bonds with warrants and/or convertible bonds or bonus shares once or several times until July 28, 2013. Shareholders' subscription rights may be excluded in accordance with the resolution passed at the annual general meeting. The total nominal amount to be used in conjunction with this authorization to issue bonus shares, warrant and convertible bonds shall not exceed € 400,000,000. The warrants and conversion rights entitle holders to acquire Südzucker shares up to a total nominal amount not exceeding € 15 million as per the terms and conditions of the warrants and convertible profit sharing rights. Accordingly, nominal capital was increased by up to € 15 million by issuing up to 15 million new shares from conditional capital (conditional capital, article 4, paragraph 4 of the articles of incorporation). On June 30, 2009, a convertible bond with a face value of € 283.45 million was placed via Südzucker International Finance B.V., Oud-Beijerland, Netherlands. This bond has since been redeemed in full. To service conversion rights associated with this bond, the company issued 211,415 shares from conditional capital. Conditional capital remaining as of the period end is thus € 14,788,585, which corresponds to 14,788,585 shares. The executive board is authorized, subject to approval by the supervisory board, to increase share capital by up to € 15 million from authorized capital until June 30, 2014 as per article 4, paragraph 5 of the articles of incorporation, by issuing new shares against cash contributions and/or contributions in kind under exclusion of subscription rights in certain cases (approved capital 2009). Approved capital was partially utilized on November 22, 2012 to increase equity by € 14,618,269 under exclusion of shareholder subscription rights. Approved capital remaining as of the period end is thus € 381,731, which corresponds to 381,731 shares.

Shareholders at the July 20, 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 July 19, 2015 in accordance with article 71, paragraph 1, item 8 of the German Stock Corporation Act (AktG). The shares may be acquired on the stock exchange or via public offer to purchase to all shareholders. The costs of buying back own shares may also be charged against net retained earnings or other revenue reserves. Among other things, the executive board was 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.

On March 1, 2012, Südzucker held 400,020 treasury shares to service the convertible bond. The total number of treasury shares was boosted to 600,000 through further buy-backs in the first quarter of fiscal 2012/13. In the third quarter of fiscal 2012/13, 23,489 treasury shares were issued to convertible bondholders who wanted to exercise their conversion rights.

On November 20, 2012, Südzucker decided to increase capital from approved capital and sold the remaining 576,511 treasury shares. The company thus no longer held any treasury shares as of the period end.

Change of control and compensation agreements | Material agreements as per article 289, paragraph 4, item 8 of the German Commercial Code (HGB) that would apply in the event of a change of control as a result of a takeover bid do not exist. Neither are there any compensation agreements with members of the executive board or in favor of employees that would apply in the event of a change of control.

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

RISK MANAGEMENT

Risk management system

Südzucker Group's business policies aim to safeguard the company's continued existence, to sustainably earn reasonable returns and to systematically and steadily improve shareholder value. Each business field may be exposed to risks due to either the way it manages business or as a result of external factors. Risk management systems are installed throughout the group to detect and actively manage risks.

Risk policies | Südzucker believes a responsible attitude toward opportunities and risks is an important element of a sustainable, value-oriented management system. The risk management system is thus an integral part of the entire budgeting, controlling and reporting process and is governed by the executive board. At the same time, the company takes advantage of opportunities that serve to safeguard and improve its competitiveness. Südzucker uses an integrated system for the early identification and monitoring of group-specific risks. The guiding principle for successfully managing risk is to balance opportunities and risks. The company's risk culture is characterized by risk-aware conduct, clear responsibilities, independent risk controlling and internal audits.

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

The executive board has group-wide responsibility for detecting risks early and mitigating any risks that threaten the company's survival. The risk management committee supports the board in this task. It regularly evaluates the suitability of the installed risk management rules and improves them. In addition, it continuously monitors material risks, including cross-business ones, and alerts those responsible if action is necessary. The managers of the divisions and the group departments are responsible for the risk management systems of the divisions and central departments.

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

A key area of risk is changing market prices. The company has installed risk committees that evaluate how to handle such risks in those divisions and business units in which operating profits are materially affected by market price volatility. Market price risks resulting from commodity and selling prices, as well as currency exchange and interest-rate risks are also countered by selectively using derivatives. The executive board has defined the acceptable instruments in a risk management directive, which also governs hedging strategies, responsibilities, processes and control mechanisms. The hedging instruments are exclusively used to protect the underlying transactions; never for trading or speculation purposes. Financial derivative instruments are only entered into with banks that have a high credit rating or on futures exchanges.

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

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

Risk communication | Openly communicating with the employees within the company who are responsible for the businesses and processes is essential to a properly functioning risk management system. As such, management is obliged to ensure that risks are communicated openly and quickly. Employees are required to be aware of and deal with risks proactively. Operative and strategic risks are reported and documented regularly as part of the entire planning, management and reporting process. The executive board and division heads meet regularly to discuss earnings developments and plans and ensure that information flows directly between the parties. Mitigating measures are analyzed and initiated for any operational or strategic risks identified during the sessions. Not only the divisions, but also the group departments regularly report to their respective department heads concerning current developments in their area of responsibility.

Internal audit | The group's internal audit department monitors the parent company and group companies. The department, which reports directly to the chairman of the executive board, systematically and deliberately 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

Regulatory risks

As outlined in the "Economic environment, general conditions" sections of the segments' management reports, Südzucker's business is subject to a variety of legal and political stipulations, both at the national and European level. Any change in this framework can bring additional risk; for example, if the EU reduces the amount of sugar that can be exported, allows additional duty-free import quotas for sugar after negotiating new bilateral free trade agreements or limits the volume of biofuels that can be produced for the transportation sector from crops, as proposed in the EU Commission's current revised renewable energy guideline and the fuel quality directive drafts. Changes in some EU countries to existing statutory compensation systems for generating renewable energies can also add risk. Any potential changes to international and national trade agreements or agricultural market regulations are proactively analyzed at an early stage and evaluated within the risk management framework regarding their potential impact on Südzucker Group's earnings, financial and asset situation.

Risks associated with operations

Availability and price volatility of raw materials | As a processor of agricultural raw materials, Südzucker is exposed to procurement risks, which can also be affected by weather conditions, including those associated with long-term climate change. As a result - despite their geographical diversification - the quality of agricultural raw materials can under certain circumstances be poor or they may only be available in limited quantities. Furthermore, these raw materials are subject to price fluctuations that cannot always be directly passed on to the market. The operating businesses are exposed to currency risks; for example, when products are made and sold or when commodities are priced in currencies other than the euro. The associated currency risks are managed using currency futures exchange contracts or by financing the working capital in the foreign currency. All Südzucker Group segments are exposed to these risks.

Beets compete with other crops when farmers decide what to plant, which represents a procurement risk in the sugar segment. Our beet growers' plans are based on completely fulfilling the quota beet and ethanol beet delivery rights they were issued. The prices and volumes of the raw sugar required for the refineries in France, Romania and Bosnia-Herzegovina are hedged.

To produce bioethanol, CropEnergies needs agricultural raw materials containing carbohydrates, such as sugar syrup and grain. Price fluctuations on the world's grain markets directly impact raw material costs.

The raw materials risk associated with producing bioethanol is mitigated by sales revenues from food and animal feed. To assess the risk, CropEnergies calculates raw material costs minus sales revenues from food and animal feed (net commodity costs). Because grain price fluctuations normally go hand-in-hand with an equivalent price change for food and animal feed containing protein, CropEnergies is able to partially offset higher raw material costs with increased sales revenues from these products (natural hedge).

In addition, CropEnergies can reduce the impact of any increase in grain prices on raw material costs with forward-looking procurement policies and by using sugar syrups. Here CropEnergies tries to secure without delay the necessary raw material volumes for orders it has already received. This applies equally to purchasing and refining raw alcohol.

CropEnergies' business policy will continue to mitigate residual risks of raw material price increases by entering into long-term supply agreements and utilizing commodity futures contracts as a hedge, as well as using alternative raw materials. However, depending on the market price situation, the risk that it will not be possible to secure cost-covering hedging transactions or to pass price increases of raw materials on to bioethanol purchasers cannot be excluded.

Germany's biofuel sustainability law has tied the promotion of fuels produced from biomass to compliance with certain sustainability requirements since January 1, 2011. Bioethanol produced at the Zeitz and Wanze plants fulfills all of the requirements of the biofuel sustainability law. Still, CropEnergies' sustainable bioethanol production systems rely on the availability of sustainable raw materials.

Raw material costs are also of key importance to starch production. Because of the homogeneous cost structures in the markets addressed by AGRANA, some higher commodity costs can be quickly passed on to customers. Here too, the strategy is to cover the planned requirements by physical supply contracts to the greatest extent possible.

The procurement risk in the fruit segment is affected by poor weather and potential plant disease. Poor harvests resulting from these factors can have a negative impact on both the availability and cost of commodities. Through its worldwide presence and knowledge of local markets in various regions, AGRA-NA's fruit preparation division is able to detect regional supply bottlenecks and price volatility early and take steps to mitigate such situations. In addition, the division also strives to enter into annual contracts where possible, both on the sales and procurement side. This contributes significantly to the reliability of the overall annual commodity supplies and makes it possible to offer secure supplies to customers during the same period.

Südzucker 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. Futures contracts are also signed for some of the fuels used during the campaign.

The emission certificate allocation process for the third trading period from 2013 to 2020 is complete. At the present time, Südzucker's sugar, starch, inulin and bioethanol production processes meet the current EU directives for carbon leakage, and accordingly, a limited number of CO₂ certificates will be allocated free of charge. However, the carbon leakage criteria are expected to be reviewed in 2014. The free CO₂ certificates allocated in conjunction with the third trading period in the EU from 2013 to 2020 will not cover Südzucker Group's expected consumption.

Markets and product prices | The most important markets for sugar, functional food, frozen products, bioethanol, starch and fruit are distinguished by their comparably stable demand. Signs of possible changes in consumer behavior are detected early. 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 counters fluctuations in selling prices resulting from competitive pressures by continuously optimizing its cost structures and aiming to be the cost leader.

The sugar segment is exposed to selling price risks resulting from price fluctuations in the world sugar market, the European Union's quota and the industrial sugar market, as well as animal feed markets.

Another example of price risk is bioethanol prices in Europe, which are affected by various factors such as supply and demand at the local level, the price level and availability in the United States, Brazil and other exporting countries, as well as general political conditions, and may thus fluctuate significantly.

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

One of the requirements of the EU Commission's current draft guideline for changing the renewable energy directive and the fuel quality directive is that 5 % of the renewable energy in the transportation sector be covered by biofuels produced from waste, recycling material or cellulose by 2020. The planned allocation of these fuels to more than one sector could result in increased competition between conventional bioethanol producers and producers of biofuels from waste and recycling materials.

CropEnergies also competes with bioethanol producers outside Europe. Local production conditions and the political framework in their home countries could in future give foreign competitors an edge over European producers, which could result in higher imports and drive down bioethanol prices in the EU.

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

Product quality | One of our stated objectives is to supply customers with safe, high-quality products. In order to guarantee this, the company has a quality management system that documents responsibilities, activities and processes. The quality management system covers all processes; from the procurement of raw materials, through the production process itself, to delivery to customers.

Adherence to all internal and external specifications is regularly checked within the framework of the quality management system. The company takes any necessary steps to further optimize its products and processes, which contributes to further risk minimization.

IT risks | The operational and strategic management of our group is largely dependent on sophisticated information technology. We employ qualified internal and external experts and 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 within Südzucker Group.

Personnel risks | Südzucker Group competes intensely with other companies for trained personnel. In order to protect Südzucker's position when competing for qualified employees, we emphasize the attractiveness of Südzucker Group as an employer through our human resources management policies, which are aimed at encouraging specialists and managers to stay with the company for the long term. In addition to attractive social benefits and compensation policies, we offer a wide range of opportunities at Südzucker Group, such as advanced and continuing education courses, trainee programs and possibilities to work for various group companies.

Legal risks | Various lawsuits are pending against Südzucker AG and the group's companies. Accruals are being formed to cover the legal costs for these proceedings. Accruals for the lawsuit risks are formed when the likelihood that the company will be liable and the extent of the liability can be adequately determined. The final outcome of the individual proceedings may affect earnings during a particular reporting period, but the potential associated liabilities will not have any long-term impact on the group's assets and financial position.

Südzucker is exposed to potential changes in the legal environment, particularly with regards 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.

As discussed in previous annual reports, the German Federal Antitrust Authority launched an inquiry into the activities of Südzucker AG and others in March 2009. None of the Authority's initial allegations have been substantiated; neither during the fiscal year under review, nor to the point of time the annual report was being prepared.

The same applies to the actions the Slovakian and Hungarian antitrust authorities launched against AGRANA subsidiaries in fiscal 2009/2010. The investigations in Hungary were discontinued in the meantime.

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 as groundless and dispute the claims by the antitrust authorities submitted in October 2011 based on the evidence presented also at further hearings being held on February 2013.

Creditworthiness and default risks | Südzucker AG counters the credit and default risk 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. There are also default risks associated with the financial instruments with which we have entered into hedging transactions.

Other operating risks | Other operating risks that may arise in the production, logistics, research and development areas have no material impact on the company's position. Südzucker mitigates risks by constantly monitoring them and continuously improving its business processes.

Financial risks

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

Interest and exchange rate fluctuation risks | Südzucker Group is exposed to changes in interest rates on variable-rate or short-term financial obligations and investments. The exposure to these loans and investments fluctuates significantly over the course of the year because of campaign-related financing requirements. Financing-related currency exchange risks are mainly due to intra-group financing of subsidiaries in currencies other than the local currency.

Liquidity risks | Südzucker Group's liquidity is monitored daily. To the extent they make sense economically, the company uses cash pools, both in Germany and internationally. Excess cash is also utilized throughout the group. We ensure that we have a balanced debt repayment scheme and reduce our financing risks by issuing long-term bonds and using bank credit lines. Risks resulting from cash flow fluctuations are detected and controlled at an early stage as part of short, medium and long-term liquidity planning, which is an integral part of corporate planning. A commercial paper program and approved bank credit lines give Südzucker access to immediate and adequate liquidity to meet the seasonal financing requirements associated with sugar campaign production at any given time.

Creditworthiness and default risks | 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 offered 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.

Rating | Moody's and Standard & Poor's (S&P) rating agencies assess Südzucker's creditworthiness. Südzucker considers itself duty-bound to maintain a stable investment grade rating. A downgrade in the assigned rating could negatively impact the group's cost of capital for future financing needs.

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

The group's overall risk position remains unchanged from the year prior, although product and commodity prices continue to be very volatile. Nevertheless, there are currently no apparent risks that threaten the organization's continued existence.

Opportunities

Rigorously pursuing a corporate strategy aimed at long term value-based growth also creates many opportunities for Südzucker Group.

Südzucker is Europe's leading sugar producer. The company's special products (functional food, starch, frozen products and portion packs), CropEnergies and fruit (fruit preparations, fruit concentrates) segments have captured significant market shares in their target sectors.

As a result, Südzucker Group continues to conduct business in what will remain strongly growing international markets for agricultural commodities, food and animal feed. Südzucker operates in prime European agricultural regions, which gives it a reliable operating base from which to compete internationally. The trend toward high-quality foods should increase the market opportunities for Südzucker products, particularly in countries with rising living standards. With its infrastructure for producing and marketing bioethanol in Europe, the group is in an outstanding position to benefit from the growing European market for fuel from renewable raw materials.

Sugar | Südzucker enjoys an excellent competitive position in the European Union due to its concentration on the top beet growing regions. Producing in the European core markets and proximity to industrial customers gives rise to logistic advantages especially. Südzucker's cooperative agreement with Mauritius enables the company to market white and raw sugar from the ACP country into the EU. The imported sugar volumes strengthen the company's European market position.

Other opportunities arise from producing non-food industrial sugar and from exporting sugar to regions outside the EU. Global sugar consumption is expected to increase by 2 to 3 % per annum from the current 168 million tonnes to about 200 million tonnes by 2020. This outlook supports the world market price for sugar. Still, in the near term other factors, especially weather conditions in the main growing regions for sugar cane and sugar beets and financial investor positions will have a significant influence. The acquisition of ED&F Man will also give Südzucker additional opportunities to participate in this market growth.

BENEO | Südzucker also enjoys an excellent position in several growth markets due to the expansion of its special products segment. The BENEIO division is an important part of the special products segment and it will benefit from the long-term trend toward healthier eating habits. BENEIO is a leading international supplier of functional ingredients for food, beverages and animal feed, and the global market leader for sugar-based sugar substitutes sold under the trade name Palatinit. The division aims to take advantage of current growth opportunities for the group by pressing ahead with expanding its product lines for new applications.

Freiberger | Frozen foods is one of the steadily growing segments of Europe's food industry. There is no foreseeable end to this convenience food trend. Freiberger Group, which is active in the frozen and chilled pizza as well as frozen pasta and snacks segments, uses its Europe-wide leading position as a supplier of customer-specific convenience products labeled as the private brands of international trading companies to tap the resulting growth potential. The group's European and Asian sales and distribution activities are being extended to cover the North American markets.

PortionPack Europe | 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 specialty products with a high degree of value added. Innovative, customer-oriented products with associated applications consultation, ongoing product development and continuous cost optimization are among the division's key objectives. Examples are the leading shares in organic starches and non-GMO starches for the food industry or the technical leadership for specialty starches in the paper, textiles, cosmetics, pharmaceuticals and construction sectors.

CropEnergies | Profits are primarily driven by sales revenue growth for bioethanol and the costs of the commodities used. Opportunities arise from lower grain prices and/or higher prices for bioethanol and the food and animal feed products produced in parallel. CropEnergies to some extent is able to avoid the volatility of the grain markets by using sugar syrups as a raw material. In addition, CropEnergies benefits by generating sales revenues from high quality foodstuffs and animal feed, which lowers net raw material costs and optimizes energy consumption in the production process.

The objectives of the EU's bioethanol market expansion program are to secure energy supplies, protect the world's climate and strengthen regional structures. With its production capacities in Germany, Belgium and France, and international business and logistics network, CropEnergies has positioned itself to benefit from future market growth. The company is one of Europe's most efficient bioethanol producers.

Fruit | The AGRANA fruit segment is the world market leader for fruit preparations for the dairy, 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 controlling and risk management system as it applies to accounting systems (article 289, item 5 of the German Commercial Code (HGB))

Essentials | Südzucker AG's accounting-related internal control system aims to ensure that its financial reporting and accounting practices are effective and comply with recognized standards. 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 by the German and foreign subsidiaries included in Südzucker's consolidated financial statements are consistent throughout the group. Only the IFRS rules adopted by the European commission for application in the European Union that were mandatory for the respective fiscal year at the time of preparing the report are used. Südzucker's internal IFRS Reporting Guideline ensures that IFRS is applied as applicable to Südzucker and clarifies accounting issues. The contents of the IFRS Reporting Guideline are continuously updated and communicated to all companies that are part of the consolidated financial statements.

Internal audit system as it relates to the accounting process | Südzucker Group's internal audit system is comprised of the internal control system and the internal monitoring system. Südzucker Group's internal monitoring system has two components: controls integrated into the processes and process-independent controls. There is a strong emphasis on the principle of segregation of duties and the principle of dual control, as well as compliance with guidelines and rules that are key to important integrating business processes.

Alongside automated IT process controls, automatic validation and plausibility checks are a key part of the process-dependent controls. The defined organization, audit and monitoring structures underlying Südzucker Group's internal control system enable company-related data to be completely captured, prepared and evaluated, and enable it to be appropriately shown in the group accounting system.

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

The internal control system also ensures that changes to Südzucker Group's business and legal environment are plausible and reflected in its processes and that new or changed legal requirements are applied in the accounting system. The internal audit system measures implemented to check the suitability and reliability of the accounting process ensure that business transactions are completely entered without delay in accordance with legal requirements and the articles of incorporation.

Segregating the administrative, executive, accounting and approval functions and making different persons responsible greatly restricts the opportunities to engage in criminal activity. Nevertheless, it is impossible to fully exclude every eventuality, especially arbitrary personal decisions with negative ramifications, erroneous audits, criminal activities or other circumstances. In cases where the effectiveness and reliability of the internal controlling system proved weak, action is taken on any new facts ascertained. Appropriate recommendations are made and processes are revised to continuously improve the systems. Before integrating newly acquired companies, their internal control systems are quickly adapted to meet Südzucker Group's high standards.

Internal control system as it relates to the consolidation process | Südzucker Group's consolidated financial statements are also prepared using a multistage process supported by a group-wide standard IT consolidation system that has a clearly structured access authorization hierarchy. Individual organizational entities prepare and check their financial statements and send them to Südzucker AG's central department responsible for consolidation by uploading the data via the IT-based consolidation system. This department is responsible for completing the overall consolidation and preparing the group management report and consolidated financial statements. It also oversees the group's binding standard chart of accounts and the IT consolidation tool.

Internal audit | The audit committee monitors the effectiveness of the internal control and risk management system. The internal audit department audits the internal control system, compliance with legal requirements and internal corporate guidelines, as well as the risk management system. If necessary, it prepares measures or programs that are then initiated by management.

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.

OUTLOOK

We expect revenues in 2013/14 to be approximately the same as last year. Although non-quota sugar volumes are expected to decline, quota sugar volumes are expected to rise slightly.

We expect operating profit to decline. The drop will be driven primarily by the application of higher production costs for the entire year, a low world market price level and fewer licenses to sell non-quota sugar. Volume development in the EU will also be of key importance to business performance.

Considering a further improvement in the net interest result, elimination of expenses related to the redemption of the convertible bond and a lower net income from investments and higher tax expenses, we expect net earnings to be at least of the same order of magnitude as in fiscal 2012/13.

We expect sales revenues and operating profit in 2014/15 to be roughly the same as in 2013/14.



RECOMMENDATION ON APPROPRIATION OF PROFITS

The executive and supervisory boards will recommend to shareholders at the annual general meeting on August 1, 2013 that a dividend of € 0.90 (0.70) per share be distributed. Based on the 204.2 (189.4) million shares entitled to dividends, the total dividend distribution will be € 183.8 (132.5) million. The dividend is expected to be paid on August 2, 2013.

BUSINESS RELATIONSHIPS WITH ASSOCIATED COMPANIES

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

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

FINANCIAL STATEMENTS OF SÜDZUCKER AG MANNHEIM/OCHSENFURT

BALANCE SHEET AS OF FEBRUARY 28, 2013

ASSETS			
(€ '000)	Notes	February 28, 2013	February 29, 2012
Intangible assets		21,542	29,472
Property, plant and equipment		263,916	226,184
Financial assets		2,701,888	2,701,763
Fixed assets	(1)	2,987,346	2,957,419
Inventories	(2)	623,333	534,611
Receivables and other assets	(3)	975,307	862,885
Securities		40,913	41,030
Cash and cash equivalents		2,184	4,173
Current assets		1,641,737	1,442,699
Accrued and deferred items	(4)	1,825	35,747
		4,630,908	4,435,865

LIABILITIES AND SHAREHOLDERS' EQUITY			
(€ '000)	Notes	February 28, 2013	February 29, 2012
Subscribed capital		204,183	189,354
Less fair value of own shares		0	-400
Issued subscribed capital		204,183	188,954
Capital reserve		1,620,579	1,192,936
Revenue reserves		219,178	185,638
Net earnings available for distribution		183,806	132,553
Shareholders' equity	(5)	2,227,746	1,700,081
Special items with an equity portion	(6)	38,292	40,795
Provisions for pensions and similar obligations	(7)	454,749	427,729
Other provisions	(8)	297,513	325,468
Provisions		752,262	753,197
Liabilities	(9)	1,559,952	1,868,604
Accrued and deferred items	(10)	52,656	73,188
		4,630,908	4,435,865

INCOME STATEMENTS

MARCH 1, 2012 TO FEBRUARY 28, 2013

(€ '000)	Notes	March 1, 2012– February 28, 2013	March 1, 2011– February 29, 2012
Revenues	(12)	1,809,664	1,575,850
Change in work in progress and finished goods inventories and internal costs capitalized	(13)	76,959	124,161
Other operating income	(14)	81,331	85,475
Cost of materials	(15)	-1,306,156	-1,175,806
Personnel expenses	(16)	-200,169	-188,675
Depreciation of intangible assets and fixed assets		-42,856	-40,225
Other operating expenses	(17)	-494,020	-220,829
Investment income/expense	(18)	271,636	175,820
Depreciation of financial assets		-320	0
Interest income/expense	(19)	-55,658	-72,877
Income from ordinary activities		140,411	262,894
Extraordinary result	(20)	0	-88,365
Tax result - tax court proceedings	(21)	76,500	0
Other taxes on earnings and income	(22)	-7,026	-25,677
Taxes on income		69,474	-25,677
Other taxes		-905	-793
Net earnings for the year		208,980	148,059
Profit brought forward from the previous year		426	54
Allocations to revenue reserves		-25,600	-15,560
Net earnings available for distribution		183,806	132,553

NOTES

APPLICATION OF GERMAN GAAP (HGB)

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

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

The financial statements have been prepared in euros. Unless otherwise indicated, all amounts are disclosed in thousands of euros (€ '000) or millions of euros (€ million). The previous year's numbers are generally put in parentheses in the notes.

ACCOUNTING POLICIES

Transactions in foreign currencies are recognized at the historical exchange rate at the time of initial recognition.

Long-term foreign currency receivables are recognized at the asking price when the claim arises or at the lower fair value on the basis of the average spot exchange rate on the financial reporting date (impairment principle). **Short-term foreign currency receivables** (remaining term of one year or less) and cash or other current assets denominated in foreign currencies are translated at the average spot exchange rate at the balance sheet date.

Long-term foreign currency liabilities are measured at the bid price when the liability arises or at the higher closing rate on the basis of the average spot exchange rate on the financial reporting date (impairment principle). **Short-term foreign currency liabilities** (remaining term of one year or less) are translated at the average spot exchange rate at the balance sheet date.

Exchange gains or losses from different average spot exchange rates between the transaction date and the balance sheet date are reported under other operating income or expense.

Fixed assets

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

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

Intangible assets are depreciated using the straight-line method.

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

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

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

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

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

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

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

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

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

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

Current assets

Materials and other supplies are measured according to the principles of valuation on a separate or standard value basis at acquisition costs with due respect for the lower-of-cost-or-market principle. Merchandise is measured at acquisition cost with due respect for the lower-of-cost-or-market principle. Appropriate valuation reductions are made each time realizability is limited.

Finished goods and work in progress are measured in accordance with notes 253 to 256 HGB at production costs or at the recoverable net proceeds derived from the sale price with due respect for the principle of loss-free evaluation. The FIFO method is used in the measurement of finished goods. Valuation reductions are made if inventory risk arises from extended storage duration or reduced realizability.

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

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

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

CO₂ emission certificates allocated free of charge are capitalized with an acquisition value of zero; certificates acquired for a fee are recognized at their acquisition cost. Provisions are recognized in the amount of the acquisition cost for the certificates if CO₂ emissions exceed the allocated certificates.

Cash and cash equivalents are recognized at their nominal value.

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

Prepaid expenses

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

Subscribed capital

Subscribed capital is recognized at nominal value.

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

Special untaxed reserves

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

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

Provisions

Provisions for **pensions and similar obligations** are determined on the basis of biometric probabilities (Heubeck 2005 G actuarial tables) using the projected unit credit method. The wage and pension inflation parameters were adjusted as follows on the basis of current wage and pension inflation and medium-term projections: The future salary and income threshold increase rates were as in the previous year set at 3.25 percent, the future pension increase rate at 2.25 percent and the average employee turnover rate at 1.0 percent. An actuarial interest rate of 5.03 percent was used as a basis for the discount rate for pension obligations as at February 28, 2013.

This corresponds to the average market interest rate from the past seven financial years determined by Deutsche Bundesbank and published on January 31, 2013 for an assumed time to maturity of 15 years. The expense from the unwinding of the discount for pension obligations and fair value changes to plan assets are reported in the financial result. The asset value of the liability insurance is recognized for reinsured obligations from deferred compensation.

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

The discount rate for provisions for part-time early retirement credits is 4.06 % (4.23 %) and 5.03 % (5.13 %) for anniversary claims. The salary trend corresponds to that of the provisions for pensions and similar obligations.

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

Liabilities

All liabilities are reported using their settlement value.

Deferred revenue

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

Deferred tax

Deferred tax is measured for temporary differences between legal commercial and tax valuations of assets, liabilities and accrued and deferred items. Interest carryforwards and tax loss carryforwards are also considered in addition to temporary accounting differences.

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

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

Research and development expenses

The option of capitalizing development expenses is not exercised.

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

Creation of valuation units for hedging instruments

Accounting for valuation units is based on the principle that comparable risks from a hedged item are offset economically by opposite changes in value or cash flows from a hedge. Unrealized gains and losses are therefore not considered in the scope and for the period in which opposite changes or cash flows from a hedged item and hedge offset each other.

Hedging instruments are considered a valuation unit with the hedged item if the requirement for the creation of valuation units is met. When disclosing the market values the amount is applied which would flow to or from Südzucker AG assuming the hedge were reversed at the balance sheet date. As hedge transactions only comprise normal market tradable financial instruments, the market value is derived from quoted prices on exchanges without offsetting any possible value changes relating to the underlying transaction being hedged.

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

NOTES TO THE BALANCE SHEET

(1) Fixed assets

Intangible assets

(€ '000)	Intangible assets
Acquisition or production cost	
As of March 1, 2012	98,766
Addition	1,602
Disposal	-387
Transfer	41
As of February 28, 2013	100,022
Accumulated depreciation	
As of March 1, 2012	69,294
Annual depreciation	9,535
Disposal	-349
As of February 28, 2013	78,480
Net book value	
February 29, 2012	29,472
February 28, 2013	21,542

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

Property, plant and equipment

(€ '000)	Land and buildings	Technical equipment and machinery	Other plant, factory and office equipment	Advances paid and construction in progress	Property, plant and equipment
Acquisition or production cost					
As of March 1, 2012	333,218	1,097,628	103,116	11,853	1,545,815
Addition	7,000	42,906	14,548	13,413	77,867
Disposal	-9,649	-13,920	-9,749	0	-33,318
Transfer	1,911	6,787	945	-9,684	-41
As of February 28, 2013	332,480	1,133,401	108,860	15,582	1,590,323
Accumulated depreciation					
As of March 1, 2012	219,453	1,012,618	87,560	0	1,319,631
Annual depreciation	5,544	20,500	7,276	0	33,320
Disposal	-4,111	-13,297	-9,136	0	-26,544
Transfer	24	-24	0	0	0
As of February 28, 2013	220,910	1,019,797	85,700	0	1,326,407
Net book value					
February 29, 2012	113,765	85,010	15,556	11,853	226,184
February 28, 2013	111,570	113,604	23,160	15,582	263,916

Financial assets

(€ '000)	Shares in affiliated companies	Participations	Other loans	Financial assets
Acquisition or production cost				
As of March 1, 2012	3,487,528	203	0	3,487,731
Addition	370	25	50	445
Disposal	0	0	0	0
Transfer	0	0	0	0
As of February 28, 2013	3,487,898	228	50	3,488,176
Accumulated depreciation				
As of March 1, 2012	785,968	0	0	785,968
Annual depreciation	320	0	0	320
Disposal	0	0	0	0
As of February 28, 2013	786,288	0	0	786,288
Net book value				
29 February 2012	2,701,560	203	0	2,701,763
28 February 2013	2,701,610	228	50	2,701,888

(2) Inventories

(€ '000)	February 28, 2013	February 29, 2012
Raw materials and supplies	71,352	71,355
Work in progress	136,348	134,856
Finished goods, merchandise	415,633	328,400
	623,333	534,611

The increase in **finished goods** as at February 28, 2013 is primarily due to higher production costs as a result of higher beet costs as well as higher sugar inventories than in the previous year.

(3) Receivables and other assets

(€ '000)	February 28, 2013	February 29, 2012
Trade receivables	93,931	75,273
<i>thereof with remaining term of more than one year</i>	1,369	331
Receivables owed by affiliated companies	807,948	736,940
<i>thereof with remaining term of more than one year</i>	166,909	117,709
Receivables owed by companies in which participations are held	660	141
Other assets	72,768	50,531
	975,307	862,885

With respect to **trade receivables** of € 93.9 (75.3) million, specific allowances for bad debt were recorded in the amount of € 10.8 (9.0) million. Der Anstieg der Forderungen aus Lieferungen und Leistungen ist Folge der gestiegenen Umsatzerlöse.

Receivables from affiliated companies comprise financing receivables resulting from group loans totaling € 249.9 million (€ 217.0 million), trade receivables of € 90.6 million (€ 122.3 million) and other receivables which represent the group financing of the subsidiaries of € 465.4 million (€ 397.7 million).

Other assets in the amount of € 72.8 (50.5) million largely resulted from VAT receivables and rights to energy tax reimbursements. At the balance sheet date, other assets include € 42.3 million in claims from one-time tax income from the successful conclusion of long-term tax court proceedings regarding taxation issues under the Foreign Transaction Tax Act (Außensteuergesetz).

(4) Accrued and deferred items

This item primarily includes accrued interest expense and, as in the previous year, the deferred option premium from the convertible bond issue.

The option premium recognized in the previous year was fully derecognized as part of the repurchase of the convertible bond. See also the explanatory notes on the balance sheet item Shareholders' equity.

(5) Shareholders' equity

(€ '000)	March 1, 2012	Purchase / issuance own shares	Capital increase	Divided for 2011/12	Net earnings for the year	February 28, 2013
Subscribed capital	188,954	400	14,829			204,183
Capital reserve	1,192,936	4,710	422,933			1,620,579
Revenue reserves	185,638	7,940			25,600	219,178
Net earnings available for distribution	132,553			-132,127	183,380	183,806
	1,700,081	13,050	437,762	-132,127	208,980	2,227,746

As of February 28, 2013, the **subscribed capital** is valued at € 204,183,292 and consists of 204,183,292 bearer shares; this exclusively concerns no-par value ordinary shares, each of which represents a notional holding of € 1 per share. The company had no treasury shares as of the period end (previous year: 400,200).

Südzucker AG issued a convertible bond through its subsidiary Südzucker International Finance B.V., Oud-Beijerland, Netherlands on June 30, 2009 with a nominal value of € 283,450,000, a coupon of 2.5 % and a term until June 30, 2016. Early equity conversion was the aim at the time the bond was issued.

To meet the rights arising from the convertible bond, Südzucker held a total of 400,020 treasury shares as of March 1, 2012 with an acquisition cost of € 8.4 million and an attributable amount of share capital of € 0.4 million (representing a 0.21 % holding of share capital), which the company had purchased over the course of the 2011/12 financial year. The number of treasury shares rose to 600,000 over the course of the 2012/13 financial year through additional purchases, bringing the cumulative acquisition costs to € 12.8 million. A total of 199,980 shares were acquired; here, the attributable amount of share capital was € 199,980 (representing a 0.11 % holding of share capital). The basis of the acquisition of treasury shares was the utilization of the authorization granted by shareholders at the Annual General Meeting on July 20, 2010 to buy back shares for the purpose of meeting the obligation from the 2009/2016 convertible bond. 23,489 shares from the stock of treasury shares (with an attributable amount of share capital of € 23,489 representing approximately a 0.01 % holding of share capital) were issued to bondholders who held bonds with a nominal value of € 0.4 million and had exercised their conversion rights. The achieved issue value of treasury shares was credited to equity. This raised the issued subscribed capital again to € 189.4 million. The excess amount was transferred to the other retained earnings reduced by the purchase or, if beyond this, to the capital reserves.

The good performance of Südzucker shares made it possible in November 2012 to significantly strengthen the equity base, to simplify the financing structure and ultimately to further increase the financial and strategic flexibility.

On November 20, 2012, Südzucker approved a capital increase from authorized capital and disposed of the remaining 576,511 treasury shares at a price of € 29.70/share (with an attributable amount of share capital of € 0.6 million representing approximately a 0.3 % holding of share capital). The company no longer holds any treasury shares. As part of an "accelerated bookbuilding process", 14,618,269 new shares were issued from authorized capital in addition to the treasury shares. The issue proceeds of € 451 million were credited to equity.

At the same time, holders of the convertible bond were offered to have their bonds bought back at a price of € 91,250 per bond, corresponding to 182.50 % of the nominal value of € 50,000 per bond.

The outstanding convertible bonds were bought back by Südzucker AG with a nominal value of € 279,350,000 at an offer price of € 510 million. The repurchased convertible bonds were devalued after the transaction was complete as part of a severance agreement. In return, Südzucker International Finance B.V., Oud-Beijerland, Netherlands released Südzucker AG Mannheim, Ochsenfurt from the corresponding loan claims. The resulting devaluation loss was recognized in other operating expense.

On November 30, 2012, Südzucker announced the early termination for the remaining nominal volume of the convertible bonds of € 3,700,000 as per section 3 (4) of the conditions of issue of the bond. Conversion rights with a nominal value of € 3,600,000 were then exercised and 211,415 shares were issued from conditional capital. The convertible bond was redeemed at nominal value for bonds totaling € 100,000.

The 2009/2016 convertible bond has thus been fully redeemed.

As a result of this corporate action, the **subscribed capital** increased by € 14,618,269 from authorized capital and by € 211,415 from conditional capital from € 189,353,608 as of February 29, 2012 to € 204,183,292 as of February 28, 2013.

The conditional capital of up to € 15.0 million issued by resolution of the annual general meeting on July 29, 2008 was intended for the 2009/2016 convertible bond. Capital was increased by € 211,415 from conditional capital to service conversion declarations; the remaining notional conditional capital is up to € 14,788,585.

The **authorized capital** of € 15.0 million created by the annual general meeting on July 21, 2009 was utilized in the amount of € 14,618,269 by capital increase with the exclusion of subscription rights (entered in the commercial register on November 22, 2012). The remaining authorized capital is € 381,731.

After setting off the acquisition cost for treasury shares of € 7.9 (8.0) million and the allocation from net earnings of € 25.6 (15.6) million, **other retained earnings** increased from € 185.6 million to € 219.2 million.

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

(6) Special items with an equity portion

Special untaxed reserves included only impairment losses for tax purposes.

(7) Provisions for pensions and similar obligations

Current obligations for pensions and benefits are reported under provisions for pensions and similar obligations. The amount required to fund provisions for pensions and similar obligations in the amount of € 457.3 (430.2) million is offset against the pension fund assets (funding sources) in the amount of € 2.6 (2.5) million. The fair value of fund assets is the actuarial asset value of insurance policies, which corresponds to the historic acquisition costs.

The first-time adoption of the requirements for the measurement of provisions for pensions and similar obligations amended as part of the German Accounting Law Modernization Act (Bilanzrechtsmodernisierungsgesetz – BilMoG) made the allocation of provisions totaling € 94.7 million necessary, which were fully completed in the previous financial year 2011/12. The previous year is charged with € 88.4 million from this allocation.

(8) Other provisions

(€ '000)	February 28, 2013	February 29, 2012
Tax provisions	55,366	105,444
Other provisions	242,147	220,024
	297,513	325,468

Tax provisions include additions from income tax expenses for periods not yet completed for tax audit purposes.

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

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

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

(9) Liabilities

(€ '000)	February 28, 2013				February 29, 2012			
	Total	< 1 year	1 - 5 years	> 5 years	Total	< 1 year	1 - 5 years	> 5 years
Bonds	0	0	0	0	49,976	49,976	0	0
Liabilities to banks	121,000	0	74,297	46,703	134,548	89,048	45,500	0
Trade payables	457,412	457,412	0	0	438,516	438,445	69	2
Liabilities to affiliated companies	898,201	285,751	612,450	0	1,158,183	263,183	895,000	0
Liabilities to companies with which there is a participating interest	51	51	0	0	33	33	0	0
Other liabilities	83,288	83,288	0	0	87,348	87,348	0	0
<i>thereof for taxes</i>	3,489	3,489	0	0	6,273	6,273	0	0
<i>thereof for social security</i>	9,699	9,699	0	0	9,794	9,794	0	0
	1,559,952	826,502	686,747	46,703	1,868,604	928,033	940,569	2

In the previous year, outstanding commercial papers totaling € 50.0 million were reported under the item **Bonds and debt securities**; as at February 28, 2013, it was not necessary to issue any short-term commercial papers thanks to the good development of cash flow.

Liabilities to banks amount to € 121.0 million after € 134.5 million last year.

Obligations to beet growers of € 397.8 million (€ 385.9 million) are reported under **trade payables**.

Liabilities to affiliated companies totaling € 898.2 (1,158.2) million primarily concern borrowing from bonds issued through Südzucker International Finance B.V., Oud-Beijerland, Netherlands. The decrease is attributable to repayment of the 2009/2016 convertible bond.

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

All liabilities are unsecured.

(10) Accrued and deferred items

Income from EU restructuring assistance was offset by the proportionate carrying amount of the additional quota, with a total of € 153.3 million deferred to be reversed to income on a pro rata basis up until 2014/15. The deferred amount as of the balance sheet date comprises € 52.7 (73.2) million.

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

Of the future obligations resulting from lease agreements for office space, office and factory equipment as well as facilities leasing, € 4.2 (4.1) million is due within up to one year, € 1.5 (2.2) million within one to five years, and € 0.0 (0.0) million after five years; of these amounts, € 0.5 (0.5) million is attributable to affiliated companies and is due within one to five years. Other financial commitments from open orders totaled € 61.4 million (€ 38.6 million) as of the balance sheet date. These rose in particular in connection with the construction of the new head office.

For bonds issued by Südzucker Finance B.V. in favor of the creditors, Südzucker AG issued guarantees totaling € 400.0 million (€ 683.4 million) and, in the case of the subordinate hybrid bond, a subordinated guarantee totaling € 700.0 million (€ 700.0 million). A further guarantee was issued in favor of the creditors of BENEÓ Orafiti Chile S.A. for a maximum credit line of USD 25.0 million; as of the balance sheet date the company had accessed USD 12.0 million from the credit line. Due to the financial situation of the companies, utilization of the guarantees issued is not currently anticipated.

Besides the other financial commitments and contingent liabilities presented, there are no off-balance-sheet transactions that would be of importance for the financial position of the company.

For a loan in the amount of GBP 10.0 million to a subsidiary, Südzucker AG entered into a currency swap to hedge the currency risk associated with interest payments and loan repayment. The hedged item (loan granted in a foreign currency) and the hedging instrument (cross currency swap) are considered a micro-hedge because together they meet the requirements for hedging a single asset. Accordingly, no depreciation of the GBP receivable is taken due to currency fluctuations and no provision is recognized in the event of a negative market value of the hedging instrument. On the balance sheet date, the cross currency swap had a negative market value of € 0.2 million. The maturity date of the hedging instrument is October 21, 2016.

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

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

NOTES TO THE INCOME STATEMENT

(12) Revenues

(€ '000)	2012/13	2011/12
Classification according to activities		
Own production	1,493,740	1,243,292
<i>thereof sugar</i>	1,313,268	1,082,068
<i>thereof other revenue</i>	180,472	161,224
Revenues from services	77,344	93,096
Merchandise revenue	238,580	239,462
<i>thereof sugar</i>	199,019	198,896
<i>thereof by products</i>	39,561	40,566
	1,809,664	1,575,850
Classification according to geographical markets		
Germany	1,047,186	944,411
EU	733,424	609,550
Others	29,054	21,889
	1,809,664	1,575,850

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

(€ '000)	2012/13	2011/12
Change in finished goods and work in progress	73,757	121,686
Internal costs capitalized	3,202	2,475
	76,959	124,161

(14) Other operating income

Other operating income includes income from prior periods totaling € 11.6 million (€ 20.6 million), which largely resulted from accounting profits and the reversal of provisions. Also included is income from currency translation totaling € 26,000 (€ 57,000).

Other operating income included income from the release of special untaxed reserves in the amount of € 2.5 (1.4) million.

(15) Cost of materials

(€ '000)	2012/13	2011/12
Cost of raw materials and consumables and merchandise	1,227,956	1,101,353
Cost of purchased services	78,200	74,453
	1,306,156	1,175,806

(16) Personnel expenses

(€ '000)	2012/13	2011/12
Wages and salaries	149,103	139,109
Social contributions and expenses for retirement and other benefits	51,066	49,566
<i>thereof retirement benefits</i>	26,659	24,972
	200,169	188,675
Average number of employees during the year	2012/13	2011/12
Industrial employees	1,128	1,123
Salaried employees	1,061	1,035
Apprentices	184	188
	2,373	2,346

(17) Other operating expenses

Other operating expenses include expenses from prior periods totaling € 34.0 million (€ 33.8 million). Also included are expenses from currency translation totaling € 2,401,000 (€ 76,000).

(18) Investment income/expense

(€ '000)	2012/13	2011/12
Income from profit transfer agreements	239,390	161,889
Income from investments	32,248	13,936
<i>thereof from affiliated companies</i>	32,215	13,936
<i>thereof from other investments</i>	33	0
Expenses from transfer of losses	-2	-5
	271,636	175,820

(19) Interest income/expense

(€ '000)	2012/13	2011/12
Expenses / Income from other		
long-term financial investments and loans	-6,511	-7,384
Other interest and similar income	14,314	19,623
<i>thereof from affiliated companies</i>	10,975	10,983
Interest and similar expenses	-63,461	-85,116
<i>thereof to affiliated companies</i>	-28,756	-47,721
	-55,658	-72,877

In addition to income from the unwinding of the discount for long-term receivables in the previous year, expense from the unwinding of the discount for long-term obligations totaling € 24.4 million (€ 23.4 million) is also recorded in the interest result in the year under review.

This primarily results from the unwinding of the discount for provisions for pensions and similar obligations totaling € 21.5 million or non-current provisions for personnel expenses totaling € 1.5 million, which are netted against income from the fair value measurement of plan assets of € 0.1 million.

(20) Extraordinary result

The prior year's extraordinary result of € -88.4 million included the remaining special addition to the pension provisions recognized as an expense due to the requirements for the measurement of provisions for pensions amended as part of the German Accounting Law Modernization Act (Bilanzrechtsmodernisierungsgesetz – BilMoG).

(21) Tax result – tax court proceedings

This item relates to one-time tax income from the conclusion of long-term tax court proceedings regarding taxation issues under the Foreign Transaction Tax Act (Außensteuergesetz).

(22) Other taxes on income

Other taxes on income comprise tax expenses from previous years.

Deferred tax assets totaling € 123.7 million result from the comparatively higher valuations in the commercial balance sheet than in the tax balance sheet for provisions for pensions, part-time early retirement and anniversaries, other provisions, and from available interest carryforwards and tax loss carryforwards.

This compares with deferred tax liabilities of € 26.2 million from higher valuations of financial assets and the deferred items in the commercial balance sheet. In total deferred tax assets exceeded deferred tax liabilities; deferred tax assets were not recognized.

In determining deferred taxes a theoretical tax rate of 29.1 percent is assumed. The effective tax rate is equal to 5.0 percent. Differences in the theoretical tax rate and the effective tax rate largely result from tax reductions from tax-free income of € 231.8 million.

(23) Research and development expenses

Research and development expenses totaled € 17.7 million (€ 16.9 million) and were completely recognized in the income statement.

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

The total compensation granted to members of the executive board by Südzucker AG in the 2012/13 financial year amounted to € 3.9 million (€ 3.2 million). The variable component makes up 52 percent (49 percent) of their remuneration in cash, and depends on the dividend to be approved by the annual general meeting. Provisions for pensions of € 27.1 million (€ 25.0 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 € 2.2 million (€ 2.4 million). Total remuneration paid to Südzucker AG's supervisory board for all activities was € 2.3 million (€ 1.7 million) in the 2012/13 financial year. The remuneration systems for the executive board and supervisory board are discussed under "Remuneration" in the management report.

(25) Shareholdings

Both equity and the annual results of German participations are disclosed uniformly according to the German Commercial Code (HGB). If a profit and loss transfer agreement exists with the relevant participation, the annual results are disclosed as zero. The list of shareholdings is found on pages 77ff in these notes to the financial statements. Disclosures are presented in compliance with section 313 (2) and section 285 No. 11 HGB.

(26) Supervisory board and executive board**SUPERVISORY BOARD****Dr. Hans-Jörg Gebhard, Eppingen****Chairman**

Chairman Verband Süddeutscher Zuckerrübenanbauer e. V.

Memberships in other domestic, statutory supervisory boards

- CropEnergies AG, Mannheim
- VK Mühlen AG, Hamburg

Memberships in comparable German and foreign supervisory committees

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

Dr. Christian Konrad, Vienna, Austria**Deputy Chairman**

Former chairman of Raiffeisen-Holding Niederösterreich-Wien reg.Gen.m.b.H.

Memberships in other domestic, statutory supervisory boards

- BAYWA AG, Munich (Deputy Chairman)

Memberships in comparable German and foreign supervisory committees

- AGRANA Beteiligungs-AG, Vienna, Austria (Chairman)
- AUSTRIA JUICE GmbH, Allhartsberg, Austria (Chairman)
- DO & CO Restaurants und Catering Aktiengesellschaft, Vienna, Austria
- KURIER Redaktionsgesellschaft m.b.H., Vienna, Austria, (Chairman)
- KURIER Zeitungsverlag und Druckerei Gesellschaft m.b.H., Vienna, Austria (Chairman)
- Leipnik-Lundenburger Invest Beteiligungs-AG, Vienna, Austria (Chairman)
- Raiffeisenlandesbank Niederösterreich-Wien AG, Vienna, Austria (Chairman)
- RWA Raiffeisen Ware Austria AG, Vienna, Austria
- Saint Louis Sucre S.A., Paris, France
- Siemens Aktiengesellschaft Österreich, Vienna, Austria (Deputy chairman)
- SZVG Süddeutsche Zuckerrübenverwertungs-Genossenschaft eG, Ochsenfurt

Franz-Josef Möllenberg*, Rellingen**Deputy chairman**

Chairman of Gewerkschaft Nahrung-Genuss-Gaststätten

Memberships in other domestic, statutory supervisory boards

- CropEnergies AG, Mannheim

Memberships in comparable German and foreign supervisory committees

- Kreditanstalt für Wiederaufbau, Frankfurt/Main

Dr. Ralf Bethke, Deidesheim

Former chairman of the executive board of K+S Aktiengesellschaft

Memberships in other domestic, statutory supervisory boards

- DJE Kapital AG, Pullach (Chairman)
- K+S Aktiengesellschaft, Kassel (Chairman)

Memberships in comparable German and foreign supervisory committees

- Benteler International AG, Salzburg, Austria (Deputy chairman)
- SZVG Süddeutsche Zuckerrübenverwertungs-Genossenschaft eG, Ochsenfurt

Dr. Jochen Fenner, Gelchsheim

Chairman of the executive board of SZVG Süddeutsche Zuckerrübenverwertungs-Genossenschaft eG and chairman of Verbände Fränkischer Zuckerrübenbauer e.V.

Memberships in comparable German and foreign supervisory committees

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

Manfred Fischer*, Feldheim

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

Yüksel Gediagac* (since July 19, 2012), Berlin

Chairman of the works council of Freiberger Lebensmittel GmbH & Co. Produktions- und Vertriebs KG

¹ Group mandates of Südzucker-Group and Raiffeisen-Holding Group in Niederösterreich-Wien

* Employee representatives

Erwin Hameseder, Mühldorf, Austria

Obmann of Raiffeisen-Holding Niederösterreich-Wien reg.Gen.m.b.H.

Memberships in comparable German and foreign supervisory committees

- Flughafen Wien AG, Vienna, Austria (Chairman)
- RWA Raiffeisen Ware Austria Handel und Vermögensverwaltung eGen, Vienna, Austria

Group mandates¹

- AGRANA Beteiligungs-AG, Vienna, Austria (2nd deputy chairman)
- AGRANA Zucker, Stärke und Frucht Holding AG, Vienna, Austria (1st deputy chairman)
- Leipnik-Lundenburger Invest Beteiligungs-AG, Vienna, Austria
- Mediaprint Zeitungs- und Zeitschriften GmbH & Co. KG, Vienna, Austria (Chairman)
- Raiffeisen Bank International AG, Vienna, Austria (1st deputy chairman)
- Raiffeisenlandesbank Niederösterreich-Wien AG, Vienna, Austria (Deputy chairman)
- Raiffeisen Zentralbank Österreich AG, Vienna, Austria (Chairman)
- STRABAG SE, Villach, Austria (Deputy chairman)
- UNIQA Versicherungen AG, Vienna, Austria (2nd deputy chairman)
- Z & S Zucker und Stärke Holding AG, Vienna, Austria (Chairman)

Hans Hartl*, Ergolding

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

Memberships in other domestic, statutory supervisory boards

- Brau Holding International GmbH & Co. KGaA, Munich (Deputy chairman)

Ralf Hentzschel, Panschwitz-Kuckau OT Lehdorf

Chairman Verband Sächsisch-Thüringischer Zuckerrübenanbauer e.V.

Memberships in comparable German and foreign supervisory committees

- SZVG Süddeutsche Zuckerrübenverwertungs-Genossenschaft eG, Ochsenfurt (Deputy chairman)

Reinhold Hofbauer*, Deggendorf

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

Wolfgang Kirsch, Königstein

Chairman of the executive board of DZ BANK AG

Memberships in comparable German and foreign supervisory committees

- Landwirtschaftliche Rentenbank, Frankfurt/Main
- SZVG Süddeutsche Zuckerrübenverwertungs-Genossenschaft eG, Ochsenfurt

Group mandates of DZ Bank AG Group

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

Georg Koch, Wabern

Chairman Verband der Zuckerrübenanbauer Kassel e.V.

Klaus Kohler* (until Juli 19, 2012), Bad Friedrichshall

Former chairman of the works council of the plant Offenau of Südzucker AG Mannheim/Ochsenfurt

Erhard Landes, Donauwörth

Chairman Verband bayerischer Zuckerrübenanbauer e.V.

Bernd Maiweg*, Gütersloh

Divisional officer of Gewerkschaft Nahrung-Genuss-Gaststätten

Joachim Rukwied, Eberstadt

President of Deutscher Bauernverband e.V.

Memberships in comparable German and foreign supervisory committees

- AGRA-EUROPE Presse- und Informationsdienst GmbH, Bonn
- Buchstelle Landesbauernverband Baden-Württemberg GmbH, Stuttgart (Chairman)
- Kreditanstalt für Wiederaufbau, Frankfurt/Main
- LAND-DATA GmbH, Visselhövede (Chairman)
- Landwirtschaftliche Rentenbank, Frankfurt/Main

Ronny Schreiber*, Einhausen

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

Franz-Rudolf Vogel*, Worms

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

Wolfgang Vogl*, Bernried

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

Group mandates

- BGD Bodengesundheitsdienst GmbH, Mannheim

Roland Werner* (until Februar 28, 2013), Saxdorf

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

Rolf Wiederhold* (since March 1st, 2013), Wabern

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

¹ Group mandates of Südzucker-Group and Raiffeisen-Holding Group in Niederösterreich-Wien

* Employee representatives

THE EXECUTIVE BOARD

Dr. Wolfgang Heer (Chairman), Ludwigshafen

Group mandates

- AGRANA Beteiligungs-AG, Vienna, Austria (1st deputy chairman)
- AGRANA Zucker, Stärke und Frucht Holding AG, Vienna, Austria (Chairman)
- BENE0 GmbH, Mannheim
- ED&F MAN Holdings Limited, London, Großbritannien
- Freiburger Holding GmbH, Berlin (Chairman)
- PortionPack Europe Holding B. V., Oud-Beijerland, Netherlands
- Raffinerie Tirlemontoise S.A., Brussels, Belgium
- Saint Louis Sucre S.A., Paris, France
- Südzucker Polska S.A., Wroclaw, Poland (Deputy chairman)
- Z & S Zucker und Stärke Holding AG, Vienna, Austria (Deputy chairman)

Dr. Lutz Guderjahn (since Juli 17, 2012), Offstein

Group mandates

- CropEnergies AG, Mannheim (Deputy chairman)
- Raffinerie Tirlemontoise S.A., Brussels, Belgium
- Saint Louis Sucre S.A., Paris, France

Dr. Thomas Kirchberg, Ochsenfurt

Group mandates

- AGRANA Beteiligungs-AG, Vienna, Austria
- BENE0 GmbH, Mannheim
- BGD Bodengesundheitsdienst GmbH, Mannheim (Chairman)
- Raffinerie Tirlemontoise S.A., Brussels, Belgium
- Saint Louis Sucre S.A., Paris, France (Chairman)
- Südzucker Moldova S.A., Drochia, Moldova (Chairman)
- Südzucker Polska S.A., Wroclaw, Poland (Chairman)

Thomas Kölbl, Speyer

Memberships in comparable German and foreign supervisory committees

- Baden-Württembergische Wertpapierbörse GmbH, Stuttgart

Group mandates

- AGRANA Bioethanol GmbH, Vienna, Austria
- AGRANA Internationale Verwaltungs- und Asset-Management GmbH, Vienna, Austria
- AGRANA J & F Holding GmbH, Vienna, Austria
- AGRANA Stärke GmbH, Vienna, Austria
- AGRANA Zucker GmbH, Vienna, Austria
- AUSTRIA JUICE GmbH, Allhartsberg, Austria
- BENE0 GmbH, Mannheim
- CropEnergies AG, Mannheim
- Freiburger Holding GmbH, Berlin
- Mönnich GmbH, Kassel (Chairman)
- PortionPack Europe Holding B. V., Oud-Beijerland, Netherlands (Chairman)
- Raffinerie Tirlemontoise S.A., Brussels, Belgium
- Saint Louis Sucre S.A., Paris, France
- Südzucker Polska S.A., Wroclaw, Poland
- Südzucker Versicherungs-Vermittlungs-GmbH, Mannheim (Chairman)

Prof. Dr. Markwart Kunz, Worms

Group mandates

- BENE0 GmbH, Mannheim (Chairman)
- CropEnergies AG, Mannheim (Chairman)
- Raffinerie Tirlemontoise S.A., Brussels, Belgium (Chairman)
- Saint Louis Sucre S.A., Paris, France (Deputy Chairman)
- Südzucker Polska S.A., Wroclaw, Poland
- Südzucker Versicherungs-Vermittlungs-GmbH, Mannheim

Dipl. Ing. Johann Marihart, Limberg, Austria

Memberships in comparable German and foreign supervisory committees

- BBG Bundesbeschaffungsges. m. b. H., Vienna, Austria
- Österreichische Forschungsförderungsgesellschaft mbH, Vienna, Austria (Deputy chairman)
- Österreichische Nationalbank AG, Vienna, Austria
- Ottakringer Getränke AG, Vienna, Austria
- Spanische Hofreitschule - Bundesgestüt Piber, Vienna, Austria (Chairman)
- TÜV Austria Holding AG, Vienna, Austria (Chairman)

Group mandates

- AGRANA Stärke GmbH, Vienna, Austria (Chairman)
- AGRANA Zucker GmbH, Vienna, Austria (Chairman)
- AUSTRIA JUICE GmbH, Allhartsberg, Austria
- BENE0 GmbH, Mannheim
- Österreichische Rübensamenzucht Gesellschaft m.b.H., Vienna, Austria (Chairman)
- Raffinerie Tirlemontoise S.A., Brussels, Belgium
- Saint Louis Sucre S.A., Paris, France
- Zuck erforschung Tulln Gesellschaft m.b.H., Vienna, Austria (Chairman)

(27) Other disclosures

Süddeutsche Zuckerrübenverwertungs-Genossenschaft e.G. (SZVG), Stuttgart, holds approximately 52 % of share capital and Raiffeisen-Holding Niederösterreich-Wien registrierte Genossenschaft mit beschränkter Haftung, Vienna, Austria (Raiffeisen-Holding) and associated companies (Raiffeisen Group) hold approximately 10 % of share capital through Zucker Invest GmbH, Vienna, Austria.

A voting trust agreement exists between SZVG and the Raiffeisen Group; there are also voting trust agreements within the Raiffeisen Group. Due to the voting trust agreement, SZVG's participations and those of Zucker Invest GmbH are attributed reciprocally according to the German Securities Trading Act (Wertpapierhandelsgesetz – WpHG), which means that SZVG and Zucker Invest GmbH hold approximately 62 % of the subscribed capital according to WpHG.

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

The following expenses were incurred in the 2012/13 financial year for services provided by Pricewaterhousecoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft:

(€ '000)	2012/13	2011/12
Auditing services	538	535
Other assurance services	5	123
Tax advisory services	2	0
Other services	25	243
	570	901

(29) Declaration of compliance per note 161 AktG

The executive board and supervisory board issued the declaration of compliance relating to the German Corporate Governance Code in accordance with note 161 of the German Stock Corporation Act (AktG) on November 20, 2012. It is available on the Internet via our website at:

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

(30) Proposed appropriation of earnings

Net earnings available for distribution of Südzucker AG amount to € 183.8 million (€ 132.5 million). It will be proposed to the annual general meeting that a dividend of € 0.90 (€ 0.70) per share be distributed and be appropriated as follows:

(in €)	2012/13
Distribution of a dividend of € 0.90 per share on 204,183,292 shares	183,764,962.80
Profit carried forward	40,673.66
Net earnings available for distribution	183,805,636.46

If on the day of the annual general meeting treasury shares exist, the resolution proposal will be modified – in the event of a distribution of € 0.90 per qualifying share – to have the corresponding higher remaining value carried forward.

The dividend is to be paid on August 2, 2013.

LIST OF SHAREHOLDINGS

	Location	Country	SZ share (%)	indirect holding (%)	Equity (€ million)	Earnings after tax (€ million)
I. Fully consolidated companies						
Sugar Segment						
- Sugar Belgium						
Raffinerie Tirlemontoise S.A.	Brussels	Belgium		99.41	1,208.66	176.87
Tiense Suikerraffinaderij Services g.c.v.	Brussels	Belgium		100.00	943.42	23.02
- Sugar France						
Saint Louis Sucre S.A.	Paris	France		99.80	110.03	74.79
Société Française d'Organisation et de Participations "S.F.O.P."	Paris	France		100.00	15.90	0.03
- Sugar Austria						
AGRANA Zucker GmbH	Vienna	Austria		100.00	337.60	60.14
AGRANA Marketing- und Vertriebsservice Gesellschaft m.b.H.	Vienna	Austria		100.00	6.27	0.58
- Sugar Poland						
Südzucker Polska S.A.	Wroclaw	Poland		99.59	341.49	110.73
"POLTERRA" Sp. z o.o.	Wroclaw	Poland		100.00	0.83	0.00
Przedsiębiorstwo Rolne "KLOS" Sp. z o.o.	Wroclaw	Poland		100.00	0.51	0.08
Südzucker Polska Nieruchomosci Sp. z o.o.	Wroclaw	Poland		74.07	-2.08	-0.17
- Sugar Romania						
AGRANA AGRO SRL	Roman	Romania		100.00	-0.02	-0.02
AGRANA BUZAU SRL	Buzau	Romania		100.00	-0.69	-0.73
AGRANA TANDAREI SRL	Tandarei	Romania		100.00	0.15	2.13
S.C. AGRANA Romania S.A.	Bukarest	Romania		91.33	31.48	-1.41
- Sugar Slovakia						
Slovenské Cukrovary s.r.o.	Sered	Slovakia		100.00	40.99	10.09
- Sugar Czech Republic						
Moravskoslezské Cukrovary A.S.	Hrusovany	Czech Republic		97.66	89.47	22.72
- Sugar Hungary						
AGRANA Magyarország Értékesítési Kft.	Budapest	Hungary		100.00	4.91	0.25
Biogáz Fejlesztő Kft.	Kaposvár	Hungary		100.00	-0.08	-0.09
Koronás Irodaház Szolgáltató Korlátolt Felelősségű Társaság	Budapest	Hungary		100.00	1.27	0.00
Magyar Cukorgyártó és Forgalmazó Zrt.	Budapest	Hungary		87.59	84.75	7.97
- Sugar Bulgaria						
AGRANA Bulgaria AD	Sofia	Bulgaria		100.00	0.13	0.05
AGRANA Trading EOOD	Sofia	Bulgaria		100.00	1.65	0.10
- Sugar Bosnia						
AGRANA BIH Holding GmbH	Vienna	Austria		100.00	2.92	-11.71
AGRANA d.o.o.	Brcko	Bosnia-Herzegovina		100.00	0.14	0.04
- Sugar Moldova						
Agro Credit S.R.L.	Drochia	Moldova		100.00	0.02	0.01
Agro-SZM S.R.L.	Drochia	Moldova		100.00	5.53	-1.12
Südzucker Moldova S.A.	Drochia	Moldova		83.64	53.92	4.88
- Sugar others						
AGRANA Beteiligungs-AG	Vienna	Austria	0,55	37.75	590.67	52.08
AGRANA Group-Services GmbH	Vienna	Austria		100.00	4.64	-2.76
Agrar und Umwelt AG Loberaue	Rackwitz	Germany	100,00		21.88	2.03
Agrofrucht, Handel mit landwirtschaftlichen Produkten Gesellschaft m.b.H.	Vienna	Austria		100.00	6.36	-1.80
AHG Agrar-Holding GmbH	Mannheim	Germany	100,00		0.03	* 1)
AIH Agrar-Industrie-Holding GmbH	Mannheim	Germany	100,00		0.23	0.00
BGD Bodengesundheitsdienst GmbH	Mannheim	Germany	100,00		0.03	* 1)
Hosa Trading Importação e Exportação S.A.	Sao Paulo	Brazil	99,00	1,00	-0.15	0.00
INSTANTINA Nahrungsmittel Entwicklungs- und Produktionsgesellschaft m.b.H.	Vienna	Austria		66.67	7.87	0.59
James Fleming & Co. Ltd.	Midlothian	Great Britain		100.00	14.36	2.67

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5) Result since closing (9 months)

	Location	Country	SZ share (%)	indirect holding (%)	Equity (€ million)	Earnings after tax (€ million)
Mönnich GmbH	Kassel	Germany	100,00		3.15	* 1)
Rackwitzer Biogas GmbH	Rackwitz	Germany		100,00	0.03	0.00
Rafti BV	Wijchen	Netherlands		100,00	11.35	2.41
Raftir Nederland Beheer B.V.	Groningen	Netherlands		100,00	6.84	0.08
Sächsisch-Thüringische Zuckerfabriken Verwaltungsgesellschaft mbH	Mannheim	Germany	100,00		0.03	0.00
S.O.G.E.L.A.F. SARL	Paris	France		100,00	32.93	0.14
Südprojekt Silo und Logistik GmbH & Co. KG	Mannheim	Germany	100,00		30.12	0.43
Sudzucker Hellas E.P.E.	Athina	Greece		100,00	0.87	0.12
Sudzucker Holding GmbH	Mannheim	Germany	100,00		715.77	* 1)
Sudzucker Ibérica, S.L.U.	Barcelona	Spain		100,00	1.34	0.75
Sudzucker International Finance B.V.	Oud-Beijerland	Netherlands	100,00		7.99	2.42
Sudzucker Tiefkühl-Holding GmbH	Ochsenfurt	Germany	100,00		559.08	* 1)
Sudzucker Versicherungs-Vermittlungs-GmbH	Mannheim	Germany	51,00		1.27	1.21
Tiense Suikerraffinaderij Nederland Holding B.V.	Wijchen	Netherlands		100,00	8.07	1.93
Wolteritzer Agrar GmbH	Rackwitz	Germany		100,00	0.16	0.00
W.T. Mather Ltd.	Lancashire	Great Britain		100,00	3.06	0.00
Zschortauer Agrar GmbH	Rackwitz	Germany		100,00	0.03	0.00
Zschortauer Futtermittel GmbH	Rackwitz	Germany		74.00	1.47	0.18
Nougat Chabert & Guillot SA	Montelimar	France		99.75	3.65	0.14 3)
S.C.I. DU MARINET	Upie	France		100,00		3)
AGRANA Zucker, Stärke und Frucht Holding AG	Vienna	Austria	50,00		397.41	38.58 3)
Z & S Zucker und Stärke Holding AG	Vienna	Austria		100,00		3)
Special products segment						
- BENE0						
BENE0 GmbH	Mannheim	Germany	100,00		180.48	* 1)
BENE0 Asia Pacific Pte Ltd.	Singapore	Singapore		100,00	2.54	0.20
BENE0 Inc.	Morris Plains	USA		100,00	7.42	1.17
BENE0-Orafti Latinoamerica Coordenação Regional Ltda.	Moema, Sao Paulo	Brazil		100,00	0.26	0.06
BENE0-Orafti S.A.	Oreye	Belgium		100,00	241.50	-2.67
BENE0-Palatin GmbH	Mannheim	Germany	15,00	85,00	23.58	* 1)
Orafti Chile S.A.	Pemuco	Chile		100,00	181.66	-1.58
Orafti Espana S.L.	Barcelona	Spain		100,00	0.26	0.10
REMY ITALIA S.P.A.	Confienza (PV)	Italy		66.70	0.59	-0.10
BENE0-Remy N.V.	Wijgmaal (Leuven)	Belgium		100,00	234.74	-5.60 3)
Nutriz N.V.	Wijgmaal (Leuven)	Belgium		77.45		3)
Veniremy N.V.	Wijgmaal (Leuven)	Belgium		100,00		3)
- Freiberger						
Freiberger Holding GmbH	Berlin	Germany	10,00	90,00	122.35	* 1)
Alberto Lebensmittel GmbH	Berlin	Germany		100,00	0.03	0.00
Favorit Lebensmittel-Vertriebs GmbH	Berlin	Germany		100,00	0.05	0.00
Feinschmecker Eiscrème und Tiefkühlkost GmbH	Berlin	Germany		100,00	0.10	-0.01
Feinschmecker Feinkost GmbH	Berlin	Germany		100,00	0.07	0.00
Freiberger France S.A.R.L.	St. Didier au Mont d'Or	France		100,00	0.08	0.04
Freiberger GmbH	Berlin	Germany		100,00	0.04	0.00
Freiberger Lebensmittel GmbH	Berlin	Germany		100,00	23.27	* 1)
Freiberger Lebensmittel GmbH & Co. Produktions- und Vertriebs KG	Berlin	Germany		100,00	52.06	* 2)
Freiberger Polska Sp.z o.o.	Warszawa	Poland		100,00	0.01	0.19
Freiberger UK Ltd.	Spalding	Great Britain		100,00	0.13	0.19
Freiberger USA Inc.	Morris Plains	USA		100,00	-0.03	-0.03
Great Star Food Production GmbH & Co. KG	Berlin	Germany		100,00	0.00	* 2)
Prim AS Tiefkühlprodukte Gesellschaft m.b.H.	Oberhofen	Austria		100,00	7.28	0.56
Sandhof Limited	Westhoughton	Great Britain		100,00	28.13	8.16
Stateside Foods Ltd.	Westhoughton	Great Britain		100,00	16.28	7.15
- PortionPack						
PortionPack Europe Holding B. V.	Oud-Beijerland	Netherlands	100,00		30.43	-20.63
Hellma Gastronomicky Servis Praha spol. s.r.o.	Praha	Czech Republic		96.95	1.01	-1.40
Hellma Gastronomie-Service GmbH	Nürnberg	Germany		100,00	4.49	* 1)
Hellma Lebensmittel-Verpackungs-Gesellschaft m.b.H.	Vienna	Austria		100,00	0.80	0.23
Hellma Polska Sp.zo.o.	Krakow	Poland		100,00	0.21	-0.03
PortionPack Belgium N.V.	Herentals	Belgium		100,00	-0.06	-2.16
SAES The Portion Company, S.L	La Llagosta (Barcelona)	Spain		100,00	0.16	-0.01
PortionPack Holland B.V.	Oud-Beijerland	Netherlands		100,00	12.71	1.65 3)
PortionPack Landgraaf B.V.	Landgraaf	Netherlands		100,00		3)
Steendrukkerij Rotterdam B.V.	Oud-Beijerland	Netherlands		100,00		3)
Van Oordt the portion company B.V.	Oud-Beijerland	Netherlands		100,00		3)
Single Source Limited	Telford / Shropshire	Great Britain		100,00	4.90	2.34 3)
APCS Holdings Limited	Telford / Shropshire	Great Britain		100,00		3)
AP Sachets Limited	Telford / Shropshire	Great Britain		100,00		3)

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5) Result since closing (9 months)

	Location	Country	SZ share (%)	indirect holding (%)	Equity (€ million)	Earnings after tax (€ million)
Central Legal Funding Limited	Telford / Shropshire	Great Britain		75.00		3)
Santeau Limited	Telford / Shropshire	Great Britain		100.00		3)
Sugar Stix Limited	Telford / Shropshire	Great Britain		100.00		3)
- Starch						
AGRANA Stärke GmbH	Vienna	Austria		100.00	249.99	57.05
AGRANA Bioethanol GmbH	Vienna	Austria		74.90	77.63	5.87
S.C. A.G.F.D. Tandarei s.r.l.	Tandarei	Romania		99.99	4.90	0.17
CropEnergies segment						
- CropEnergies AG						
CropEnergies AG	Mannheim	Germany	71,02		367.36	41.53
BioWanze SA	Brussels	Belgium		100.00	231.67	17.91
Compagnie Financière de l'Artois SA	Loon-Plage	France		100.00	11.59	5.11
CropEnergies Beteiligungs GmbH	Mannheim	Germany		100.00	61.23	* 1)
CropEnergies Bioethanol GmbH	Zeitz	Germany		100.00	72.44	* 1)
CropEnergies Inc.	Houston	USA		100.00	0.70	-0.70
RYSSSEN ALCOOLS SAS	Loon-Plage	France		100.00	18.79	4.03
Fruit segment						
- Fruit preparations						
AGRANA Fruit S.A.S.	Paris	France		100.00	92.69	-6.43
AGRANA Fruit Argentina S.A.	Buenos Aires	Argentina		99.99	3.26	0.15
AGRANA Fruit Australia Pty Ltd.	Central Mangrove	Australia		100.00	21.58	3.86
AGRANA Fruit Austria GmbH	Gleisdorf	Austria		100.00	21.04	0.28
AGRANA Fruit Brasil Indústria, Comércio, Importacao e Exportacao Ltda.	Sao Paulo	Brazil		77.91	3.91	-0.08
AGRANA Fruit Brasil Participacoes Ltda.	Sao Paulo	Brazil		99.99	3.34	0.95
AGRANA Fruit Dachang Co., Ltd.	Dachang	China		100.00	13.35	1.34
AGRANA Fruit Fiji Pty Ltd.	Sigatoka	Fidschi		100.00	0.90	0.04
AGRANA Fruit France S.A.	Paris	France		100.00	15.03	-1.91
AGRANA Fruit Germany GmbH	Konstanz	Germany		100.00	11.99	-0.82
AGRANA Fruit Istanbul Gıda Sanayi ve Ticaret A.Ş.	Zincirlikuyu	Turkey		100.00	5.41	0.25
AGRANA Fruit Korea Co. Ltd.	Seoul	South Korea		100.00	11.01	0.86
AGRANA Fruit Latinoamérica S. de R.L. de C.V.	Michoacan	Mexico		99.99	8.75	2.39
AGRANA Fruit Luka TOV	Vinnitsa	Ukraine		99.97	1.86	0.33
AGRANA Fruit México, S.A. de C.V.	Michoacan	Mexico		100.00	14.63	-14.03
AGRANA Fruit Polska SP z.o.o.	Ostroleka	Poland		100.00	11.23	-0.28
AGRANA Fruit Services GmbH	Vienna	Austria		100.00	7.86	1.31
AGRANA Fruit Services Inc.	Brecksville	USA		100.00	13.31	1.12
AGRANA Fruit Services S.A.S.	Paris	France		100.00	0.22	-0.02
AGRANA Fruit South Africa (Proprietary) Ltd.	Kapstadt	South Africa		100.00	2.72	-0.57
AGRANA Fruit Ukraine TOV	Vinnitsa	Ukraine		99.80	38.67	2.64
AGRANA Fruit US, Inc.	Brecksville	USA		100.00	42.44	6.32
Agrana Nile Fruits Processing SAE	Qalyoubia	Egypt		51.00	1.63	0.26
Dirafrost FFI N. V.	Herk-de-Stad	Belgium		100.00	10.50	-2.76
Dirafrost Maroc SARL	Laouamra	Morocco		100.00	1.85	-0.38
Financière Atys S.A.S.	Paris	France		100.00	106.22	0.34
Frefrost SARL	Laouamra	Morocco		100.00	0.61	0.15
o.o.o. AGRANA Fruit Moscow Region	Serpuchov	Russia		100.00	30.12	4.52
Yube d.o.o.	Pozega	Serbia		100.00	0.62	0.26
- Fruit juice concentrates						
AGRANA Juice Holding GmbH	Gleisdorf	Austria		100.00	48.75	-5.19
AGRANA Juice Denmark A/S	Køge	Dänemark		100.00	-0.74	-1.25
AGRANA Juice Magyarországt Kft.	Vásárosnamény	Hungary		100.00	16.25	6.12
AGRANA Juice Poland Sp. z.o.o.	Białobrzegi	Poland		100.00	27.97	11.22
AGRANA Juice Romania Vaslui s.r.l.	Vaslui	Romania		100.00	2.77	0.48
AGRANA Juice Sales & Customer Service GmbH	Gleisdorf	Austria		100.00	1.06	-1.76
AGRANA Juice Sales & Marketing GmbH	Bingen	Germany		100.00	0.37	0.27
AGRANA Juice Service & Logistik GmbH	Bingen	Germany		100.00	1.23	0.00
AGRANA Juice Ukraine TOV	Vinnitsa	Ukraine		100.00	7.50	0.34
AGRANA JUICE (XIANYANG) CO., LTD	Xianyang City	China		100.00	9.52	-2.83
AUSTRIA JUICE GmbH	Allhartsberg	Austria		50.01	61.83	7.11
Ybbstaler Fruit Austria GmbH	Allhartsberg	Austria		100.00	26.72	1.65
Ybbstaler Fruit Polska Sp. Z.o.o	Chelm	Poland		100.00	19.44	0.63
- Fruit others						
AGRANA Internationale Verwaltungs- und Asset-Management GmbH	Vienna	Austria		100.00	241.17	1.99
AGRANA J & F Holding GmbH	Vienna	Austria		100.00	248.28	-0.72

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5) Result since closing (9 months)

	Location	Country	SZ share (%)	indirect holding (%)	Equity (€ million)	Earnings after tax (€ million)
II. Joint ventures						
Sugar segment						
- Sugar Bosnia						
AGRAGOLD Holding GmbH	Vienna	Austria		50.00	9.07	-0.90
AGRANA-STUDEN Beteiligungs GmbH	Vienna	Austria		50.00	7.27	-12.93
AGRANA Studen Sugar Trading GmbH	Vienna	Austria		50.00	0.17	-1.10
STUDEN-AGRANA Rafinerija Secera d.o.o.	Brcko	Bosnia-Herzegovina		50.00	3.05	0.51
Special products segment						
- Starch						
GreenPower E85 Kft	Szabadegyháza	Hungary		50.00	0.59	0.12
HUNGRANA Keményítő- és Isocukorgyártó és Forgalmazó Kft.	Szabadegyháza	Hungary		50.00	167.67	67.79
HungranaTrans Kft.	Szabadegyháza	Hungary		50.00	-1.68	0.14
CropEnergies segment						
- CropEnergies AG						
CT Biocarbonic GmbH	Zeitz	Germany		50.00	4.50	-0.67
III. Associated companies (companies consolidated at equity)						
Sugar segment						
- Sugar others						
ED&F MAN Holdings Limited ⁵⁾	London	Great Britain		25.00	741.59	39.54 3)
Maxi S.r.l.	Bozen	Italy		50.00	5.46	4.24
IV. Not consolidated companies						
- Affiliated companies						
Sugar segment						
- Sugar France						
Acucar e Alcool do Sul Participacoes Ltda.	Alto de Pinheiros	Brazil		100.00	0.00	0.00
- Sugar Poland						
Citrocukier Sp. z o.o.	Wroclaw	Poland		100.00	0.00	0.00
- Sugar Czech Republic						
PERCA s.r.o.	Hrusovany	Czech Republic		100.00	0.44	0.05
- Sugar Bosnia						
Company for trade and services AGRANA-STUDEN Serbia d.o.o. Beograd	Beograd	Serbia		100.00	0.04	-0.24
- Sugar Moldova						
VICSER-AGRO S.R.L.	Antoneuca	Moldova		100.00	0.00	0.00
- Sugar others						
Golborne Ltd.	Lancashire	Great Britain		100.00	0.04	0.00
Österreichische Rübensamenzucht Gesellschaft m.b.H.	Vienna	Austria		86.00	1.34	0.24
Sächsisch-Thüringische Zuckerfabriken GmbH & Co. KG	Mannheim	Germany	100,00		0.03	0.00
Südprojekt Immobilienverwaltungsgesellschaft mbH	Mannheim	Germany	100,00		0.20	0.01
Südtrans GmbH	Mannheim	Germany	100,00		0.10	0.00
Südzucker Beteiligungs GmbH	Mannheim	Germany	100,00		0.02	0.00
Südzucker International GmbH	Ochsenfurt	Germany		100.00	0.03	0.00
Südzucker Reise-Service GmbH	Mannheim	Germany	100,00		0.79	0.09
Südzucker Verkauf GmbH	Mannheim	Germany		100.00	0.03	0.00
Südzucker Verwaltungs GmbH	Mannheim	Germany	100,00		0.03	0.00
Zuckerforschung Tulln Gesellschaft m.b.H.	Vienna	Austria		100.00	3.97	1.60

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	Location	Country	SZ share (%)	indirect holding (%)	Equity (€ million)	Earnings after tax (€ million)
Special products segment						
- BENE0						
	Remy-USA, LLC	Fairfield	USA	100.00	1.77	0.00
- Starch						
	AGRANA Skrob s.r.o.	Hrusovany	Czech Republic	100.00	0.04	0.04
	Dr. Hauser Gesellschaft m.b.H.	Hamburg	Germany	100.00	0.09	0.00
Fruit segment						
- Fruit juice concentrates						
	Hungaro Ybстал Kft	Veszprém	Hungary	100.00	0.00	0.00
	SC Ybсталer Frucht Romania srl	Oradea	Romania	100.00	0.00	0.00
	Ybстал Getränkegrundst. VertriebsgmbH	Munich	Germany	100.00	0.07	0.01
- Fruit others						
	"Tremaldi" Beteiligungsverwaltung GmbH	Vienna	Austria	100.00	0.02	0.00
- Joint companies						
Sugar segment						
- Sugar Bosnia						
	"AGRAGOLD" d.o.o.	Brcko	Bosnia-Herzegovina	50.00	2.12	0.17
	AGRAGOLD d.o.o.	Zagreb	Croatia	50.00	0.85	0.12
	AGRAGOLD doool Skopje	Skopje	Mazedonien	50.00	0.06	0.01
	AGRAGOLD trgovina d.o.o.	Ljubljana	Slovenia	50.00	0.63	0.14
	SCO STUDEN & CO. BRASIL EXPORTACAO E IMPORTACAO LTDA.	Sao Paulo	Brazil	37.75	-0.02	0.00
- Other participations > 20 %						
Sugar segment						
- Sugar France						
	GARDEL S.A.	Le Moule	France	24.28	43.67	3.01
	S.C.I.C.A ROYE DESHYDRATATION S.A.	Roye	France	20.54	4.24	0.63
	Sucrierie et Distillerie de Souppes-Ouvré Fils S.A.	Paris	France	44.50	50.16	5.98
	Eastern Sugar B.V.	Breda	Netherlands	50.00	8.34	-1.29 3)
	Eastern Sugar Ceska Republika a.s.	Nemcice nad Hanou	Czech Republic	47.26		3)
	Eastern Sugar Cukoripari Részvénytársaság	Kaba	Hungary	50.00		3)
	Eastern Sugar Slovensko A.S.	Dunajska Streda	Slovakia	47.82		3)
	Eastern Sugar s.r.o.	Dunajska Streda	Slovakia	50.00		3)
	Eastern Sugar Szolgáltató Kft	Kaba	Hungary	50.00		3)
- Sugar Czech Republic						
	DELHIA SHELF s.r.o.	Hrusovany	Czech Republic	100.00	0.00	0.00
- Sugar Hungary						
	Cukoripari Egyesülés	Budapest	Hungary	44.27	0.13	0.00
- Sugar others						
	Bio-Generator Regio - Leuven - PORT NV	Tienen	Belgium	35.71	2.40	-0.04
	Felix Koch Offenbach Couleur und Karamel GmbH	Offenbach	Germany	25.10	7.54	2.77 4)
	Fernwärmeversorgung Ochsenfurt GmbH	Ochsenfurt	Germany	33,33	0.69	0.13 4)
Special products segment						
- BENE0						
	INVITA Australia PTE Ltd	East Botany	Australia	35.00	0.27	2.86

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RESPONSIBILITY STATEMENT

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

Mannheim, April 22, 2013

THE EXECUTIVE BOARD



Dr. Wolfgang Heer



Dr. Lutz Guderjahn



Dr. Thomas Kirchberg



Thomas Kölbl



Prof. Dr. Markwart Kunz



Johann Marihart

AUDITORS' REPORT

We have audited the financial statements – comprising the balance sheet, income statement and the notes to the financial statements – including the bookkeeping and the management report of Südzucker Aktiengesellschaft Mannheim/Ochsenfurt, Mannheim, for the financial year from March 1, 2012 to February 28, 2013. Bookkeeping and the preparation of financial statements and the management report in accordance with German commercial law are the responsibility of the executive board of the company. Our responsibility is to express an opinion on the financial statements – taking the bookkeeping into consideration – and on the management report based on our audit.

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

Our audit has not led to any reservations.

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

Frankfurt am Main, April 22, 2013

PricewaterhouseCoopers

Aktiengesellschaft

Wirtschaftsprüfungsgesellschaft

Dr. Ralf Worster

Auditor

Olav Krützfeldt

Auditor

IMPRINT

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