Annual Report Südzucker AG 2012/13

SÜDZUCKER

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Financial calendar

Q1 – 1st quarter report 2013/14	July 11, 2013
Annual general meeting for fiscal 2012/13	August 1, 2013
Q2 – 1st half year report 2013/14	October 10, 2013
Q3 – 1st to 3rd quarter report 2013/14	January 13, 2014
Press and analysts' conference fiscal 2013/14	May 15, 2014
Q1 – 1st quarter report 2014/15	July 10, 2014
Annual general meeting for fiscal 2013/14	July 17, 2014

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

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

Overview for 2012/13

- Consolidated group revenues climb 13 % to € 7,879 (6,992) million; all segments contribute.
- Consolidated group operating profit rises sharply, up 30 % to € 974 (751) million, driven mainly by the sugar segment's growth.
- Sugar segment posts higher revenues and profit, mainly due to higher sales revenues in the first half year and higher overall volume:
  - Revenues: +14 % to € 4,232 (3,728) million
  - Operating profit: € 710 (511) million
- Special product segment's revenues rise slightly, while operating profit declines as expected, driven especially by sharply higher commodity costs in the starch division:
  - Revenues: +3 % to € 1,862 (1,806) million
  - Operating profit: € 132 (149) million
- CropEnergies growth momentum unabated, with further significant increase in revenues and operating profit driven by higher ethanol volumes and higher ethanol, food and animal feed sales revenues:
  - Revenues: +22 % to € 645 (529) million
  - Operating profit: € 87 (53) million
- Fruit segment revenues and operating profit rise sharply because of higher volumes and higher sales revenues, as well as the first-time consolidation of Austria Juice:
  - Revenues: +23 % to € 1,140 (929) million
  - Operating profit: € 45 (38) million
- Cash flow tracks excellent operating profit growth and rises to € 996 (823) million.
- Investments rise to € 521 (286) million, mainly due to the acquisition of ED&F Man.
- Net financial debt cut substantially to € 464 (791) million.

Outlook for 2013/14

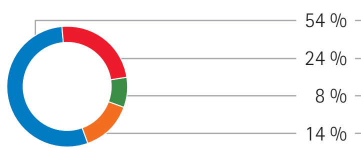
- Consolidated group revenues expected to rise slightly to about € 8.0 (2012/13: 7.9) billion.
- Operating profit expected to decline significantly to about € 825 (2012/13: 974) million.
- Investments in fixed assets forecast to exceed last year again.

Key figures

		2012/13	2011/12	2010/11	2009/10	2008/09
Revenues and earnings						
Revenues	€ million	7,879	6,992	6,161	5,718	5,871
EBITDA	€ million	1,248	1,015	775	645	489
EBITDA margin	%	15.8	14.5	12.6	11.3	8.3
Operating profit	€ million	974	751	521	403	258
Operating margin	%	12.4	10.7	8.5	7.0	4.4
Net earnings for the year	€ million	735	515	346	276	183
Cash flow and investments						
Cash flow	€ million	996	823	606	553	504
Investments in fixed assets[1]	€ million	338	276	245	216	384
Investments in financial assets/acquisitions	€ million	183	10	6	17	40
Total investments	€ million	521	286	251	233	424
Performance						
Fixed assets[1]	€ million	2,676	2,605	2,612	2,609	2,626
Goodwill	€ million	1,147	1,141	1,131	1,132	1,124
Working capital	€ million	2,015	1,848	1,451	1,512	1,323
Capital employed	€ million	5,950	5,707	5,314	5,374	4,923
Return on capital employed	%	16.4	13.2	9.8	7.5	5.2
Capital structure						
Total assets	€ million	8,805	8,289	7,260	7,398	7,709
Shareholders' equity	€ million	4,731	3,969	3,687	3,443	3,230
Net financial debt	€ million	464	791	854	1,065	1,632
Net financial debt to cash flow ratio		0.5	1.0	1.4	1.9	3.2
Equity ratio	%	53.7	47.9	50.8	46.5	41.9
Net financial debt as % of equity (Gearing)	%	9.8	19.9	23.2	30.9	50.5
Shares						
Market capitalization	€ million	6,850	4,117	3,768	3,230	2,587
Total shares issued as of February 28/29	million	204.2	189.4	189.4	189.4	189.4
Closing price on February 28/29	€	33.55	21.75	19.90	17.06	13.66
Earnings per share	€	3.08	1.99	1.33	1.06	0.86
Dividend	€	0.90[2]	0.70	0.55	0.45	0.40
Yield as of February 28/29	%	2.7	3.2	2.8	2.6	2.9
Employees		17,940	17,489	17,658	17,493	17,939

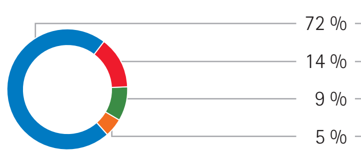
[1] Including intangible assets. [2] Proposed.

Revenues by segment



€ million	2012/13	2011/12	+/– in %
Sugar segment	4,232	3,728	13.5
Special products segment	1,862	1,806	3.1
CropEnergies segment	645	529	21.9
Fruit segment	1,140	929	22.7
Group	**7,879**	**6,992**	**12.7**

Operating profit by segment



€ million	2012/13	2011/12	+/– in %
Sugar segment	710	511	38.8
Special products segment	132	149	-11.4
CropEnergies segment	87	53	64.2
Fruit segment	45	38	18.3
Group	**974**	**751**	**29.6**

Südzucker Aktiengesellschaft
Mannheim/Ochsenfurt

Group annual report for the
2012/13 financial year
March 1, 2012
to February 28, 2013

Every piece has to fit perfectly, every detail has to be just right, everything has to be perfectly harmonized – this applies to the Südzucker logo just as much as it does to the Südzucker Group with its many different segments, divisions and business fields. But only the perfect interplay of all the individual elements actually brings success. And this annual report proves that we were once again successful in achieving just that.

Everyone contributes to our success.

Südzucker Group segments

Sugar segment 2012/13

Revenues	€ 4,232 million
EBITDA	€ 832 million
Depreciation on fixed assets and intangible assets	€ -122 million
Operating profit	€ 710 million
Restructuring/special items	€ 6 million
Income from operations	€ 716 million
EBITDA margin	19.6 %
Operating margin	16.8 %
Return on capital employed	22.5 %
Investments in fixed assets	€ 203 million
Investments in financial assets/acquisitions	€ 181 million
Total investments	€ 384 million
Employees	8,034

Group

- European market leader
- 29 sugar factories, 3 refineries
- 422,000 ha cultivation area
- 28.7 million t beets processed
- 4.9 million t sugar produced (incl. raw sugar refining)

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

Special products segment 2012/13

Revenues	€ 1,862 million
EBITDA	€ 214 million
Depreciation on fixed assets and intangible assets	€ -82 million
Operating profit	€ 132 million
Restructuring/special items	€ -4 million
Income from operations	€ 128 million
EBITDA margin	11.5 %
Operating margin	7.1 %
Return on capital employed	9.5 %
Investments in fixed assets	€ 89 million
Investments in financial assets/acquisitions	€ 2 million
Total investments	€ 91 million
Employees	4,401

BENEO

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

Freiberger

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

PortionPack Europe

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

Starch

- Starch for food and non-food sectors as well as bioethanol
- 3 production locations in Austria, 1 each in Hungary and Romania
- Production capacity per year: up to 240,000 m^3 bioethanol in Austria, up to 187,000 m^3 bioethanol in Hungary (Hungrana)

CropEnergies segment 2012/13

Revenues	**€ 645 million**
EBITDA	€ 119 million
Depreciation on fixed assets and intangible assets	€ -32 million
Operating profit	**€ 87 million**
Restructuring/special items	-
Income from operations	**€ 87 million**
EBITDA margin	18.5 %
Operating margin	13.5 %
Return on capital employed	17.3 %
Investments in fixed assets	€ 11 million
Investments in financial assets/acquisitions	-
Total investments	**€ 11 million**
Employees	321

CropEnergies AG

- One of the leading European manufacturers of sustainably produced bioethanol, predominantly for the fuel sector
- Annual production capacity of over 700,000 m^3 for bioethanol and over 500,000 t for food and animal feed
- 1 production location in Germany (Zeitz) with an annual capacity of up to 360,000 m^3 bioethanol
- 1 production location in Belgium (Wanze) with an annual bioethanol production capacity of up to 300,000 m^3
- 1 production location in France (Loon-Plage) with an annual capacity up to 180,000 m^3 bioethanol, of which 100,000 m^3 for fuel applications and 80,000 m^3 for traditional applications
- Joint venture with Tyczka Energie GmbH to operate a production system for food-grade carbon dioxide, the annual capacity of which is 100,000 tonnes of liquid CO_2

Fruit segment 2012/13

Revenues	**€ 1,140 million**
EBITDA	€ 83 million
Depreciation on fixed assets and intangible assets	€ -38 **million**
Operating profit	**€ 45 million**
Restructuring/special items	€ -19 million
Income from operations	**€ 26 million**
EBITDA margin	7.3 %
Operating margin	4.0 %
Return on capital employed	5.0 %
Investments in fixed assets	€ 35 million
Investments in financial assets/acquisitions	-
Total investments	**€ 35 million**
Employees	5,184

Fruit preparations (AGRANA Fruit)

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

Fruit juice concentrates (Austria Juice)

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

We work **together.**
Successfully and sustainably.

Whether sugar, bioethanol or fruit preparations: all of our products are based on natural raw materials. And handling them in a sustainable way is one of the secrets of our success. It is also why our raw material suppliers, such as beet growers, are our most important partners. Partners with whom we constantly work on new ideas and possibilities for operating in tune with nature. Because this is how we achieve the best possible results together.

Everyone contributes to our success.


Markets constantly move.
So do we.
Mannheim
Moskau

In order to be successful in globalized markets, speed and flexibility are just as important as long-term planning and strategic decisions – and our employees are committed to this in a variety of tasks all over the world. This also includes trading sugar, which is becoming more and more important. The Südzucker Group is constantly on the move, so it is no coincidence that we are well positioned in all segments and can act with foresight. Locally and globally.

Everyone contributes to our success.

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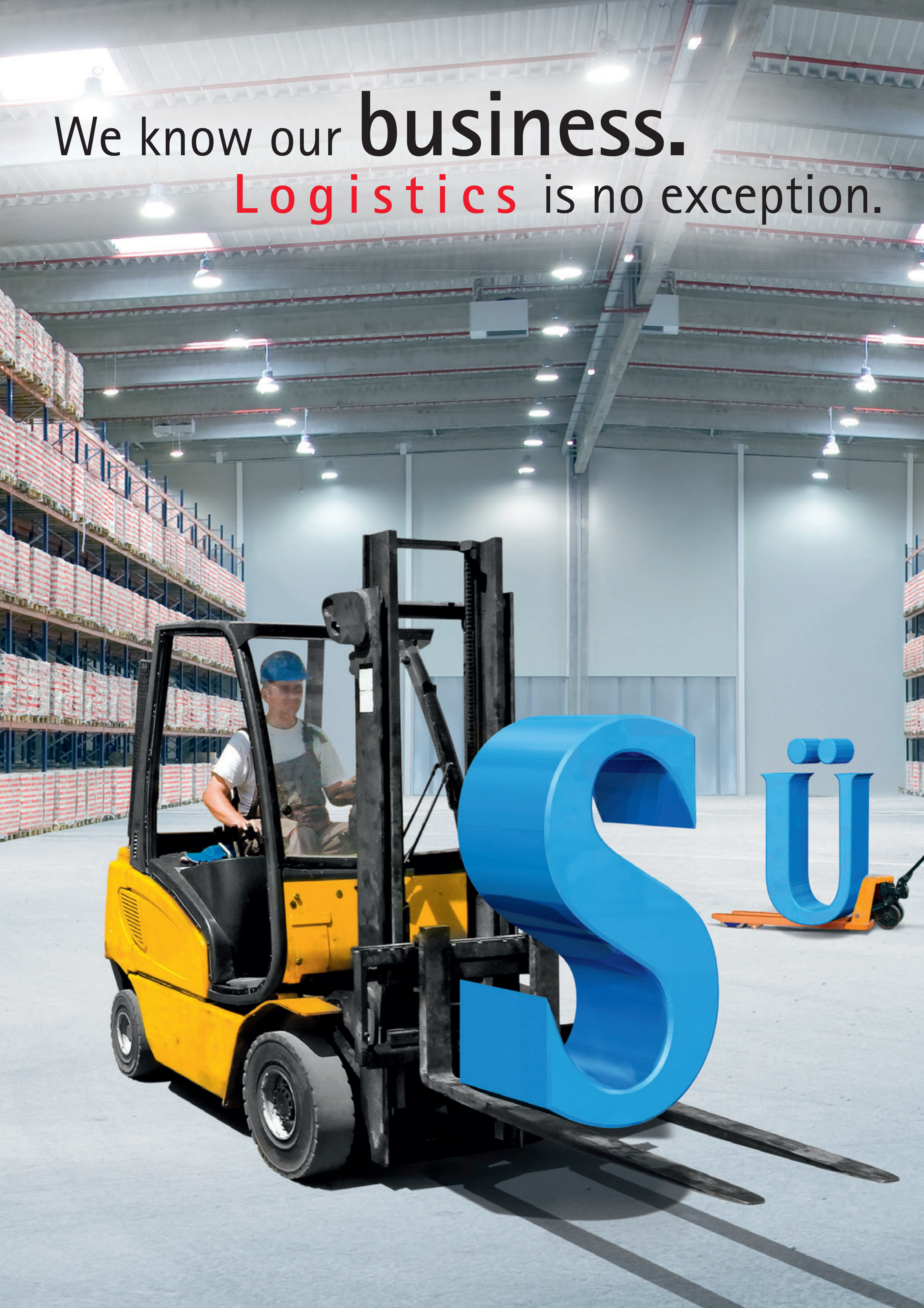
We know our business.
Logistics is no exception.
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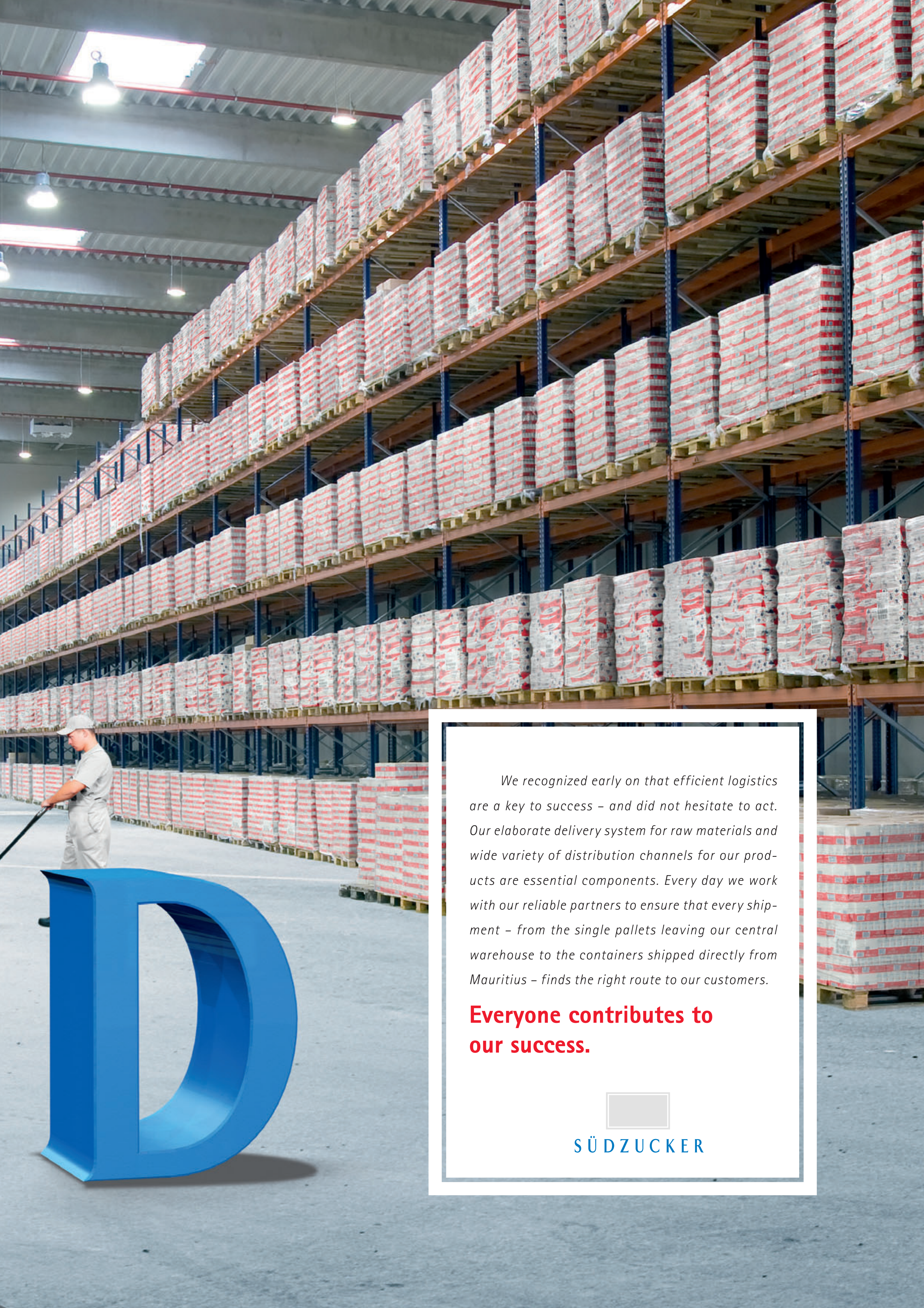
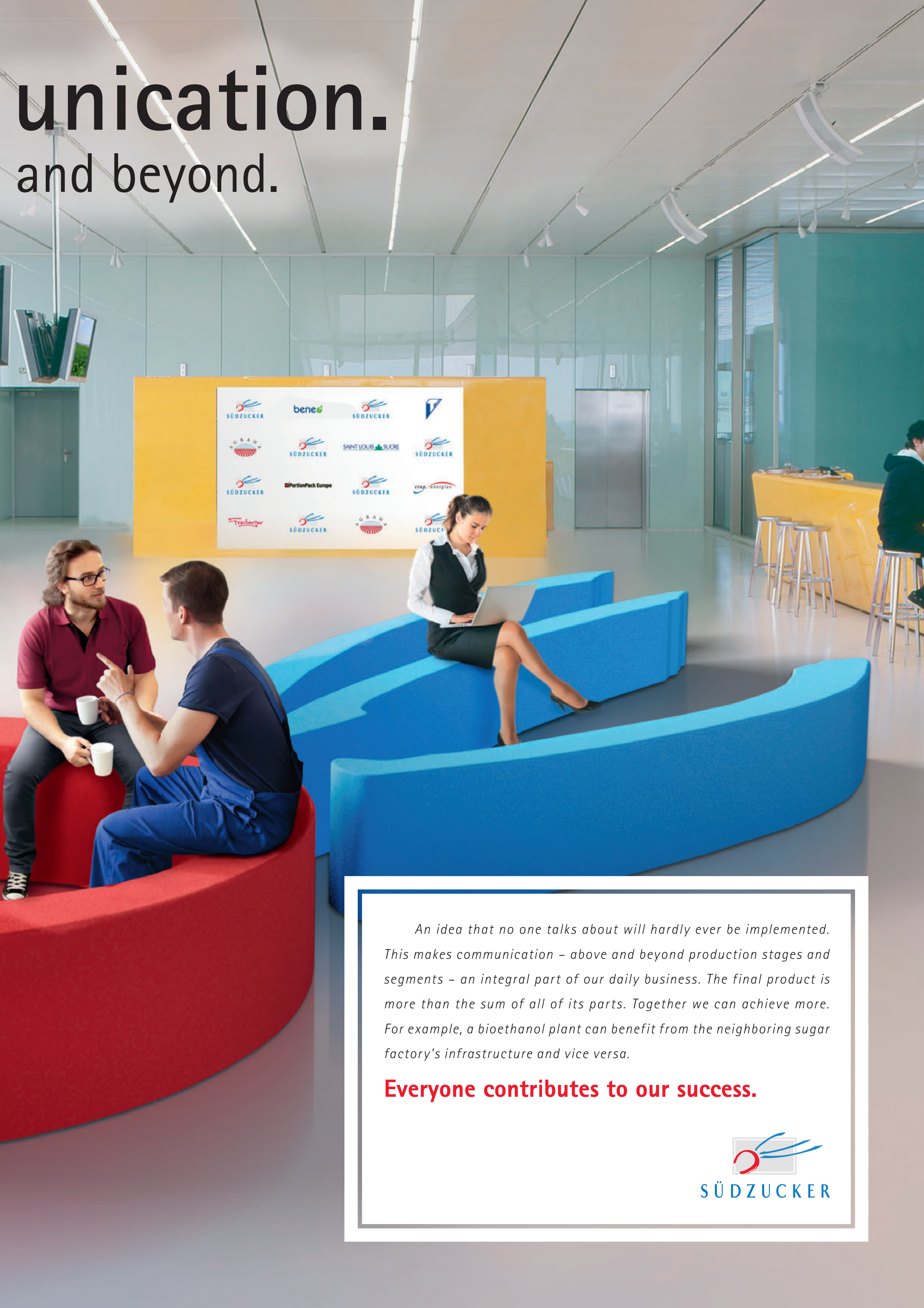


We recognized early on that efficient logistics are a key to success – and did not hesitate to act. Our elaborate delivery system for raw materials and wide variety of distribution channels for our products are essential components. Every day we work with our reliable partners to ensure that every shipment – from the single pallets leaving our central warehouse to the containers shipped directly from Mauritius – finds the right route to our customers.

Everyone contributes to our success.

SÜDZUCKER

We understand the value of comm
Via existing structures



unication.
and beyond.

An idea that no one talks about will hardly ever be implemented. This makes communication – above and beyond production stages and segments – an integral part of our daily business. The final product is more than the sum of all of its parts. Together we can achieve more. For example, a bioethanol plant can benefit from the neighboring sugar factory's infrastructure and vice versa.

Everyone contributes to our success.

SÜDZUCKER

Everyone contributes to **our suc**

Our thanks go to each and every

cess.

one of you.

The complete picture does not emerge until all of the pieces come together to form a whole. At Südzucker, each and every individual around the world plays a decisive part in ensuring our overall success. We are very grateful that we can count on you – now and in the future.

Dear shareholders,

"Everyone contributes to our success" was the motto we established for the current annual report, and we have presented a number of articles in that vein in the previous pages. Before we report on the developments for the fiscal year just ended, we need to thank those who have made our success possible.

Let's let the numbers speak for themselves: We can be quite proud of revenues of € 7.9 (7.0) billion and an operating profit of € 974 (751) million. We were able to extend last year's growth and even exceed it once again, especially in the first half of the fiscal year. The continued strong profit growth is also reflected in our cash flow, which came in at € 996 (823) million, and in our earnings per share of € 3.08 (1.99).

The supervisory and executive boards want you, dear shareholders, to be part of this extraordinary success and will again recommend at the annual general meeting that the dividend be increased by 20 cents to € 0.90 per share.

A few words about our capital structure: We further reduced our net financial debt after successfully repurchasing our convertible bond. The settlement was financed by a capital increase. We also wanted to simplify our financing structure and improve our financial flexibility. The capital increase drove our free float higher and thus also our weighting on the MDAX®.

We received good news from the EU Commission twice last fiscal year: On April 4, 2012, the Commission approved the fruit segment's AUSTRIA JUICE GmbH joint venture. On May 16, 2012, we received approval for our 25 % minus one share investment in the British trading company ED&F Man. ED&F Man's trading volume of just under 9 million tonnes of sugar makes it the second largest sugar trading company in the world, with a substantial share of the global sugar market. The aim of this investment is to further integrate Südzucker into the global sugar market, because we also see a potential for further growth of our sugar segment in this area.

The sugar segment delivered a major contribution to our success in the 2012/13 fiscal year just ended, as can be seen by the significantly higher reported revenues, which rose to € 4,232 (3,728) million, and the almost 40 % higher reported operating profit of € 710 (511) million. In other words, last year's growth continued. Higher sugar sales revenues drove the strong growth, especially in the first half of the fiscal year. Furthermore, the larger harvest in 2011 resulted in higher exports in line with available export licenses.

As expected, this growth weakened in the second half of the fiscal year. Sugar price levels in Europe, which had come under considerable pressure during the reform phase of the European sugar policies, again rose in fiscal 2012/13.

The cornerstone of the successful 2013/14 fiscal year was laid with the 2012 campaign when – following a record harvest in 2011 – 28.7 (31.3) million tonnes of sugar beets were processed and 4.9 (5.4) million tonnes of sugar were produced. Europe's production of sugar from beets provides a reliable supply for sugar users. In addition, together with our partner, the Mauritius Sugar Syndicate (MSS), we import sugar for the European domestic market, which no longer has the production capacity to fully service its own demand. We responded early to the net import status of the EU by entering into a long-term partnership with MSS so that, ultimately, we could guarantee security of supply for our customers. MSS and Südzucker bear joint responsibility in this endeavor. Our investment in the British trading house ED&F Man aims to further strengthen our sugar trading activities.

Once again, the topic of sugar made headlines a number of times last year: if not regarding sugar supplies, then the nutritional role of sugar – and some of the media reports were quite emotional and less than objective. The media also reported on the future of European sugar policies and the various positions on the expiry of the quota and minimum price regulations between 2015 and 2020. The 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. We are presently unable to predict precisely how long the current rules will still apply; however, we will use the intervening time to ensure that the sugar segment is positioned to meet future challenges. We must and will improve the efficiency of the sugar segment further.

Our special products segment's companies service a wide range of customers. What they all have in common, is that their businesses are sensitive to the state of the overall economy and that the market environment is challenging. In spite of this, the BENEO, Freiberger, PortionPack Europe and AGRANA starch divisions have successfully prevailed, even though predictably they were not able to fully build on last year's achievements. Despite the higher revenues of € 1,862 (1,806) million, these divisions' operating profit declined to € 132 (149) million. The starch division in particular was unable to extend last year's unusually strong results due to sharply higher commodity costs.

The CropEnergies segment's success story continues: We were able to produce and sell a higher volume of ethanol and at the same time generate higher sales revenues from food and animal feed containing proteins, which drove revenues to € 645 (529) million. Operating profit grew faster than revenues to € 87 (53) million, reinforcing CropEnergies' dynamic growth in the fiscal year just ended. The segment's share of consolidated group revenues and operating profit is approaching 10 %.

As is the case with the sugar segment, our CropEnergies segment is always in the limelight whenever there are political and social discussions regarding the raw materials used to produce bioethanol. For example, recently the EU Commission has tabled draft legislation aiming to limit the amount of biofuel produced from agricultural commodities. This draft neglects the fact that when bioethanol is produced from grain and industrial beets in Europe, protein-rich food and animal feed are produced in parallel because of the predominantly integrated production methods used in this industry. The end products are equally used as food, fuel and animal feed. The duplicate allocation of actually achievable greenhouse gas emission reductions from biofuels made from waste and recyclable materials results in significant undesirable incentives that could lead to waste and scrap "production" and waste importation from other countries. The result would be a higher use of fossil fuels and reduced animal feed production. We regard the Commission's recommendation as counterproductive and are actively lobbying in favor of adhering to the already adopted methods so that we can continue to contribute to sustainable mobility in the future and continue to make bioethanol in Europe from renewable domestic raw materials. Raw materials can and should be made available for energy production and recycling in addition to food and animal feed, especially in Europe's agricultural crop land.

We were able to take a major step toward strengthening the fruit segment's fruit juice concentrates division's market position and competitiveness by merging Ybbstaler and AGRANA to form the joint venture AUSTRIA JUICE GmbH. This merger, together with other strategic adjustments made in the past, also reflects in the numbers of the fiscal year just ended: revenues rose to € 1,140 (929) million and operating profit to € 45 (38) million. Higher volumes and higher sales revenues had a significant impact and enabled the division to offset higher costs. Optimizing our raw material procurement also bore fruit – literally.

In all of our segments, we continuously strive to optimize raw material procurement and ensure agricultural materials are available as needed. The world population continues to expand, demand for agricultural commodities is steadily increasing, climate change has an ever greater impact on plant development and harvest conditions and the available products are increasingly diverse. We track and evaluate these trends and align our corporate strategies accordingly.

Unusually successful business years create expectations that there is only one direction: up. In reality however, there are limits to growth, and periods of consolidation are essential. Even though the overall economic situation and the networking of the global village make it increasingly difficult to forecast reliably, we want to present an outlook: In the current fiscal year 2013/14, consolidated group revenues will decline slightly and operating profit – after the record results in 2012/13 – will decline noticeably to about € 825 million; however, our results will continue to be in the high range, as will the return on the capital invested in the company.

Everyone contributes to our success – and for this we would like to thank our employees – who again worked passionately for the company last year – our suppliers, our customers and our shareholders, all of whom accompany us on our journey as we sustainably develop the company. Our goal in fiscal 2013/14 continues to be to utilize the capital you have invested in us responsibly, as we have always done in the past.

Sincerely,

Südzucker AG Mannheim/Ochsenfurt
Executive board

Dr. Wolfgang Heer
CEO

Dr. Lutz Guderjahn

Dr. Thomas Kirchberg

Thomas Kölbl

Prof. Dr. Markwart Kunz

Johann Marihart

Supervisory board and executive board*

Supervisory board

Dr. Hans-Jörg Gebhard
Chairman
Eppingen
Chairman of the Association of
Süddeutsche Zuckerrübenanbauer e.V.

Dr. Christian Konrad
Deputy chairman
Vienna, Austria
Former Chairman of Raiffeisen-Holding
Niederösterreich-Wien

Franz-Josef Möllenberg**
Deputy chairman
Rellingen
Chairman of the
Food and Catering Union

Dr. Ralf Bethke
Deidesheim
Former chairman of the executive board
of K+S Aktiengesellschaft

Dr. Jochen Fenner
Gelchsheim
Chairman of the Association of
Fränkische Zuckerrübenbauer e.V.

Manfred Fischer**
Feldheim
Chairman of the central works council
of Südzucker AG Mannheim/Ochsenfurt

Yüksel Gediagac**
Since July 19, 2012
Berlin
Chairman of the works council
Freiberger Lebensmittel GmbH Co.
Produktions- und Vertriebs KG

Erwin Hameseder
Mühldorf, Austria
Managing director of Raiffeisen-Holding
Niederösterreich-Wien

Hans Hartl**
Ergolding
State area chairman of the
Food and Catering Union in Bavaria

Ralf Hentzschel
Panschwitz-Kuckau
Chairman of the Association
of Sächsisch-Thüringischer
Zuckerrübenanbauer e.V.

Reinhold Hofbauer**
Deggendorf
Chairman of the works council
of the Plattling factory of
Südzucker AG Mannheim/Ochsenfurt

Wolfgang Kirsch
Königstein
Chairman of the executive board
DZ BANK AG

Georg Koch
Wabern
Chairman of the Association of
Zuckerrübenanbauer Kassel e. V.

Klaus Kohler**
To July 19, 2012
Bad Friedrichshall

Erhard Landes
Donauwörth
Chairman of the Association of
Bayerische Zuckerrübenanbauer e. V.

Bernd Maiweg**
Gütersloh
Divisional officer of the
Food and Catering Union

Joachim Rukwied
Eberstadt
Chairman of the
German Farmers' Association

Ronny Schreiber**
Einhausen
Chairman of the works council
at the Mannheim head office of
Südzucker AG Mannheim/Ochsenfurt

Franz-Rudolf Vogel**
Worms
Chairman of the works council
at the Offstein factory of
Südzucker AG Mannheim/Ochsenfurt

Wolfgang Vogl**
Bernried
Manager of the
Plattling and Rain factories of
Südzucker AG Mannheim/Ochsenfurt

Roland Werner**
To February 28, 2013
Saxdorf

Rolf Wiederhold**
Since March 1, 2013
Wabern
Chairman of the works council
at the Wabern factory of
Südzucker AG Mannheim/Ochsenfurt

* Other board memberships are listed starting on page 152 of the annual report.

** Employee representative.

Executive board

Dr. Wolfgang Heer
(CEO)
Ludwigshafen
Sales
Corporate development
Compliance
Audit
Public relations
Human resources
Organization/IT
Food law/consumer policy/
quality control
Marketing

Dr. Lutz Guderjahn
Since July 17, 2012
Offstein
Produktion/engineering
(since March 1, 2013)
Procurement of capital goods/
maintenance materials and services
(since March 1, 2013)
Bioethanol

Dr. Thomas Kirchberg
Ochsenfurt
Agricultural commodities
Animal feed/by-products
Farms/commodity markets
Agricultural research and
development
Agricultural policies

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

Prof. Dr. Markwart Kunz
Worms
Production/engineering
(to February 28, 2013)
Procurement of capital goods/
maintenance materials and services
(to February 28, 2013)
Research/development/services
Functional food

Dipl.-Ing. Johann Marihart
Limberg, Austria
Chairman of the executive board
of AGRANA Beteiligungs-AG
Renewable raw materials
Starch
Fruit

From left: Dr. Thomas Kirchberg, Thomas Kölbl, Dr. Wolfgang Heer, Prof. Dr. Markwart Kunz, Dr. Lutz Guderjahn, Johann Marihart.

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 the 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 an 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.

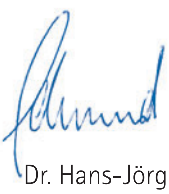
Two new employee representatives were elected to replace departing members of the board. Mr. Klaus Kohler of Bad Friedrichshall stepped down from the supervisory board at the close of the July 19, 2012 annual general meeting; Mr. Yüksel Gediagac, Berlin, chairman of the Works Council of Freiberger Lebensmittel 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 share and capital market

Capital market environment

In fiscal 2012/13, the financial markets were dominated by extraordinary monetary policy measures, which in the meantime have eased the European debt crisis. The European Central Bank (ECB) instituted a bundle of measures that resulted in significantly higher liquidity in the capital markets; this money was subsequently invested especially in cyclic stocks of companies that have a strong export focus. After the strongest new-year rally in the history of the DAX® and other stock market indices, the capital markets again became bogged down by the euro crisis in the second quarter of 2012, before additional proactive steps such as

- the announcement by the ECB in mid-2012 that it would do "whatever it takes for the euro" and "buy unlimited quantities of government bonds with terms of up to three years from European countries with troubled economies" and
- the establishment of a permanent rescue fund, the European stability mechanism (ESM), with lending capacity of 700 billion euro to support highly indebted European countries willing to implement reforms

eased concerns and stabilized the markets. Then in December 2012, general principles were agreed for establishing an European banking regulator.

The German economy continued to act as a stabilizer in the eurozone and benefited from the strong purchasing power of private households, from the positive contribution of foreign trade and the continued high global competitiveness of German companies. Profitable, export-oriented German companies reaped the rewards accordingly and in the second half of 2012, these companies' share prices rose sharply. Investment-grade corporate bonds, gold and real estate were also in demand. In comparison, the average 1.4 % yield on ten-year government bonds (German Bunds) was low.

The German DAX® and MDAX® indices had their best ever start to a new year at the beginning of 2012. The rally was mainly driven by the liquidity resulting from the ECB's monetary measures. The robust German economy and the earnings power of German companies provided the backbone. The DAX® and MDAX® rallied strongly from their initial levels of 6,076 and 9,115 respectively at the beginning of 2012. They reached an interim high at the end of April before falling temporarily due to worries about the euro. By the end of June 2012, the indices had already resumed their strong upward trend, which continued until February 2013 and was supported by the ECB announcement, the introduction of the ESM and a temporary agreement about the US fiscal cliff debate. The fact that the rally occurred despite the recession in the eurozone, which had been in progress since the third quarter of 2012, and weakening German domestic growth in the winter of 2012/13, is evidence of the strong fundamental competitiveness of German companies listed on the DAX® and MDAX®.

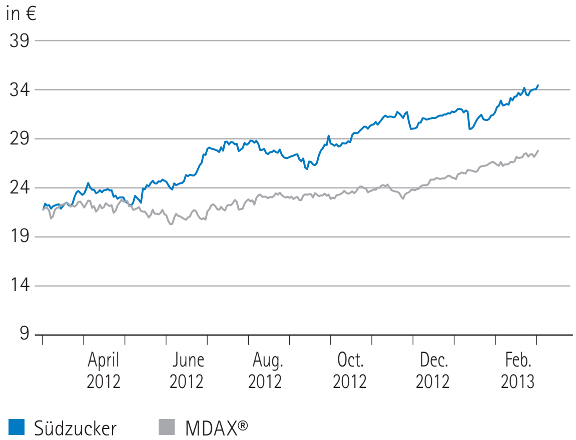
On February 28, 2013, the last day of trading of Südzucker's fiscal year, the DAX® and MDAX® closed at 7,742 and 13,301 respectively, versus 6,856 and 10,429 the year before. The euro ended the trading day at USD 1.31.

Südzucker's share price performance

Südzucker's share price has rallied since our analysts' conference on May 15, 2012, starting from the first XETRA® quotation of € 22.35 at the start of the fiscal year on March 1, 2012. The positive group outlook for fiscal 2012/13, which forecast an operating profit of more than € 800 million, up from the previous record of € 751 million set the previous year, together with a recommendation to increase the divi-

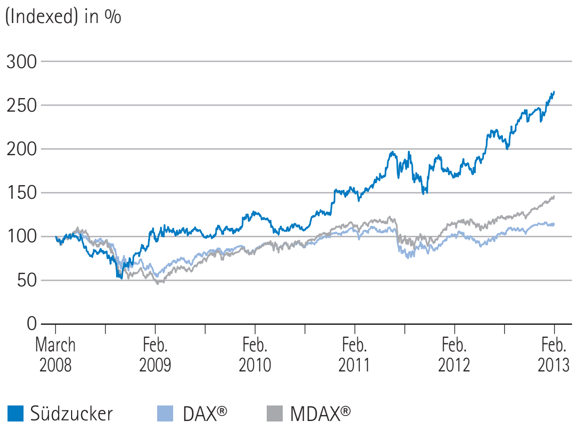
Südzucker share price movement vs. MDAX®*

From March 1, 2012 to February 28, 2013



* Comparison between Südzucker's total return (including dividend distribution) and the index. To facilitate comparison, the MDAX® is normalized based on last year's closing price of € 21.75 for Südzucker shares.

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



dend, caused the share price to jump 6 % in an uncertain capital market environment on May 15, 2012. Higher operating profit growth rates for the first quarter of 2012/13, which were announced on July 12, 2012, caused the share price to rally further.

The upward trend in the share price was subsequently further supported when the forecast for operating profit was raised to over € 900 million on September 25, 2012. On November 20, 2012, Südzucker's share price reached an interim all-time high of € 30.90. This price became the reference price for the capital increase executed on November 21, 2012. After the successful execution of the capital increase, the shares reached a new all-time high of € 31.20 on January 2, 2013. Some profit taking occurred following publication of excellent business results for the third quarter 2012/13 on January 10, 2013 and confirmation of the forecast for the fiscal year overall.

Fiscal 2012/13 ended with Südzucker shares closing at € 33.55 in XETRA® trading on February 28, 2013. The absolute share value increase (considering share price performance and dividends) was 58 % during Südzucker's fiscal year, while the MDAX® rose 28 % during the same period and the DAX was up 13 %. Südzucker's share price was again much less volatile than the overall market. The lower relative volatility than the MDAX® is expressed by the 52-week beta factor of 0.27.

Market capitalization and indices

At an XETRA® closing price of € 33.55 per share and 204.2 million common bearer shares outstanding, the company's market capitalization on the last trading day of the 2012/13 fiscal year amounted to € 6.9 billion. Südzucker was thus ranked fifth on the MDAX®. The subscribed capital increased from 189.4 to 204.0 million shares on November 21, 2012 after execution of a capital increase from approved capital of € 14.6 million to finance the redemption of the 2.5 % convertible bond. On December 19, 2012, the total number of shares increased to 204.2 million after a conditional capital increase of € 0.2 million was executed to serve convertible bondholders seeking to convert.

Südzucker share data

		2012/13	2011/12
Dividend	€/share	0.90[1]	0.70
Dividend yield	%	2.68	3.22
Average share price	€	27.39	22.39
High for the year	€	33.55	26.11
Low for the year	€	21.84	18.61
Closing price XETRA® (record date)	€	33.55	21.75
Average trading volume/day[2]	thousand of shares	740	890
Market capitalization (record date)	€ million	6,850	4,117
Number of shares issued at € 1 (record date)		204,183,292	189,353,608
Earnings per share	€	3.08	1.99
Cash flow per share	€	4.88	4.35
Price-earnings ratio[3]		10.9	10.9
Price-cash flow ratio[4]		6.9	5.0

[1] Proposed. [2] Total daily trading volume on all German stock markets.
[3] Ratio of XETRA® closing price and earnings per share.
[4] Ratio of XETRA® closing price and cash flow per share.

The capital measures drove the free float from 34 to 38 %; free-float market capitalization reached a record high of € 2.6 million on February 28, 2013, also due to the higher share price. The weighting on the MDAX® rose from 1.8 to 2.4 %. Südzucker shares were listed on the following international stock indices as of the period end: MSCI® Germany/Europe, FTSE® Eurofirst 300 and STOXX® Europe 600. The latter lists Europe's 600 largest companies on the basis of free float market capitalization.

The average daily trading volume of Südzucker shares on all German stock exchanges was 0.7 million shares, which

Südzucker share stock market data

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

corresponds to about € 20.2 million per trading day. Trading volume for the fiscal year in total was € 5.1 billion, continuing at nearly the same high level of € 5.2 billion it reached in fiscal 2011/12.

Shareholder structure

The shareholder structure balances the long-term orientation and stability sought by the major shareholders with the increasing internationalization and expanding free float that occurred during the fiscal year just ended. Major shareholder Süddeutsche Zuckerrübenverwertungs-Genossenschaft eG (SZVG)'s holdings declined from 56 to 52 % as a result of the capital increase in the course of the redemption of the convertible bond. The second major shareholder, Zucker Invest GmbH, Vienna, Austria, a company belonging to the Austrian Raiffeisen Group, continues to own about 10 % of Südzucker AG. The free float thus rose from 34 to 38 % in November 2012.

Investor relations

The investor relations team in fiscal 2012/13 regularly communicated with and explained to all stakeholders Südzucker Group's strategy, the business development and capital measures in a transparent and timely manner. The focus was on Südzucker Group's business performance in light of developments in the European and global sugar and bioethanol markets, the various recommendations related to the EU sugar policies after 2015 associated with the Common agricultural policy and the reasons for and structuring of the redemption of the 2009/2016 convertible bond in November 2012.

Investor relations reached out to capital markets in numerous one-on-one meetings, telephone calls and road shows to all important financial centers after release of the quarterly reports and written correspondence with institutional and private investors, analysts and rating agencies. In order to address the increasing number of international investors holding Südzucker shares, the capital market communications initiatives, which consisted of investor conferences in Frankfurt, Paris and New York, were expanded to include the financial center Tokyo. A road show was held in Sydney for the first time to satisfy concrete demand from this financial center. The annual analysts' conference in Frankfurt, and the company's participation in the Mannheim capital market forum for private investors are also worth mentioning. Telephone conferences were also held in conjunction with the quarterly reports.

Bank analysts at 17 reputable banks continued coverage of Südzucker shares during the fiscal year just ended.

Rating

Südzucker is one of about 40 German companies listed on the stock exchange that has a rating issued by the international rating agencies regarding the overall creditworthiness of the company and its listed bonds. The rating is a suitable catalyst for efficient capital market refinancing at risk-commensurate capital costs and gives Südzucker financial flexibility beyond capital increases and bilateral bank credit lines. Südzucker has had an investment grade rating since it was first analyzed by Moody's in 1991 and S&P in 2003. This attributes to the group a higher creditworthiness and earnings power than to companies with a

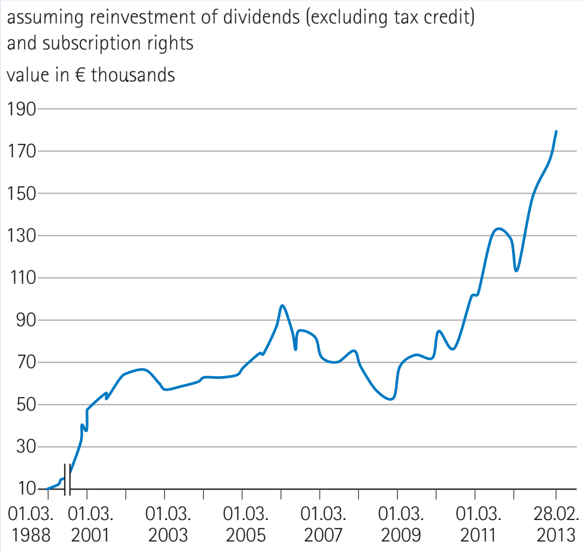
Südzucker AG bonds

	Coupon	Volume	ISIN	Listed on
Convertible bond 2009/2016	2.50 %	283.45 Mio. €		Repurchased/repaid in Nov./Dec. 2012
Hybrid bond 2005* Perpetual NC 10	5.25 %	€ 700 million	XS 0222524372	Luxemburg (official market)
Bond 2011/2018	4.125 %	€ 400 million	XS0606202454	Luxemburg (official market)

* First issuer call right by Südzucker as of 30 June 2015.

[1] Source: Reuters. Total daily volume of shares traded on all German stock markets on which Südzucker shares are listed.

Long-term shareholder value



Südzucker shares feature long-term stability and are considered a defensive investment. Their value increased sharply in 2012/13, rising 58 % (including dividend). A shareholder with a hypothetical portfolio of 1,589 Südzucker AG common shares on March 1, 1988 – the year Südzucker AG merged with Zuckerfabrik Franken GmbH – acquired at a price equivalent to € 6.29 per share or € 10,000, who used cash dividends (excluding tax credits) to re-invest in new shares and participated in capital increases by exercising his or her subscription rights; that is, without investing additional cash, would have had a portfolio worth 179,607 € on February 28, 2013, representing a cumulative net worth gain of 1,696 %.* The average annual return of the Südzucker portfolio over the entire period was 12 %, versus the average annual return of the DAX® of 8 % and of the MDAX® of 11 %.

* To enable long-term comparison, spot prices on the floor of the Frankfurt Stock Exchange and XETRA 2 were used.

non-investment grade rating. Institutional investors such as insurance companies and pension funds are often obligated by law or internal rules to invest only in financial instruments of companies with investment grade ratings, as the risk premium paid for these companies on the capital markets is lower.

Südzucker was again evaluated by Moody's and Standard & Poor's (S&P) in fiscal 2012/13.

On August 2, 2012, Moody's raised its outlook for the investment grade credit rating of Baa1 (issuer and bond rating) from stable to positive. Moody's continues to assess the hybrid bond with an equity credit of 75 %.

On June 5, 2012, S&P raised the company's investment grade credit rating from BBB to BBB+ and raised its outlook from stable to positive on December 6, 2012. S&P continues to assign to the hybrid bond an equity share of 50 %.

By increasing Südzucker's investment grade rating (S&P) and outlook (both rating agencies), the rating agencies acknowledged the steadily rising trend during the past fiscal year in the numbers reported by the company that are relevant to the ratings.

Dividend for the financial year 2012/13

The executive and supervisory boards will recommend to shareholders at the annual general meeting called for August 1, 2013 to vote on a dividend of € 0.90 per share. Given the higher share capital than last year, comprising 204.2 instead of 189.4 million shares, the total distribution will be a significantly higher € 183.8 million. In fiscal 2011/12 the total distribution came in at € 132.1 million.

Provided shareholders at the annual general meeting on August 1, 2013 vote in favor of the recommended dividend distribution, the yield for Südzucker shares as of the record date of February 28, 2013 amounts to 2.68 %. The comparable dividend yield on the MDAX® as of the balance sheet date is 2.90 %.[1]

[1] Source: Deutsche Bank "The Deutsche Bank German Equities Universe".

Consolidated management report
Guiding principles and corporate strategy

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 juice concentrates) segments have strong market positions in their sectors. Their success is based on our core competencies, above all our broad-based expertise in the large-scale conversion of a wide variety of agricultural 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.

Raw materials

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.

Production

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 byproducts of the beet refining process such as molasses and sugar beet pellets to the economic cycle in the form of high quality animal feed.

Südzucker's efficient production processes and modern energy management systems are first class. For example, co-generation systems and systems 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 aim to produce at least 35 % less greenhouse gases at our bioethanol plants compared to plants that produce conventional gasoline, rising to 50 % effective 2017, in compliance with biomass sustainability regulations and the REDcert certification system.

Quality

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

Social responsibility

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

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 12 years is a testament to the success of these policies.

Sustainable corporate policy

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.

Sugar segment

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

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

Special products segment

beneo
- Functional ingredients for food: inulin, oligofructose, Isomalt, Palatinose™, rice derivatives and wheat gluten
- Functional ingredients for animal feed
- Functional ingredients for non food and pharmaceutical sectors
- 5 production locations around the world

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

PortionPack Europe
- Portion packs
- 5 production locations

AGRANA
- Starch for food and non-food sectors as well as bioethanol
- 5 production locations in Europe

CropEnergies segment

crop. energies
- One of the leading European manufacturers of sustainably produced bioethanol, predominantly for the fuel sector
- 3 production locations in Europe

Fruit segment

AGRANA

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

AUSTRIA JUICE

Fruit juice concentrates (Austria Juice)
- Fruit juice concentrates, fruit purees, natural flavors, beverage ingredients and pure juice for the fruit juice industry
- 15 production locations in Europe and China

Group structure and corporate management

Group structure

Südzucker AG, a German stock corporation based in Mannheim, is the parent company of Südzucker Group and also its largest operating company. The consolidated financial statements include the parent company Südzucker AG and 158 (156) other entities, of which Südzucker AG is directly or indirectly the majority shareholder. Proportionate consolidation was applied to eight (eight) companies and the equity method continues to be applied to two (one) companies. For additional details about Südzucker's share ownership in other companies, please see the list of shareholdings and item 38 "Significant investments" in the notes to this annual report.

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

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

Sugar segment | The sugar segment has seven divisions. Four of these divisions produce sugar; in Belgium (Raffinerie Tirlemontoise S.A., Tienen), Germany (Südzucker AG, Mannheim/Ochsenfurt), France (Saint Louis Sucre S.A., Paris) and Poland (Südzucker Polska S.A., Wrozlaw). The AGRANA sugar division's (AGRANA Zucker GmbH, Vienna) production operations are located in Bosnia, Austria, Romania, Slovakia, the Czech Republic and Hungary. There is also a sugar production division in Moldova (Südzucker Moldova S.A., Drochia) and an agricultural division in Germany (Südzucker AG, agricultural/commodity markets division, Ochsenfurt).

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

CropEnergies segment | The CropEnergies segment is responsible for Südzucker Group's bioethanol business in Germany, France and Belgium. Our listed company CropEnergies AG makes us a leading European manufacturer of sustainably produced bioethanol for the fuel sector. CropEnergies also holds a 50 % interest in CT Biocarbonic GmbH, which has been operating a food-grade CO_2 liquification plant in Zeitz since 2010.

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

Group management

Südzucker AG's executive board independently manages the businesses and is supervised and guided by the supervisory board. The executive board is bound to work in the corporation's interests and obliged to increase long-term shareholder value. The executive board members are jointly and severally responsible for managing the entire company. Notwithstanding the overall responsibility of all executive board members, individual board members bear sole responsibility for decisions made concerning the portfolios they handle. The executive board's rules of procedure outline the details of the board's work. Südzucker AG's articles of association stipulate that important business transactions are subject to agreement by the supervisory board. The executive board is responsible for appropriate risk monitoring and management at the company and ensures that the law, regulatory codes and internal corporate guidelines (compliance) are adhered to. It also makes sure that executive management positions are appropriately filled.

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

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

Südzucker uses a consistent reporting and budgeting system together with centrally defined key figures throughout the group to achieve this value based corporate management. The key figures used are operating profit and return on capital employed.

To calculate operating profit, earnings from ordinary activities reported in the income statement are adjusted to exclude any special items. Capital employed comprises tangible fixed assets owned by the company, plus acquired goodwill and working capital as of the record date. Return on capital employed, or ROCE, is the ratio of operating profit to capital employed. Südzucker calculates the cost of capital for the operational assets as the average cost of equity and debt capital. The costs of equity are specified for the segments and divisions taking into account the respective country and business risks.

Financing management | Südzucker's growth is financed by a steady, strong cash flow, a stable relationship with the company's various shareholder groups, access to international capital markets and reliable bank relationships. The foundation for the financing is the company's investment grade rating, which secures the company's access to equity and loan financing instruments. Südzucker uses an optimal mix of financial instruments, taking into consideration terms to maturity and interest rates, including hybrid equity capital, bonds, promissory notes and bilateral bank credit lines. Non-current financing requirements are primarily met using a commercial paper program. Syndicated lines of credit are also available.

For details concerning operating profit per segment, please refer to the chapter "Business performance in the segments". Details about capital employed and return on capital employed are contained in the chapter "Value added, capital structure and dividend". Item 21 "Intangible assets" in the notes to the annual report outlines in detail how the capital costs are derived.

Additional information regarding financing management and details about the financial instruments used are provided in the notes to the financial statements under item 30, "Financial liabilities, securities and cash and cash equivalents (net financial debt)".

Südzucker Group business performance

Revenues and operating profit

		2012/13	2011/12	+/– in %
Revenues	**€ million**	**7,879**	**6,992**	**12.7**
EBITDA	€ million	1,248	1,015	22.9
Depreciation on fixed assets and intangible assets	€ million	-274	-264	3.8
Operating profit	**€ million**	**974**	**751**	**29.6**
Restructuring/ special items	€ million	-17	8	-
Income from operations	**€ million**	**957**	**759**	**26.1**
EBITDA margin	%	15.8	14.5	
Operating margin	%	12.4	10.7	
Return on capital employed	%	16.4	13.2	
Investments in fixed assets	€ million	338	276	22.5
Investments in financial assets/acquisitions	€ million	183	10	> 100
Total investments	**€ million**	**521**	**286**	**81.9**
Employees		17,940	17,489	2.6

Income statement

€ million	2012/13	2011/12	+/– in %
Revenues	**7,879**	**6,992**	**12.7**
Operating profit	974	751	29.6
Result from restructuring and special items	-17	8	-
Income from operations	**957**	**759**	**26.1**
Income from companies consolidated at equity	13	1	> 100
Earnings from financing activities	-103	-100	3.0
Earnings before taxes	**867**	**660**	**31.3**
Taxes on income	-132	-145	-9.1
Consolidated net earnings	**735**	**515**	**42.7**
thereof Südzucker AG shareholders	593	377	57.6
thereof hybrid capital	26	26	0.0
thereof other non-controlling interests	116	112	2.8
Earnings per share (€)	**3.08**	**1.99**	**54.8**

In fiscal 2012/13, the group's consolidated revenues rose 12.7 % to € 7,879 (6,992) million. All segments contributed to this satisfactory growth.

Consolidated operating profit rose 29.6 % to € 974 (751) million. After rising clearly in the first half of the fiscal year, driven especially by the unusually strong growth in the sugar segment, consolidated operating profit in the second half of the year was unchanged from last year. While the special products segment's operating profit was below last year, especially in the second half of the fiscal year, the CropEnergies and fruit segments contributed to the significant operating profit growth.

Income from operations | Income from operations, up € 198 million year-over-year, came in at € 957 (759) million and tracked the significantly improved operating profit, which at € 974 (751) million was up € 223 million from the previous year.

Result from restructuring and special items | The result from restructuring and special items was posted at € -17 (8) million. Included here are earnings from special one-time items in the sugar segment totaling € 6 (13) million, which among other things resulted from the successfully concluded legal cases relating to the market regulation risks. Last year, the item included mainly proceeds from the sale of properties of factories closed in previous years. Expenses totaling € -4 (-3) million in the special products segment related mainly to restructuring initiatives. The previous year, the item included expenses from legal risks associated with BENEO. In the fruit segment, expenses totaled € -19 (-1) million for provisions in connection with the irregularities uncovered at the subsidiary AGRANA Fruit Mexico and for reorganization of the European fruit preparations business.

Income from companies consolidated at equity | Income from companies consolidated at equity of € 13 (1) million includes the company's share of earnings from a joint-venture distributor and the earnings contribution from the 25 % share in the British trading company ED&F Man Holdings Ltd., London, since the second quarter of 2012/13.

Financial result | The financial expense totaled € -103 (-100) million, slightly higher than last year. Net interest expense was reduced from € -80 million to € -53 million. This is due primarily to short-term commercial paper financing at low 1–3 month Euribor interest rates. Other financial expense totaled € -50 million and includes mainly a one-time earnings charge attributable to the early redemption of the 2009/2016 convertible bond in November 2012 (see also Note 26, Equity, in the notes to the annual report).

Taxes on income | Substantially higher earnings before taxes of € 867 (660) million resulted in taxes on income of € -132 (-145) million. The fiscal year just ended includes a one-time tax yield of € 76 million resulting from a long-standing appeal before the financial courts regarding taxation issues surrounding the Foreign Tax Act. The current tax expense was thus € -209 million and the group's tax rate was 24 %, which compares to € -145 million and 22 % for the same period last year.

Consolidated net earnings | Of the consolidated net earnings of € 735 (515) million, € 593 (377) million was allocated to Südzucker AG shareholders, € 26 (26) million to hybrid bondholders and € 116 (112) million to other non-controlling interests, mainly the co-owners of AGRANA Group and CropEnergies Group.

Earnings per share | Earnings per share came in at € 3.08 (1.99). The calculation is based on the time-weighted average of 192.6 (189.2) million shares outstanding.

Investments and financing

Cash flow statement

€ million	2012/13	2011/12	+/- in %
Cash flow	**996**	**823**	**21.1**
Increase (-)/Decrease (+) in working capital	**-220**	**-306**	**-28.2**
Investments in fixed assets			
Sugar segment	203	145	39.8
Special products segment	89	74	20.5
CropEnergies segment	11	14	-22.9
Fruit segment	35	43	-17.9
Total	**338**	**276**	**22.5**
Total investments in fixed assets/ acquisitions	**183**	**10**	**>100**
Capital increase/decrease	**291**	**-5**	**-**
Dividends paid	**-208**	**-168**	**23.6**

Cash flow | Cash flow for fiscal 2012/13 tracked the excellent operating profit growth and rose to € 996 (823) million.

Working Capital | Although sugar inventory volumes were almost unchanged, working capital increased € 220 million from € 306 million last year, primarily due to higher beet prices, but also the first-time consolidation of the Ybbstaler companies.

Investments in fixed assets | Investments in fixed assets (including intangible assets) rose from € 276 million last year to € 338 million. Investments of € 203 (145) million in the sugar segment were for energy efficiency improvement initiatives and replacements. The increase in the special products segment's investments to € 89 (74) million was driven primarily by the construction of the wheat starch factory in Pischelsdorf, Austria. The CropEnergies segment invested € 11 (14) million, mainly to further optimize its systems and boost efficiencies. The fruit segment's investments of € 35 (43) million were for moving and expanding the factory in Dachang, China, the factory expansion in Serpuchow, Russia, the installation of an additional production line in Centerville, USA, and other items.

Investments in financial assets | Investments in financial assets totaling € 183 (10) million include € 181 million for the acquisition of a 25 % stake minus one share in the British trading company ED&F Man based in London, Great Britain.

Profit distribution | Profit distributions throughout the group in the fiscal year just ended totaled € 208 (168) million and included € 132 (104) million paid out to Südzucker AG's shareholders and € 76 (64) million to minority interests.

Capital increase | The increase in liquidity resulting from capital increases totaling € 291 million was attributable almost entirely to the redemption of the convertible bond and the capital increase. The cash outflow resulting from the settlement of financial liabilities includes the redemption of the convertible bond that had still been reported at € 246 million last year.

No commercial paper had to be issued to finance beet liabilities thanks to the excellent liquidity growth at the end of the 2012/13 fiscal year just ended. The commercial paper issued February 29, 2012 in the amount of € 150 million was paid back in April/May 2012.

Balance sheet

€ million February 28/29	2013	2012	+/– in %
Assets			
Non-current assets	4,313	4,037	6.8
Current assets	4,492	4,252	5.6
Total assets	**8,805**	**8,289**	**6.2**
Liabilities and shareholders' equity			
Shareholders' equity	4,731	3,969	19.2
Non-current liabilities	1,781	1,805	-1.3
Current liabilities	2,293	2,515	-8.8
Total assets	**8,805**	**8,289**	**6.2**
Net financial debt	464	791	-41.3
Equity ratio in %	53.7	47.9	
Net financial debt as % of equity (Gearing)	9.8	19.9	

Non-current assets | Non-current assets rose € 276 million to € 4,313 (4,037) million. The increase was driven by higher investments in fixed assets and € 181 million for the acquisition of a 25 % interest in ED&F Man, London, Great Britain, and is reported under shares of companies consolidated at equity.

Current assets | The increase in current assets of € 240 million, bringing the total to € 4,492 (4,252) million, is largely due to the price-driven increase of € 244 million in inventories, which ended at € 2,568 (2,324) million, in addition to the mainly price-driven increase of € 80 million in trade receivables, which totaled € 1,026 (946) million. This was offset by a reduction in short-term securities held, which went from € 66 to 42 (108) million.

Shareholders' equity | Shareholders' equity rose € 762 million to € 4,731 (3,969) million; despite higher total assets, the equity ratio was higher than last year at 53.7 (47.9) %. This increase includes the liquidity injection of € 291 million from corporate actions, which consists mainly of the capital increase launched in order to redeem the convertible bond in November 2012 (see also Note 26, Shareholders' equity, in the notes to the annual report). In addition, net income for the year drove equity higher by € 735 (515) million, while dividend payments reduced it by € 197 (157) million.

Non-current liabilities | Non-current liabilities fell € 24 million to € 1,781 (1,805) million. This is due to the redemption of the convertible bond, which at the end of the same period last year had still been reported under long-term bonds in the amount of € 244 million. This was offset by higher long-term financial obligations from promissory notes valued at € 110 million issued in April 2012 by AGRANA. Valuation adjustments to provisions for pensions and similar obligations drove this item higher by € 137 million to € 683 (546) million. The discount rate for determining obligations for pensions and similar obligations had to be adjusted from 4.50 % to 3.50 %, which caused the present value of the obligations to increase significantly. The valuation adjustment was allocated and recognized directly in equity taking into consideration deferred taxes.

Current liabilities | The € 222 million drop in current liabilities to € 2,293 (2,515) million is mainly the result of the repayment of current financial liabilities totaling € 287 million, bringing the total outstanding amount to € 287 (574) million. In addition to repaying current financial liabilities, the commercial paper totaling € 150 million issued last year was completely repaid. But payables to beet farmers rose € 65 million to € 860 (795) million, mainly due to higher beet prices for the 2012/13 campaign.

Net financial debt | A significant portion of last year's net financial debt of € 791 million was erased. It was down € 327 million to € 464 million. About € 260 million of this reduction is attributable to the redemption of the 2.5 % 2009/2016 convertible bond, which was financed mainly by the capital increase (see also Note 26, Shareholders' equity, in the notes to the annual report). The strong cash flow was enough to finance the € 181 million required to purchase a 25 % stake in ED&F Man, higher investments in fixed assets totaling € 338 (276) million and a higher dividend distribution of € 208 (168) million, as well as to further pay down debt. The ratio of net financial debt to equity saw a further substantial improvement, going from 19.9 % to 9.8 %.

Value added

		2012/13	2011/12	2010/11	2009/10	2008/09
Operating profit	€ million	**974**	**751**	**521**	**403**	**258**
Capital employed	€ million	5,950	5,707	5,314	5,374	4,923
Return on capital employed (ROCE)	%	16.4	13.2	9.8	7.5	5.2

In 2012/13, ROCE rose from 13.2 % to 16.4 %, driven by the sharply higher operating profit of € 974 (751) million. Capital employed rose 4.3 % to € 5,950 (5,707) million. This was mainly the result of the substantial increase in working capital, which rose especially because of price-driven higher inventories but also higher trade receivables – primarily in the sugar segment. Investments in fixed assets of € 338 (276) million were higher than write-downs, which came in at € 274 (264) million. The fully consolidated acquisitions led to a slightly higher goodwill in fiscal 2012/13.

Capital structure and dividend

Capital structure and debt | The capital structure is managed based on a long-term outlook and focuses on the factors associated with an investment grade rating. The key financial indicators Südzucker uses to control its capital structure are debt to cash flow ratio (ratio of net financial debt to cash flow), the gearing ratio (net financial debt in percent of equity) and the equity ratio (equity in percent of total assets).

Leading up to 2009, extensive extraordinary financing requirements arose as a result of the reform of the European sugar market (among other things, payment of levies to the EU restructuring fund in the amount of about € 1.5 billion). This drove the company's debt to cash flow ratio to 3.2 as of February 28, 2009. Since then, the company has been able to significantly reduce its debt load. Of the substantial debt repayment in fiscal 2012/13, € 260 million was the result of the almost complete redemption, primarily financed by a capital increase, of the 2.5 % 2009/2016 convertible bond. As a result, net financial debt has fallen € 327 million, from € 791 million to € 464 million. The ratio of net financial debt in percent of equity has gone from 19.9 % to 9.8 %, a further significant improvement. Thanks to the increase in cash flow to € 996 (823) million, the debt to cash flow as of February 28, 2013 was 0.5, a further decline from 1.0.

		2012/13	2011/12	2010/11	2009/10	2008/09
Debt factor						
Net financial debt	€ million	464	791	854	1,065	1,632
Cash flow	€ million	996	823	606	553	504
Net financial debt to cash flow ratio		0.5	1.0	1.4	1.9	3.2
Debt equity ratio						
Net financial debt	€ million	464	791	854	1,065	1,632
Shareholders' equity	€ million	4,731	3,969	3,687	3,443	3,230
Net financial debt as % of equity (Gearing)	%	9.8	19.9	23.2	30.9	50.5
Equity ratio						
Shareholders' equity	€ million	4,731	3,969	3,687	3,443	3,230
Total assets	€ million	8,805	8,289	7,260	7,398	7,709
Equity ratio	%	53.7	47.9	50.8	46.5	41.9

Dividend | For years, Südzucker's dividend policy has been transparent and commensurate with the group's profit and debt situation, and aims for continuity. Distributions are based above all on the group maintaining sustainable earnings from operations. The dividend per share trend line in relation to the key operating profit indicators is as follows:

Recommendation on appropriation of profits | The executive and supervisory boards' recommended dividend of € 0.90 (0.70)/share reflects the fact that profits were again substantially higher. Based on the 204.2 million shares outstanding, the total dividend distribution will be € 183.8 million. Last year the total distribution was € 132.1 million.

		2012/13	2011/12	2010/11	2009/10	2008/09
Operating profit	€ million	974	751	521	403	258
Cash flow	€ million	996	823	606	553	504
Earnings per share	€	3.08	1.99	1.33	1.06	0.86
Dividend per share[1]	€	0.90	0.70	0.55	0.45	0.40
Payout ratio	%	29.2	35.2	41.4	42.6	46.5

[1] 2012/13: Proposed.

Employees

In fiscal 2012/13, the average number of employees rose slightly to 17,940 (17,489).

The number of employees in the sugar, special products and CropEnergies segments remained almost constant. In the fruit segment, the workforce expanded to 5,184 (4,822) as a result of the first-time consolidation of the Ybbstaler companies, which are now part of the newly founded joint venture Austria Juice.

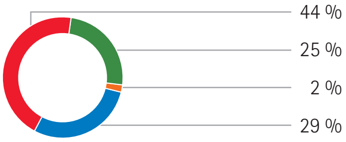
Almost one-quarter of the employees work for Südzucker Group in Germany; slightly more than half in other European countries. Just under 10 % work in the Eastern European countries and some 15 % in other countries around the world. This international orientation and associated diversity in the workforce contributes substantially to the company's success. The company expects diversity to evolve independently of affirmative action policies by governments. Südzucker hires its employees solely on the basis of their qualifications, performance and willingness to learn.

About 6,000 (roughly 34 %) of Südzucker Group's workforce are women. At Südzucker, women always have the same opportunities as men. Vacancies are filled according to suitability and qualifications. Strongly promoting one gender would necessarily discriminate against the other to some extent. Our long-term goal for the future is to increase the number of women holding management positions, but we will not establish a quota. The percentage of women participating in our international "On-Boarding" programs for management recruits is 35 %.

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 throughout the group, which is 12 years, and in some business units well in excess of 20 years.

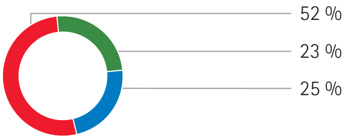
Employee qualifications | Promoting young talent has been a high priority at Südzucker for many years. The aim is to be able to find qualified workers to fill vacant positions despite the demographic shift in the population. Initiatives include well-established training and continuing education programs, 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 to 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 and corporate values that will enable them to identify with the group. The program prepares these young

Employees by segment



	2012/13	2011/12	+/– in %
Sugar segment	8,034	7,976	0.7
Special products segment	4,401	4,381	0.5
CropEnergies segment	321	310	3.5
Fruit segment	5,184	4,822	7.5
Group	**17,940**	**17,489**	**2.6**

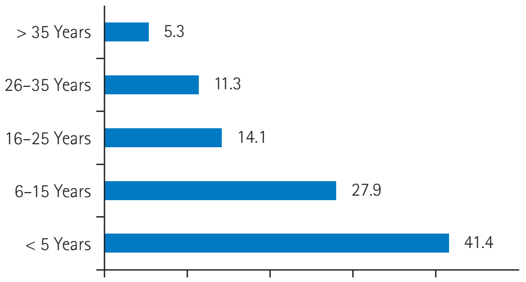
Employees by region



	2012/13	2011/12	+/– in %
Other EU	9,410	9,147	2.8
Germany	4,099	4,032	1.6
Other Countries	4,431	4,310	2.8
	17,940	**17,489**	**2.6**

people for taking on business responsibilities and taking the first key steps along their career path at Südzucker Group.

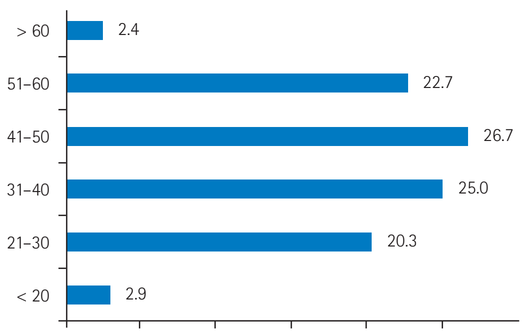
Average length of service in %



As of January 31, 2013

Aging structure of Südzucker's workforce | The aging structure of Südzucker's workforce is balanced; the number of employees in the relevant age groups is almost equally distributed.

Aging structure in %



As of January 31, 2013

European Works Council | The European Works Council held its annual conference in July 2013 in Bruges, Belgium. The agenda included a discussion of international issues with the executive board and a presentation of the Belgian subsidiary Raffinerie Tirlemontoise by its management.

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 suggestion program | The number of improvement suggestions submitted at Südzucker AG, CropEnergies AG and BENEO-Palatinit GmbH, 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 around the world. 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, product safety, quality management

Major projects/overview

Südzucker AG's research, development and technical services department is a central unit that offers services to all of the various segments and divisions of the group's companies, no matter in what country they are based. Its core mandate includes developing new products and expanding food industry product lines, as well as creating concepts for successfully introducing our food ingredients to the market. The unit also develops custom carbohydrate-based products for a wide variety of industrial solutions and works to improve product quality and optimize production processes. Minimizing energy use is front and center for all of these product-related studies. The business unit also has the mandate to support sales, marketing, procurement and business development.

The scope of work covers issues related to the entire value added chain; that is, activities from agricultural production to development in the various product areas. These include sugar and sugary specialty products, functional carbohydrate/functional food, starch and bioethanol.

The R&D group is further strengthening its alliances with research institutes, universities and other companies so that it can quickly put research results into practice.

In fiscal 2012/13, Südzucker filed 16 patent applications to protect its expertise and strengthen its market position, particularly in the field of functional food ingredients. The work in the research, development and technical services departments is done by 374 (363) employees at six locations. The total budget for research, development and technical services in 2012/13 was € 41.6 (37.6) million. The key projects in the various areas are summarized below.

Sugar and sugary specialties

Process technology | The focus in the process technology area is to meet the increasingly strict specifications for raw materials and product quality, ensure that the factory processes are to a high standard and systematically optimize the energy used in various areas of the existing processes.

One topic in particular is the implementation of a special crystallization scheme at a number of production sites that makes it possible to save a considerable amount of energy.

Extended campaigns at the sugar factories have made it necessary to store beets longer than previously. Bad weather and relatively high or very low temperatures can damage beets and make them harder to process. The sugar technology department supports the factories in these situations and makes recommendations for modifying the processing technology to suit the changed raw material.

Fondant | The Fondant department modified its recipes to comply with stricter raw material specifications regarding clean labeling and allergen-free products but still retain functional properties such as coloring, flavoring or freeze/thaw stability. It enhanced the existing production processes to improve the shelf life of the fondant products and conducted scientific studies that examined process monitoring and control as well as packaging systems.

Caramel | Caramel is primarily used for baked goods and beverages. The department also developed and launched some caramels that could be packaged in small quantities and sold at the retail level. The recently developed heating process can be used to produce specific types of tastes.

Compri Sugar | For this product, the department varied some process parameters to precisely adjust the particle size distribution of Compri Sugar to enable the product characteristics to meet corresponding customer specifications.

Retail products | Retail products were developed for both the Südzucker Group brand and brand labeling. Südzucker added innovative sugar cubes enriched with inulin or intensive sweeteners and organic icing sugar and icing sugar for specific types of fruits to its product portfolio.

Functional carbohydrates/functional food

Dietary and physiological aspects
Scientific dietary research related to the physiological properties of carbohydrates form the basis of health-related claims for BENEO Group products.

Palatinose™ | The main focus is on reinforcing the physiological effects of Palatinose™ as they relate to metabolic regulation, fat metabolism and body weight. Südzucker launched further extensive scientific dietary research studies in this regard. Studies in connection with low and extended blood glucose release found indications that memory performance after consuming Palatinose™ is better than when sucrose and glucose are ingested.

Inulin | Research focused especially on studies related to finding pharmaceutical criteria that could reinforce health-related claims that inulin and fructooligosaccharides could be used as dietary fibers in a healthy diet. The department continued to study the positive impact of these substances on intestinal activity, weight loss and obesity-associated diseases.

Application technology/product and process development

galenIQ™ | The properties of galenIQ™ as they relate to tablet making were intensively investigated to gather information about the product's outstanding sensory profile. R&D also evaluated tablet coating processes, lozenge manufacturing and the suitability of the product for syrup preparations and trained customers on how to handle the innovative filler, which is new to the pharmaceutical industry.

Inulin | The department focused on developing applications related to fulfilling customer specifications to improve the taste and consistency of dairy products, baked goods, cereal-based products and meat products.

Isomalt | R&D conducted additional research on identifying the technological advantages of isomalt in chewing gum and developed an overall concept that would allow isomalt to be used in all ingredients used to manufacture chewing gum. It further enhanced isomalt coating processes to make them cheaper for customers to use.

Palatinose™ | After optimizing the biotechnological step of the process to produce Palatinose™, researchers developed a biotechnological process for a new carbohydrate with a different physical-chemical property profile. The main focus was on improving the effectiveness of the organic catalyst used in the process. After enhancing the application systems, it will now be possible to successfully execute the project with the help of strategic production technology partners.

Developers focused on soft caramels and baked goods applications for Palatinose™. They introduced non-adhesive, significantly firmer transparent icing for packaged baked goods using Palatinose™ and sugar.

Rice starch | Researchers developed special rice starches that affect the structural properties of dairy products, cheeses and meats and align more closely with customer specifications.

Gluten | The R&D group optimized the manufacturing process to improve the process stability, protein yield and quality of the product.

New technologies

Bioenergy/Biogas | To achieve the German Federal Government's climate targets, plans call for feeding biomethane – that is, treated biogas – into the natural gas network. Increasingly, appropriately sized industrial biogas plants are used to achieve this objective. As part of the "Biorefinery 2021" project sponsored by the Germany's Federal Ministry of Education and Research, the company built a pilot plant to test the feasibility of generating biogas using slop from Südzucker's bioethanol production plants. The project zeroed in on things such as high-performance fermentation, special enzyme combinations and treating digestate from the fermentation process. Together with scientists from the Technical University of Hamburg-Harburg and the University of Frankfurt, Südzucker conducted additional studies on the use of raw materials containing lignocellulose, such as straw or wheat bran, to produce bioethanol and proposed various scenarios together with the German biomass research center (DBFZ).

Proteins | Research and development work on the protein platform focused on process streams involving protein-rich vegetable matter from which functional proteins that add value can be extracted for cascading purposes. The company was able to apply for its first patents in this area based on in-house research and establish the basis for a product portfolio.

Algae biotechnology | Südzucker just launched a research project that aims to use biogenic CO_2; that is, CO_2 generated from bioethanol fermentation, to grow algae. The company also expects to be able to extract components of value such as proteins or starch from the algae. The Agency of Renewable Resources is sponsoring a project that will see fundamental research and practical experiments conducted on greenfield plants at the production locations over the course of the next three years.

Starch

The starch segment focuses on highly refined specialty products. Its success is based on innovative, customer-oriented products and associated advisory services.

Food | The focus in the food starch area was on developing products with effective dietary and technology benefits from available starchy materials such as potatoes and corn. The division has developed an appropriate process and has started working on products based on this research. It developed the required analytical tools to test the effectiveness of these products and signed a cooperation agreement with the University of Veterinary Medicine, Vienna, to test their dietary and technology benefits in conjunction with a nationally sponsored project.

Specialty starches produced using enzyme treatments were tested, especially on ice cream making and flavor stabilization processes, and some of the initial results were quite positive. These findings will now be examined in cooperation with partners in the science community and industry.

Non-Food | In view of its sustainability and economic benefits, the trend in many technical areas is to replace synthetic products with the renewable resource starch.

For example, synthetic adhesives in the paper industry are increasingly being replaced by smart, biologically degradable starch products. Special adhesives made from starch, also called green glues, were developed for laminations and bread bags, and can be supplied either in liquid or dry form depending on customers' requirements.

A new natural, starch-based cold-water-soluble binder was developed for paper coating. Thanks to its high solubility and strong cohesion, it can replace a substantial amount of synthetic latex. Not only is starch cheaper than synthetic latex systems, using starch also reduces a company's carbon footprint.

In the construction segment, the focus was on developing modified amylopectin-rich starch ethers to use as new high-performance products for tile adhesives and new types of starch ethers for use as stabilizers in concrete.

A special thermoplastic starch with improved functionality was developed for use in biologically degradable plastics. Bioplastics for technical applications in the injection molding and film production sectors are now available in combination with other biopolymers.

Bioethanol

The focus in the bioethanol segment is on ways to save energy and improve the greenhouse gas emissions balance, as well as process and technical improvements to increase production capacity.

At the bioethanol facility in Zeitz, Südzucker was able to identify additional savings potential in the raw material digestion and slop thickening areas, implement the recommended measures and further reduce total energy consumption. Technical and process improvements were successfully implemented at the bioethanol facility in Wanze, which significantly increased the plant's capacity.

R&D also handled process-related questions to support sales in connection with ethanol quality and standardization. Südzucker researchers also participated in panel discussions on the standardization process for fuels containing ethanol. They also continuously tracked and evaluated application-related aspects associated with the various blend ratios of ethanol in fuel.

Research is also focused on producing higher value-added products, such as proteins, either from non-fermentable components in the raw materials or directly from bioethanol based on processes that are either biochemical or rely on chemical catalysts. These concepts are also being investigated in conjunction with research projects together with universities.

Product safety and specification management

Südzucker continued to standardize procurement specifications for materials involving product contact and introduced the ones used most extensively by the sugar segment throughout the group. The rollout has already begun at BENEO and CropEnergies. The aim is to utilize synergies and offer our European and international customers identical standards.

The R&D group developed segment-specific, harmonized templates and group-wide rules related to product safety and other quality topics in the food area to serve as specifications and customer information. The department also checks and handles specific questions from customers to the various business units.

Südzucker monitors and evaluates legislative changes related to product safety and takes the necessary actions in the food and animal feed area.

Quality management

IFS Food Safety Standard | Version 6 of the IFS food standard, which includes the new chapter on food defense, has been in force since July 1, 2012. It summarizes all preventive measures necessary to avoid intentional contamination of foods; for example, deliberate contamination. A standard procedure was defined for the sugar segment in conjunction with an initiative to harmonize the segment's quality management systems, and in spite of the new requirements, all of the group's sugar factories were certified at the highest level.

REDcert-certification | On July 24, 2012, the European Commission approved the German REDcert-System (REDcert-EU). The sugar factories in Brottewitz and Zeitz, as well as CropEnergies Bioethanol GmbH and BioWanze SA, have now been certified according to the REDcert-EU standard and are able to service the increasing market demand for EU-certified sustainable biomass.

QM and HACCP harmonization | Additional items were dealt with for the entire sugar segment as part of the initiative to harmonize QM (quality management) and HACCP (Hazard Analysis and Critical Control Points) in the sugar segment. The standards for key account requirements and organizing events such as customer audits have now been harmonized.

Sugar segment

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 (raw value)[1]

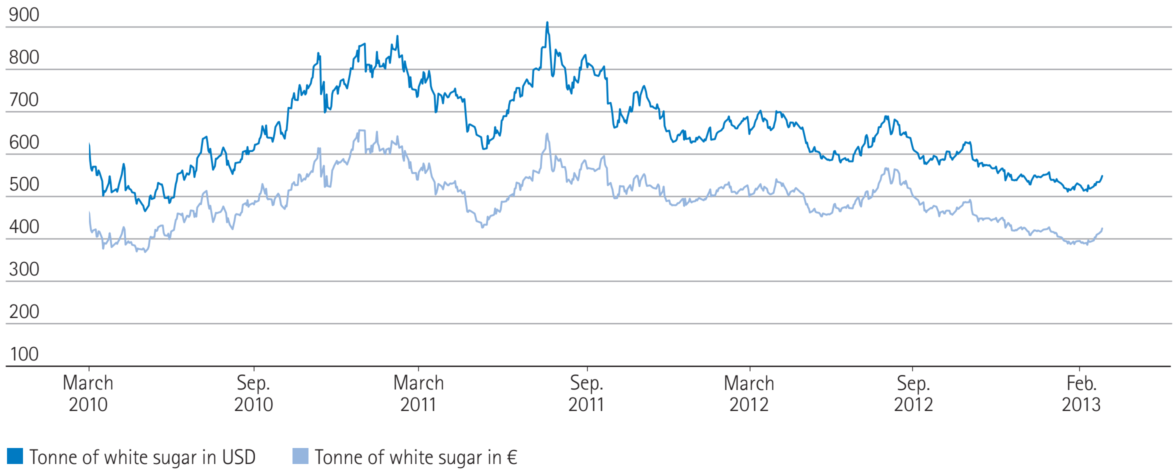
Million of tonnes	2012/13	2011/12	2010/11	2009/10	2008/09
Opening balance	**68.5**	**61.5**	**59.3**	**62.6**	**73.9**
Production	183.1	175.3	165.4	159.0	151.8
Consumption	168.7	165.5	160.7	160.5	160.2
Volume adjustments	-4.4	-2.8	-2.5	-1.8	-2.9
Closing balance	**78.5**	**68.5**	**61.5**	**59.3**	**62.6**
In % of consumption	46.5	41.4	38.3	36.9	39.1

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

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.

Global market sugar prices

March 1, 2010 to March 31, 2013
London, nearest forward trading month



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 demand 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, the EU Commission submitted a legislative proposal to the Council of Agricultural Ministers and the EU Parliament, in which it recommended that the existing quotas and minimum beet price regulations be terminated effective September 30, 2015. However, in March 2013, the 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. 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 the EU Commission, EU Parliament and Council of Agricultural Ministers are expected to reach agreement on the reform of the common agricultural policy 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, the EU Commission is also negotiating potential free trade agreements with various nations and communities, such as MERCOSUR, the South American common market. In the event sugar and sugary products are not defined as sensitive products – contrary to current trade practice – substantial additional duty-free sugar volumes could in future be imported into the European Union.

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 European 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 CO_2 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 CO_2 certificates allocated in conjunction with the third trading period in the EU from 2013 to 2020 will not cover Südzucker Group's expected consumption.

Business performance

Sugar segment business performance

		2012/13	2011/12	+/– in %
Revenues	€ million	**4,232**	**3,728**	**13.5**
EBITDA	€ million	832	626	32.7
Depreciation on fixed assets and intangible assets	€ million	-122	-115	5.6
Operating profit	€ million	**710**	**511**	**38.8**
Restructuring/ special items	€ million	6	13	-54.7
Income from operations	€ million	**716**	**524**	**36.4**
EBITDA margin	%	19.6	16.8	
Operating margin	%	16.8	13.7	
Return on capital employed	%	22.5	17.1	
Investments in fixed assets	€ million	203	145	39.8
Investments in financial assets/acquisitions	€ million	181	3	> 100
Total investments	€ million	**384**	**148**	**> 100**
Employees		8,034	7,976	0.7

The sugar segment's numbers relate to Südzucker AG, Südzucker Polska, Südzucker Moldova, Raffinerie Tirlemontoise, Saint Louis Sucre and AGRANA. These companies produced 4.9 (5.4) million tonnes of sugar in 29 sugar factories and three refineries. The plants are located in Germany, Belgium, Bosnia, France, Moldova, Poland, Austria, Romania, Slovakia, the Czech Republic and Hungary. The agriculture, animal feed and Bodengesundheitsdienst divisions are some of the other business units attached to the segment.

On May 16, 2012, the European Commission approved Südzucker's acquisition of a 25 percent interest minus one share in the British trading company ED&F Man Holdings Ltd., London, in conjunction with a capital increase. Despite the difficult business environment, ED&F Man had a good fiscal year, which ended on September 30, 2012. The company was able to defend its leading position in the sugar and molasses business. The global "Volcafe" coffee business was able to build on the previous year's outstanding performance. ED&F Man also used the opportunity to further expand its financial services business, which gives customers access to the commodity and financial markets.

Revenues and operating profit | The sugar segment's revenues and profit in the first half of fiscal 2012/13 were primarily driven by the alignment of market conditions in Western Europe to those of Europe in total.

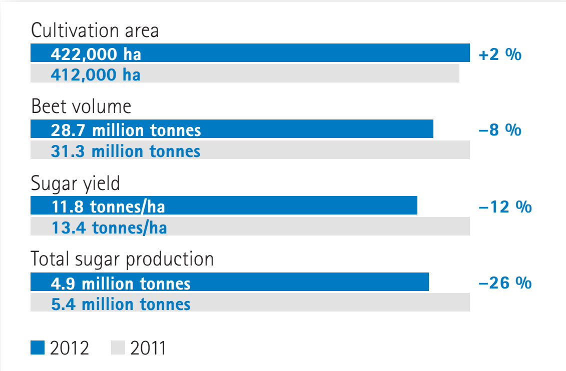
The sugar segment's revenues thus rose sharply by 14 % to € 4,232 (3,728) million, mainly as a result of significantly higher sugar sales revenues in the first half of fiscal 2012/13.

Non-quota sugar volume was also up dramatically in the fiscal year just ended. After a strong increase in exports in the first half of the fiscal year as a result of the bumper harvest in 2011 and plentiful availability of export licenses, exports were below the prior year's level in the second half of the year.

The sugar segment's sharply higher operating profit, which rose to € 710 (511) million, was the main driver of the group's profit growth. Here too, higher sugar sales revenues were key. While last year only the price level in Eastern Europe tracked world market prices on account of the terms of various contracts, in fall 2011 revenues in Western Europe caught up, which significantly boosted earnings in the first half of fiscal 2012/13 compared to the even weaker first half of 2011/12. During the second half of the fiscal year, sales revenues stabilized as commodity prices rose even further.

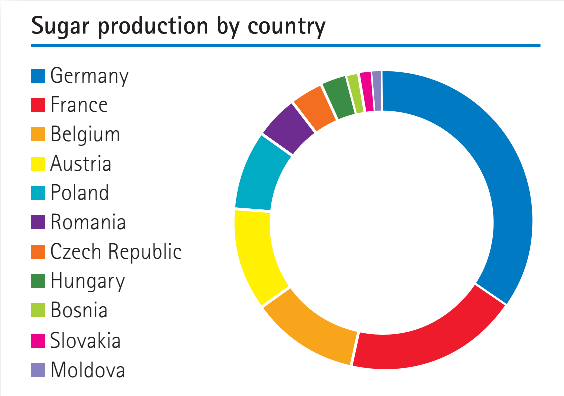
Sugar production

The total overall volume of sugar Südzucker Group produced from beets was about 4.5 (4.9) million tonnes, not quite matching last year's record. During the 2012 campaign, Südzucker harvested about 28.7 (31.3) million tonnes of beets from a slightly greater cultivation area than last year of about 422,000 (412,000) hectares. The theoretical sugar yield was 11.8 (13.4) t/ha. The total volume of cane sugar refined at the refineries in Marseille (France, Saint Louis Sucre), Buzău (Romania, AGRANA) and Brčko (Bosnia-Herzegovina, AGRANA) was 0.40 (0.50) million tonnes. The total amount of sugar produced, including refined sugar, was 4.9 (5.4) million tonnes.



Cultivation area | Südzucker Group added about 2 % to its beet total cultivation area in 2012 compared to 2011, bringing the total to 422,000 (412,000) ha. Most companies actually slightly reduced their cultivation areas because of last year's excellent harvest and the subsequent unsold sugar volumes. Only AGRANA and Südzucker Moldova expanded their cultivation areas.

Planting | In 2012, planting in Südzucker's fields began early, about the same time as the previous year. Heavy frost at the beginning of the year in many regions resulted in excellent loosening of the soil and made for optimum beet planting conditions. The first beet fields were already drilled at the beginning of March in France and the Offstein and Offenau sugar factories' fields. The cornerstone for an excellent harvest was thus in place. But low temperatures following the seeding retarded growth and in some regions there was ground frost. Beets are traditionally planted later in Moldova and Romania than in the other regions because the start of spring is somewhat delayed.



Overall, the seeding in spring 2012 was completed very early in all of Südzucker Group's territories, the same as it was in 2011.

Subsequent beet development | Weather conditions in many areas were favorable for excellent beet development. Growth conditions in Germany and Poland were near optimal thanks to moderate temperatures and adequate rainfall. In contrast, damp, cool weather in France and Belgium led to below-average beet growth. A heat wave in the second half of August was hard on the beets, especially in Moldova and AGRANA's fields.

Yields | 2012 was an excellent year for beet farmers in Germany and Poland, but yields were not as high as the records set the previous year. In fact, farmers in Austria, Hungary, the Czech Republic and Slovakia had below-average beet yields due to the dry summer. The average yield for Südzucker Group overall was 68.1 (76.0) t/ha. The organic beets planted for Südzucker Group were converted to organic sugar in Warburg, Germany and in Hrušovany, Czech Republic.

Campaign | The campaign at all of Südzucker Group's business units started in September 2012, mostly around the middle of the month. Harvest conditions in the countries in which the group cultivates beets varied considerably this year. While conditions were excellent at the beginning of the campaign in many regions, drought caused problems for some farmers, especially in Hungary, Romania and Moldova. During the rest of the campaign, adequate rainfall also produced excellent harvest conditions in these countries. Beet loading and transportation proceeded smoothly throughout the entire Südzucker Group.

Lows down to -18° C throughout Südzucker's territories at the beginning of December and highs of +15° C around Christmas in some regions made protecting the beet piles in all of the group's fields very challenging. The company's operations were only able to maintain beet and processing quality by consistently covering the beet piles and adjusting the warehouse management processes. However, some factories that had to process beets into the new year struggled with beet products that had been damaged by frost, causing some filtration problems and reducing processing throughput.

The 2012 campaign ended after 112 (123) days. Südzucker Moldova had the shortest campaign at 56 days and AGRANA Austria the group's longest at 129 days.

Despite the long campaign, with high throughput and difficult conditions towards the end as a result of frost-damaged beets, there were few problems at the factories, which is especially attributable to the excellent work and commitment of all employees.

2012 beet syrup campaign | The bumper crop yield from the 2011/12 beet campaign completely filled the beet syrup storage facilities. All syrup campaigns were completed by the beginning of July. Small amounts of leftover syrup were processed right before the start of the beet campaign at two factories. The syrup stored in Zeitz was completely processed at the bioethanol plant in Zeitz.

Sugar volume

Sugar volume up 4 %

Consolidated total volume for all group companies, including non-quota sugar exports and shipments to the non-food industry, rose 4.2 % to 5.3 (5.1) million tonnes in fiscal 2012/13. The EU companies reported a volume increase of 3.6 % to 5.0 (4.9) million tonnes. The two companies outside the EU in Moldova and Bosnia together generated a volume of 0.3 (0.2) million tonnes.

Market demand for sugar in the EU satisfied

There was an adequate supply of sugar available to satisfy EU market demand. Sugar inventories were high even during August and September 2012, just before the start of the new campaign. Our imports of raw and white sugar, mainly from ACP countries and LDCs, are according to plan.

In spite of this, in order to ensure an adequate supply of quota sugar, the EU Commission is now regularly launching tenders that convert non-quota sugar to quota sugar and allow imports at reduced duties. Since in our opinion the market is more than adequately supplied, Südzucker has not participated in the most recent tenders.

In addition to the existing import agreements with the ACP countries and LDCs, free trade agreements between the EU and the Andean Community (Colombia, Peru) and the Central American countries (for example, Guatemala, Costa Rica, El Salvador) are nearly finalized. At the earliest, these countries will begin importing sugar as of March 2013.

Quota sugar volumes lower than last year

The quota sugar volume of 4.0 (4.1) million tonnes was slightly less than last year. Because of the diverse economic situations in the various EU countries, demand within our markets shifted.

In the countries in which the group has its own production facilities, volumes to the sugar processing industry slid 2.7 %. The significant drop in the world market price has increased the difference between EU prices and world market prices. This is why customers are looking harder for alternatives, such as importing fruit juice concentrates and other sugary mixtures, as always after weak years.

Retail volumes were not quite at the same very satisfactory levels as they were last year, declining 3.1 %. The jam sugar season was also weaker than the previous year.

Volumes in the EU countries in which Südzucker Group has established a good market position over the past few years through its own distributors or key account management were slightly higher than last year. Deliveries in the EU were optimized from a business perspective. For example, in the EU's crisis countries, payment reliability was assigned a high priority and in the worst case, orders were declined if there were creditworthiness concerns.

In October 2012, Südzucker Group aligned its prices throughout the EU. The impact of the growing inventories resulting from the EU Commission's decisions on future price developments remains to be seen.

Non-quota sugar significantly higher

Volumes of non-quota sugar rose quite satisfactorily. They were up 30 % to 1.0 (0.8) million tonnes. Exports to non-EU countries rose 8.1 % as a result of the high availability of sugar and adequate export licenses. The use of non-quota sugar within the EU and thus in the non-food industry was up a remarkable 49.7 %, driven mainly by major contracts with the ethanol industry.

Prices from October 2012 onward were satisfactory, even though they did not quite match last year's levels. The reason was the large supply of non-quota sugar as a result of the bumper harvest. In contrast, neither world market sugar prices nor grain prices were competitive.

There is enough non-quota sugar in the EU until the end of September 2013, and probably also after that. We therefore do not expect imports under the terms of the duty-free import quota going forward.

Logistics

The record harvest during the 2011/12 campaign and the large volumes of non-quota sugar produced as a result presented Südzucker Group with considerable logistics challenges and led to high interim inventories by the end of September 2012. The latest harvest, although it did not reach the record level of last year, but was also quite good, again forced the group to externally store substantial volumes of the sugar it produced. The priority here was to store bulk sugar in order to maintain the greatest possible flexibility with regards to packaging formats. The storage facilities for this bulk sugar are normally in European ports such as Antwerpen, Rouen and Le Havre. All other externally stored sugar was packaged. Here the aim is to use warehouses close to the sugar factories and rented facilities in deficit markets such as Italy, Greece and Spain, where large volumes of packaged sugar are deposited.

Investments

The sugar segment's investments were up sharply last fiscal year at € 384 (148) million. The sum includes € 181 million for the acquisition of a 25 % stake minus one share in the British trading company ED&F Man based in London, Great Britain. Investments in fixed and intangible assets climbed to € 203 (145) million. Now that the major "Europac" project is almost completed, the focus in fiscal 2012/13 was in part for various energy-saving projects, especially in Germany, Austria, Poland and Hungary, where major projects included the installation of low temperature dryers. The following is an overview of the key projects in the various countries:

Germany | 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 ahead of the existing high temperature dryers in the animal feed production area at the Offstein and Plattling plants were successfully started up at 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. A new biogas system is scheduled for startup in Rackwitz in the fourth quarter of 2013. In Mannheim, investments were made in the manufacturing locations and construction started on a new head office.

France | The sugar drying and cooling systems in Etrepagny were successfully started up at the beginning of the beet syrup campaign in early September 2012. Plans call for starting up the extraction tower moved from Guignicourt in time for the 2013/14 campaign as part of the Roye 2020 project. The new high rack storage system and the two new sugar cube lines were started up in Roye.

Belgium | The coal-fired boiler's denitrification system and the new beet yard were successfully started up at the Tienen factory. The specified production targets are now being completely achieved. The filtration improvement project at the Wanze factory proved worthwhile, despite the raw material quality deterioration at the end of the campaign. In June 2012, a conversion execution system was successfully started up at the Mersem plant. This new system electronically captures data from all production and storage processes in the finishing area. It will be extended to the company's other locations throughout the group.

Austria | The two newly installed low temperature dryers in Tulln and Leopoldsdorf are generating energy savings according to plan.

Poland | All of the investments that were important for the campaign were successfully started up on time and contributed to an excellent 2012/13 campaign. The fast and easy campaign start at the Świdnica factory was a clear testament to the excellent layout and installation of the extraction tower, beet washing system and waste treatment. The biogas system in Strzelin is operating successfully – now with beet pellet silage. The plant is expected to reach its rated production capacity of about 1.5 MWel in March 2013. The foundation work for a new 40,000 m^3 syrup tank is complete.

Romania/Slovakia/Czech Republic/Hungary | The 1-kg packaging machine and associated peripheral equipment were started up in Buzău, Romania. The expanded evaporator station in Sered, Slovakia resulted in a significant reduction in energy consumption. The three boiler plants in Hrušovany, Czech Republic were converted to gas-fired and were successfully operated using gas during the campaign. The foundation work for the new sugar silo in Kaposvăr, Hungary is proceeding according to schedule.

Moldova | Investments at the Drochia and Falesti locations relate mainly to the sugar house production area and are aimed at saving energy and achieving consistent product quality. In Drochia, construction started on a system that will produce biogas from press pellets. According to the concept, the system will operate year-round. During the campaign, the biogas produced will be used by the sugar factory's boiler and during the rest of the year to generate electricity, which will be fed into the public grid.

Agriculture/commodity markets

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

Agricultural operations | Much of the grain and rapeseed that had been planted had to be plowed under because of the extreme frost in February 2012. These fields had to be re-seeded with summer grain. Rainfall and moderate temperatures in June partly compensated the dry spring that followed the frosty winter. As a result, the grain and rapeseed yield was unexpectedly good. It was harvested amid dry conditions between the beginning of July and mid-August and the quality was excellent.

Prices remained very high due to the sustained high demand for grain and oilseed and the short supply situation following the poor harvests in North America and Eastern Europe. Products were continually sold as they were harvested, some based on forward contracts, and sales revenues were higher than last year. Much of the 2013 harvest has already been sold at similarly high prices.

The sugar yield from the sugar beet harvest was significantly higher than the long-term average and sugar beet prices also rose.

After acquiring a farming operation in Poland, Südzucker Polska plans to upgrade the existing buildings and construct a new grain storage facility.

Biogas plant | The biogas plant in Rackwitz is scheduled to be started up in the last quarter of 2013. With the help of a strong partner from the energy sector, the plant signed a ten-year contract to feed the entire volume from the biogas plant into the gas distribution system. The terms and conditions of the contract are excellent.

Commodity markets | The business unit again prepared numerous analyses and estimates related to developments in the key agricultural commodity markets, as well as in purchasing and securing raw materials. But issues related to the European farming community's contribution to safeguarding world food supplies continue to become increasingly important.

Animal feed

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

Molasses pulp and molasses pulp pellets | The grain market became overvalued by mid-fiscal 2012/13. After that, the extended heat and drought in the corn belt of the United States last summer and the lack of rain in Russia and the Ukraine caused grain prices to rise even further, where they remained almost unchanged at the same extremely high level until the fiscal year-end. Prices for molasses pulp pellets, the energy source in mixed feed, tracked grain prices. All of the company's regional entities producing pellets thus benefited from the strong markets and again generated excellent sales revenues that were even higher than last year.

Beet molasses | Because of the record beet harvest in 2011, which produced high volumes of molasses, price negotiations at the beginning of fiscal 2012/13 were initially very difficult. But high grain prices spurred demand for molasses from the alcohol and mixed-feed-industry and, as a result, the market price level stabilized and cane molasses prices remained firm overall. Most of the group's foreign subsidiaries were thus again able to match the previous year's excellent sales revenues for molasses, and in some cases even exceed them.

Bodengesundheitsdienst

BGD-Bodengesundheitsdienst GmbH (BGD) is a service entity whose primary mandate is to conduct soil tests using electro-ultrafiltration (EUF) and offer advisory services on fertilizers for all types of fruit. The entity also conducts analyses on humus content, does nutrient comparisons in accordance with the German fertilizer ordinance, analyzes organic fertilizers and beet nematodes in soils, bacteria in seed potatoes and viruses on vine cuttings. The results of these analyses help farmers in making decisions that enable them to operate modern, sustainable farms. Over the years, more and more vintners and garden plot holders have also started to use the services.

Bodengesundheitsdienst – 25 years of service for agriculture, the sugar industry and the environment

30 years ago, the Justus-Liebig laboratory in Rain began to conduct soil tests using electro-ultrafiltration (EUF) with the aim of further improving beet yields and quality by adjusting the fertilizers used in the fields. The success with farmers led to the founding of Bodengesundheitsdienst GmbH five years later, which subsequently took over and enhanced the soil testing methods and fertilizer advisory services. Last year, BGD celebrated its 25th anniversary.

By optimizing their fertilization methods, farmers were able to improve beet yields and quality and make their businesses more successful. The amount of nitrogen, phosphate and potash used in fertilizers for sugar beets has been cut in half in the past 30 years. The Justus-Liebig lab is today one of the most modern mass production labs in the world. Soil samples from about 150,000 hectares are now analyzed there annually.

Plot-specific soil analysis and fertilization

BGD now offers services that allow precision farming in alliance with Agri Con. The aim is to establish differences in the soil and the potential yield for specific plots within a field so that they can be properly fertilized. Soil sampling is GPS-supported and the samples are examined using the proven EUF methods. Based on the information gathered, the companies provide recipes for the correct amount of nitrogen, phosphate, potash and lime in fertilizers for a specific plot in a field.

Special products segment

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

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

Special products segment business performance

		2012/13	2011/12	+/– in %
Revenues	€ million	**1,862**	**1,806**	**3.1**
EBITDA	€ million	214	231	-7.2
Depreciation on fixed assets and intangible assets	€ million	-82	-82	0.5
Operating profit	€ million	**132**	**149**	**-11.4**
Restructuring/ special items	€ million	-4	-3	8.6
Income from operations	€ million	**128**	**146**	**-11.9**
EBITDA margin	%	11.5	12.8	
Operating margin	%	7.1	8.3	
Return on capitel employed	%	9.5	10.7	
Investments in fixed assets	€ million	89	74	20.5
Investments in financial assets/acquisitions	€ million	2	0	-
Total investments	€ million	**91**	**74**	**22.9**
Employees		4,401	4,381	0.5

Revenues and operating profit | The special product segment's revenues grew 3 % to € 1,862 (1,806) million, driven by higher revenues in the starch division.

The segment's operating profit came in at € 132 (149) million and, as expected, did not build on last year's excellent result. Although it grew in the first half of the year, the second half results were significantly lower than last year. This is due in part to the significantly lower profits compared to the unusually strong prior year, which were driven by sharply higher commodity prices in the starch division. Another factor was that overall, the Freiberger, BENEO and PortionPack divisions were unable to match last year's profits due to the difficult economic environment.

BENEO

BENEO's core business consists of developing, manufacturing and selling functional ingredients made from plant raw materials such as chicory root, beet sugar, rice and wheat, all of which improve the technical and dietary value of food and animal feed. BENEO also supports international customers with solid nutritional science, food-law-related advice, market and consumer research, application technologies and recipe development. BENEO employs about 900 persons and operates production facilities in Belgium, Chile, Germany and Italy. It also has sales offices in Brazil, Spain, Singapore and the United States.

Economic environment, general conditions

It is scientifically proven that there is a connection between nutrition and good health. A balanced diet reduces the risk of the illnesses dominant in modern societies. Sociopolitical policies aim to improve eating habits in order to reduce the cost of health care and limit the associated risks. Key topics here include reducing calorie intake, fiber enrichment, a balanced energy uptake, but also products that support healthy aging. The number of new products with supplemental health benefits and the increasing revenues of functional foods are further signs of these developments.

Although this was fundamentally a positive environment, high energy and raw material costs and increasing competition continued to present major challenges. At the same time, greater regulation of food law requirements in many countries is increasing the complexity of the food market. For example, the European Health Claims Regulation continues to produce uncertainty in industry and among consumers.

Business performance

In spite of varying economic conditions in different countries, BENEO was able to defend its market share in fiscal 2012/13. The continuing high price level for energy together with volatile commodity prices made it necessary to do some streamlining internally and in certain cases adjust selling prices. BENEO was successful in defending its claims for isomalt and Palatinose™ with regard to tooth friendliness and low blood sugar impact. The long-range plan is that all BENEO ingredients be positioned according to their dietary benefits. To achieve further growth in Europe, the company has to continuously invest in studies that support additional claims.

Products and markets | In most countries around the world, dietary fiber intake is significantly below recommended levels. This demonstrates the potential of prebiotic dietary fibers such as inulin and oligofructose. BENEO is working internationally on scientific and food law initiatives to further the so-called prebiotic concept, which continues to generate considerable interest in key markets such as North America and Asia. The prebiotic effect is also recognized internationally in the baby food growth segment as beneficial to the healthy development of babies.

The technologically functional wheat protein BENEOPro VWG (Vital Wheat Gluten) continues to grow market share. The main area of application is animal feed; for example, as a source of protein for fish farms. In the food area, it improves the quality of bread.

Isomalt was able to defend its market leadership in the sugar-free candy and chewing gum segments of the confectionery industry and maintain a steady high revenues volume despite strong competition and renewed rationalization in the confectionery sector. GalenIQ™, the pharmaceutical version of isomalt, is being successfully used for prescription and over-the-counter medications.

Palatinose™, the only tooth-friendly carbohydrate with a low glycemic index, continues on a steady growth trend internationally in the beverage market as well as the specialty and sports nutrition segments. Product launches in the United States, Asia and Europe underline the potential of Palatinose™, as do consumer surveys.

Sweetening concepts based on steviol glycosides (E 960, Stevia) are being developed in line with generally moderate market interest.

The technological diversity of rice derivatives, their clean label, gluten-free, lactose-free and allergen-free product advantages and a preference for natural raw materials align with consumer trends. BENEO's competitive advantages remain its ability to offer customized blends of rice derivatives and its many years of experience producing baby food ingredients.

Manufacturing and investments | The 2012 chicory campaigns in Belgium and Chile were executed unusually smoothly. A new processing record was set in Chile, while in Belgium the cost of energy-intensive external drying was further reduced by optimizing the process. The production facility in Offstein produces isomalt and Palatinose™ of excellent quality. The capacity has already been fully utilized for quite some time. The production capacity for rice derivatives at the Wijgmaal location in Belgium was increased significantly as a result of investments and organizational optimization.

BENEO prioritizes investments that improve its processes and production costs, as well as expand its capacity. In Belgium and Chile, the main projects aim to improve energy use. Examples include optimizing heat recovery systems, evaporator stations and crystallization lines. The expanded rice starch production system in Wijgmaal, Belgium is slated to achieve its target starch production capacity already this year. The production capacity for Palatinose™ is being adjusted in light of the promising market growth. A multi-phase investment project is underway. As a first step, the plant is adding drying capacity and renewing the sorting and packing area from the ground up.

Freiberger

Freiberger Group is one of the leading producers of frozen pizza in Europe and supplies its products to almost all international wholesalers. The product range includes frozen pizzas and chilled pizzas, which are produced mainly for the markets in Great Britain, France and Spain, and other convenience products such as pasta dishes and snacks.

Freiberger produces up to 2.5 million products per day at five production facilities located in Germany, Austria and Great Britain. Distributors are also located in France, Poland, Russia, China and the United States.

The company was founded in 1976 and today conducts business across the globe. Its products are sold in 33 countries. Freiberger has specialized in producing private-labeled products and as a result requires no high-cost marketing programs. Instead, it invests primarily in advanced technologies and in developing safe, high-quality products systematically geared toward customer satisfaction.

In 2011, Freiberger entered the North American market and opened a sales office in New Jersey. At the present time, pizzas for the American market are still being produced in Germany. The company currently sees the greatest growth opportunities in the American market, while in Germany and Europe, growth is only achievable by displacing competitors.

During the fiscal year just ended, Freiberger Group invested in new technologies in the areas of product quality, product safety and building protection. Plans call for expanding capacities for the individual product categories in 2013/14.

Freiberger Group was able to hold its own in fiscal 2012/13 despite the difficult environment resulting from rising raw material, energy and personnel costs.

PortionPack Europe

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

In fiscal 2012/13, PortionPack Europe Group was faced with a difficult market environment, dominated by the shrinking food service market in most European countries and the steady consumer trend to reach for cheaper products.

Because of the difficult conditions and substantial one-time charges from moving manufacturing systems after closing the Bodegraven location, together with higher spending related to the introduction of SAP, the division was not quite able to extend last year's excellent profits.

Investments, which in the year prior were elevated due to various measures connected with the closure of the Bodegraven location, returned to normal in fiscal 2012/13. The largest single project was the rollout of SAP. In addition to implementing quality assurance measures, various packaging systems were sequentially upgraded, modernized or modified to suit changing customer demands.

Starch

The starch division comprises AGRANA Starch GmbH, with its Austrian potato starch factory in Gmünd, as well as the cornstarch factory in Aschach, plus management and coordination of the international companies in Hungary and Romania in which AGRANA holds an interest. The bioethanol businesses in Austria and Hungary are also part of this division.

Economic environment, general conditions

Developments in the international grain markets, political conditions related to bioethanol production and the anti-subsidy and anti-dumping proceedings related to banning imports of bioethanol from the United States are reported in detail in the CropEnergies segment part of the report.

Business performance

In fiscal 2012/13, the starch division's revenues were higher as a result of higher selling prices for most products, as well as greater sales volumes at all country entities. In contrast, operating profit was down sharply, driven especially by higher raw material costs.

Volume at AGRANA Stärke GmbH in Austria was slightly higher driven by steady market demand and systematic market development. It rose to 1,182,300 (1,179,300) tonnes of starch. Volumes of byproducts were lower than last year at 680,800 (705,000) tonnes, due mainly to lower sales of animal feed trading goods. Volume at Hungrana in Hungary was up from last year at 530,800 (500,100) tonnes.

Commodities, harvest and production

Potato starch | The Austrian starch factory in Gmünd converted about 217,900 (235,500) tonnes of industrial starch potatoes with an average starch content of 18.5 (19.2) % in 127 (145) days during the 2012/13 campaign. The bio-organic share was about 6 %, the same as last year. About 4,400 (4,600) tonnes of potato staple products were produced from about 24,000 (25,000) tonnes of food industry potatoes. The bio-organic share was about 29 (25) %.

Cornstarch | The total volume of corn processed (excluding bioethanol processing) at the AGRANA starch factories in Austria, Hungary and Romania rose to about 791,000 (747,000) tonnes in fiscal 2012/13, of which 173,000 (161,000) tonnes were newly harvested moist corn. The share of specialty corn (waxy corn, bio-organic corn, guaranteed non-GMO corn) rose to about 59,000 (57,000) tonnes.

Bioethanol | AGRANA operates a bioethanol plant in Pischelsdorf, Austria, jointly with Austrian beet farmers. In addition, it holds a 50 % stake in HUNGRANA Kft., which operates a combined starch and bioethanol production plant in Szabadegyháza, Hungary. The total bioethanol production capacity for the two plants is about 400,000 m³. The bioethanol volume of 331,500 (331,300) m³ is about the same as last year. The company was again able to charge higher prices for bioethanol and the protein-based animal feed ActiProt® than last year.

Investments

A key project was the construction of the wheat starch factory in Pischelsdorf, Austria. In addition, investments were made at this location to improve energy efficiency by recovering heat from the animal feed drying system, and a new administration building was constructed. The straw-fired boiler that produces process heat from biomass was completed at HUNGRANA in Hungary and the daily processing capacity expanded to 3,500 tonnes of corn. The canning line for infant milk formula at the factory in Gmünd, Austria went into operation. One of the projects at the Romanian factory in Tăndărei was to further expand the capacity for processing raw materials to 175 tonnes of corn per day.

CropEnergies segment[1]

Economic environment, general conditions

Renewable energy and fuel quality directives | While the EU's climate and energy legislation continues to be implemented, the renewable energy and fuel quality directives are especially important for biofuels.

The main element of the renewable energy directive is the binding requirement to source 10 % of the energy used by the transportation sector from renewable sources by 2020. Further key components are the sustainability criteria and the supplementary environmental and social standards.

The EU Commission has now approved thirteen certification systems, valid throughout the EU, which can be used to verify the sustainable production of biofuels. The European version of the REDcert certification system has been approved since July 2012. The German version was already recognized by Germany's Federal Agency for Agriculture and Food (BLE) in 2010.

On October 17, 2012, the EU Commission presented draft amendments to the renewable energy and fuel quality directives to the European Parliament and the European Council, which state that contribution from biofuels produced from grains, sugar and oil seeds toward the target of 10 % renewable energies in the transportation sector be limited to 5 %. After 2020, biofuel produced from crops deployable as food and animal feed are no longer to be promoted.

The European bioethanol industry considers the draft legislation as a step backwards for European energy and climate policies. A number of member states expressed concerns about the draft legislation leading up to the meetings of the European Parliament and European Council. The discussions are thus expected to endure and will likely continue until the end of 2013 or beginning of 2014. On December 14, 2012, Germany's Federal Council clearly criticized the EU commission's proposals, thereby largely endorsing the views of CropEnergies and the German bioethanol industry. The Federal Council is concerned that the planned measures would be permanently detrimental to the investment climate for biofuels and called for more continuity in Europe's biofuel policies. The Council stated that in view of Europe's predominantly integrated processes for producing biofuels, food and animal feed, it should also be possible to produce conventional biofuels after 2020.

Antisubsidy/antidumping actions | On November 25, 2011, the EU Commission initiated an antisubsidy and antidumping court action related to the import of bioethanol from the United States. In August 2012, the EU Commission endorsed the view of the European bioethanol association ePURE in its antisubsidy action, which stated that the sharply higher bioethanol imports from the United States benefited from American federal subsidies. Even though the European Council agreed that these imports had been detrimental to the European bioethanol industry, it did not introduce offsetting duties because of legislative amendments in the United States and announced closing of the antisubsidy case. The EU Commission presented the results of its investigation at the antidumping proceedings and confirmed that the American exporters had been dumping bioethanol. To compensate for this anticompetitive conduct, the European Council introduced an antidumping duty of about 49 €/m^3 on bioethanol imports from the United States for a period of five years starting February 22, 2013.

Tax relief for biofuels in Belgium | In Belgium, the consumption of biofuels is being promoted by introducing tax relief for fuels with a minimum biofuel component, provided blended biofuels were produced by licensed producers. The existing legislation is being extended for a further six years. Since the minimum blend of bioethanol in gasoline required to qualify for tax relief will be 10 % by volume, oil companies have a stronger incentive to sell E10 fuel. The as yet unused production licenses granted in 2006 for the years 2007 to 2013, of which BioWanze SA was allocated 125,000 m^3 of bioethanol annually, are valid until September 30, 2019, subject to approval by the EU Commission.

[1] Further details can be found in CropEnergies AG's current 2012/13 annual report.

Market developments

Bioethanol | In 2012, slightly less bioethanol was produced worldwide than the year prior: 101.9 (102.9) million m³. Of this volume, 82.6 (84.4) million m³ or 81 (82) % of total production was destined for the fuel sector. Bioethanol production in the United States declined for the first time since 1996, totaling 52.4 (54.2) million m³ according to initial estimates. In Brazil on the other hand, bioethanol production for the 2012/13 sugar marketing year rose 4.2 % to 23.7 (22.6) million m³ and Brazilian net exports rose to 3.3 (0.6) million m³ of bioethanol. In the EU, ethanol production in 2012 was reported at 6.4 (6.5) million m³, down 2.3 % from a year earlier. Of the total, 4.2 (4.3) million m³ or 66 % was fuel grade ethanol.

Initial estimates predict that worldwide bioethanol production will rise to 105.4 million m³ in 2013. Some of the growth is expected from Brazil, while the EU's total bioethanol production is expected to rise 6 % to about 6.7 million m³.

EU bioethanol volume balance[1]

Million m³	2013	2012	2011
Opening balance	**1.9**	**2.2**	**2.0**
Production	7.1	6.5	6.5
Import	1.5	1.2	1.8
Consumption	8.1	7.9	8.0
Export	-0.1	-0.1	-0.1
Closing balance	**2.3**	**1.9**	**2.2**

[1] Source: F. O. Licht, March 2013, estimation of EU Bioethanol volume balance 2013.

In Brazil, ethanol was trading at USD 735 (700)/m³ FOB Santos at the end of February 2013, 5 % higher than at the beginning of March 2012. Ethanol prices traded in a range between USD 620 and 805/m³ during fiscal 2012/13.

At the beginning of March 2012, one-month futures for ethanol on the Chicago Board of Trade (CBOT) were trading at USD 2.26/gallon[2]. After rising to USD 2.70/gallon as a result of higher commodity prices, futures quotations slid to USD 2.40/gallon at the end of February 2013 because of higher ethanol inventories, even though domestic demand for ethanol grade fuel in the United States rose 3.0 % to 50.2 million m³ in 2012.

[2] One US gallon is equal to 3.7854 liters.

European ethanol prices fluctuated strongly in fiscal 2012/13. While ethanol was still trading at € 570/m³ FOB Rotterdam at the beginning of March 2012, by mid-September 2012 prices had risen sharply to € 770/m³, driven by higher commodity costs. By the end of February 2013, it had dropped substantially below this level to € 637/m³, in part because commodity prices had declined.

Grain | Because of an extended drought and the associated smaller corn harvest in the United States and wheat harvest in Eastern Europe and the Black Sea region, the US Department of Agriculture (USDA) in its estimate dated April 10, 2013 forecast that worldwide grain production (excluding rice) for the 2012/13 grain marketing year will be 3.8 % lower than last year at 1,780 (1,838) million tonnes. World grain consumption is also expected to shrink, by 2.3 % to 1,808 (1,835) million tonnes. As a result, world grain inventories at the end of the grain marketing year will be at 336 (365) million tonnes.

Reduced global inventories caused one-month futures prices for milling wheat to rise sharply on the NYSE Liffe in Paris over the course of the year. In March 2012, wheat was trading at € 217 per tonne, and rose to about € 280 per tonne in mid-November 2012. At the end of February 2013, the price was € 248 per tonne.

In the EU, the harvest for the 2012/13 grain marketing year is expected to decline 4.7 % to 272 (288) million tonnes. Grain production would almost equal total consumption of 271 million tonnes.

Business performance

CropEnergies Group is responsible for the bioethanol business in Germany, Belgium and France. The company is a leading producer of sustainably produced bioethanol in Europe and has total production capacities of over 700,000 m³ of bioethanol and over 500,000 tonnes of food and animal feed annually. CropEnergies also holds a 50 % interest in CT Biocarbonic GmbH, which operates a food-grade CO_2 liquification plant with an annual production capacity of 100,000 tonnes in Zeitz. CropEnergies Group is also represented in the world's largest bioethanol market by its subsidiary CropEnergies Inc., Houston, USA.

CropEnergies segment business performance

		2012/13	2011/12	+/- in %
Revenues	€ million	**645**	**529**	**21.9**
EBITDA	€ million	119	84	41.2
Depreciation on fixed assets and intangible assets	€ million	-32	-31	2.2
Operating profit	€ million	**87**	**53**	**64.2**
Restructuring/ special items	€ million	0	-1	-100.0
Income from operations	€ million	**87**	**52**	**67.6**
EBITDA margin	%	18.5	15.9	
Operating margin	%	13.5	10.0	
Return on capital employed	%	17.3	10.2	
Investments in fixed assets	€ million	11	14	-22.9
Investments in financial assets/acquisitions	€ million	0	0	-
Total investments	€ million	**11**	**14**	**-22.9**
Employees		321	310	3.5

Revenues and operating profit | The CropEnergies segment's dynamic growth continued in fiscal 2012/13. Revenues rose 22 % to € 645 (529) million, driven mainly by significantly higher ethanol volumes because of higher production levels. Higher revenues from protein-rich food and animal feed also contributed to higher revenues.

Consolidated operating profit rose faster than revenues, up 64 % to € 87 (53) million. This higher profit was driven by significantly improved capacity utilization and the associated higher volume. CropEnergies also benefited because it locked in grain prices early and was able to use a wide mix of raw materials. Revenues from ethanol, food and animal feed, which also rose, more than offset the impact of significantly higher grain prices.

Raw materials | CropEnergies' supply management focused on sourcing raw materials locally in an effort to minimize freight charges. The plants in Zeitz and Wanze/Belgium processed agricultural commodities sourced in Europe, mainly grain and sugar syrup from industrial beets. Over the course of fiscal 2012/13, more and more sugar syrup from industrial beets was used because of the sustained high grain prices. CropEnergies used fixed-price contracts supplemented by derivative instruments to mitigate the price risk for grain. CropEnergies found additional raw alcohol suppliers for the plant in Loon-Plage/France to give it a wider choice of suppliers and improve the flexibility of its raw material sourcing.

Production | In fiscal 2012/13, CropEnergies' bioethanol production was up sharply, jumping more than 17 % to 808,000 (692,000) m³ because of higher capacity utilization. The volume of dried food and animal feed produced was 314,000 (328,000) tonnes, slightly less than last year because of the higher share of sugar syrup from industrial beets in the raw material mix. CropEnergies also produced liquid protein-based animal feed, biogenic carbon dioxide and high quality alcohol customized to customer specifications for traditional and technical applications. The specified production targets were achieved.

The bioethanol plants in Zeitz and Wanze meet the German REDcert certification system's specifications for sustainability, while the production plant in Loon-Plage complies with the French certification system 2BSvs (Biomass Biofuels Sustainability voluntary scheme) requirements for sustainability. The plants in Zeitz and Wanze were also certified according to the European version of the REDcert standard in September 2012, while Loon-Plage passed a similar audit in November 2012. One of the benefits here is that the Loon-Plage facility will have greater flexibility when procuring raw materials.

Bioethanol volume | Bioethanol volume was 20 % higher than last year at 840,000 (700,000) m³. Of the total, 86,000 (71,000) m³ consisted of trading goods. In fiscal 2012/13, CropEnergies again focused on delivering to destinations in the domestic market to minimize freight costs. With its own tank storage facilities at its production locations as well as in Rotterdam and Duisburg, the company has a unique European logistics network. The most important market for its products continues to be Germany. CropEnergies is the market leader in the German E85 market. E85 is a blend of bioethanol and gasoline for use in flexible fuel vehicles. Marketing activities also focused on the Belgian bioethanol market, where BioWanze was able to acquire new customers. CropEnergies continued to be an important player in the Belgian and Eastern European markets.

CropEnergies also participates in the non-fuel market through its Ryssen arm. The high-quality products produced by this entity are bought by reputed companies in the beverage, cosmetics, pharmaceutical and chemical industries. The company set the stage for meeting particularly high quality specifications from customers in the cosmetics sector by modifying its dehydration processes. Ryssen also sold raw alcohol from Saint Louis Sucre's Loon-Plage facility into the French fuel sector year-round for the first time. CropEnergies Group is also represented in the world's largest bioethanol market by his distribution company CropEnergies Inc., Houston, USA.

Food and animal feed volumes | CropEnergies Group's product portfolio also includes the dried, palletized protein-based animal feed ProtiGrain®, the liquid protein-based animal feed ProtiWanze® and gluten for food and animal feed applications.

The ProtiGrain® produced in Zeitz is an attractive alternative to oilseed meal such as rapeseed or soybean meal and other animal feed in the quality-driven European animal feed market, from both a price and quality perspective. The focus of the marketing activities continued to be on developing the regional animal feed market in order to minimize shipping costs to customers, especially in the mixed feed industry.

CropEnergies produces gluten and ProtiWanze®, a protein-rich, liquid animal feed, in Wanze. The gluten is certified according to IFS (International Food Standard). Not only is it used in special animal feeds for applications such as aqua farms, but also increasingly sold in higher margin food segments, such as in the baked goods industry. Revenues are handled by BENEO's global distribution network. ProtiWanze® is mainly sold to livestock farmers in the Benelux countries.

Investments

The CropEnergies segment invested € 11 (14) million, mainly to further optimize its systems and improve efficiencies.

A high priority in Wanze is also to expand the capacity of the ethanol and gluten production facilities. An additional gluten blender was installed to improve the gluten yield and quality. Plans are also underway for the plant to have its own picking and packing facilities in order to raise the value added at the location and further improve profitability.

The focus in Zeitz was on investing in replacements and on optimization projects to further improve the energy efficiency and greenhouse gas balance of the bioethanol facility. CropEnergies is also investing in using biogas as fuel. Construction has started on two new grain silos to further improve raw material flexibility.

Investments at Loon-Plage were mainly for replacements.

Fruit segment[1]

Business performance

AGRANA J&F Holding GmbH is the fruit segment's holding company. The fruit preparations division is coordinated and operationally managed by a holding company, AGRANA Fruit S.A.S, based in Mitry-Mory, France. The newly founded company AUSTRIA JUICE GmbH, a joint venture between AGRANA and RWA Raiffeisen Ware Austria AG, Vienna, headquartered in Allhartsberg, Austria, is the holding company responsible for the fruit juice concentrates division.

We report on the market environment, general conditions and commodity markets for both the AGRANA fruit division (fruit preparations) and Austria Juice (fruit juice concentrates).

Fruit segment business performance

		2012/13	2011/12	+/– in %
Revenues	€ million	**1,140**	**929**	**22.7**
EBITDA	€ million	83	74	12.9
Depreciation on fixed assets and intangible assets	€ million	-38	-36	7.0
Operating profit	€ million	**45**	**38**	**18.3**
Restructuring/ special items	€ million	-19	-1	> 100
Income from operations	€ million	**26**	**37**	**–29.1**
EBITDA margin	%	7.3	7.9	
Operating margin	%	4.0	4.1	
Return on capital employed	%	5.0	4.7	
Investments in fixed assets	€ million	35	43	-17.9
Investments in financial assets/acquisitions	€ million	0	7	-100.0
Total investments	€ million	**35**	**50**	**–28.8**
Employees		5,184	4,822	7.5

Revenues and operating profit | In fiscal 2012/13, the fruit segment's revenues rose 23 %, to € 1,140 (929) million. Higher volumes and higher sales revenues driven by higher commodity costs both contributed to the growth. The Ybbstaler companies have been fully consolidated under AUSTRIA JUICE GmbH (formerly: YBBSTALER AGRANA JUICE GmbH) since the second quarter of 2012/13.

The fruit segment's overall operating profit for the year came in higher than last year at € 45 (38) million. In addition to the contribution from the Ybbstaler companies, consolidated for the first time this fiscal year, volume growth and higher sales revenues helped offset higher costs.

Result from restructuring and special items | The result from restructuring and special items was posted at € -19 (-1) million. Of the total, € -15 million is attributable to the Mexican subsidiary AGRANA Fruit Mexico. During the course of external and internal auditing, fraudulent activities were uncovered, which are currently before the criminal and civil courts. Provisions were established in this connection with regard to receivables being at risk of default.

The two European regions West and Central Europe were merged in order to better address the stagnating market for fruit preparations in Europe. The six European food preparation factories are now being managed as one. The total cost of restructuring and process optimization associated with this initiative was € 4 million. The annual savings exceed one-time costs and their complete impact will be seen in fiscal 2013/14 for the first time.

AGRANA Fruit (fruit preparations)

With 26 manufacturing locations in 20 countries, AGRANA Fruit is the world's leading producer of fruit preparations for the dairy, baked goods and ice cream industries. The company was again able to slightly grow its market share, which is about one-third of the global fruit preparations market. The strongest growth was seen in the United States, Eastern Europe, Turkey, the Near East/North Africa, Brazil and China. AGRANA Fruit is successfully taking advantage of the momentum in these growth regions and is further expanding its market leadership position.

Market environment/general conditions | There were regional differences in fruit preparations market growth in fiscal 2012/13. While volume in the EU remained high but declined slightly, in all other regions growth was quite significant.

Volume in the EU was down between 2 and 3 %, mainly in Germany and Austria because of reduced consumer demand due to economic uncertainty and higher savings, as well as in Southern and Southeastern Europe due to the euro crisis. In addition, countless product-related health benefits may now no longer be advertised in the EU, which is especially detrimental to the market leaders in the fruit yogurt segment. The overall momentum in the entire European market slowed together with generally reduced spending on advertising.

[1] Further details can be found in AGRANA's current 2012/13 annual report.

Outside of the European Union, market growth continued to be strong at 4 to 6 %. This applies to almost all other countries. The only exception is the already mature markets in Australia and South Korea, where growth was between 1 and 2 %. The growth was driven by new and attractive product offerings, such as Greek yogurt with a high percentage of fruit (American market), and rising demand from emerging nations, where yogurt consumption per person is still relatively low.

Commodity markets | There was no noticeable easing on the commodity markets. Generally, prices for fruit, sugar, starch and sugar syrup flattened out at last year's high levels. A possible cause could have been the average spring and summer harvest in most European countries, as well as in North America and China. The negative impact of higher commodity prices on AGRANA Group was mitigated by targeted hedging and utilization of the company's global procurement network.

Production | In fiscal 2012/13, the factory in Dachang, China, was moved and expanded and a new factory was approved for construction in the US growth market. The new location in Lysander, New York, is meant to serve the rising demand from customers in Canada and the northeastern United States. The small Flavors from Florida, Inc. location in Bartow, Florida, was shut down.

The six European fruit preparations factories are now managed as a single entity in an effort to better and more quickly address market conditions in Europe: stagnation, changing consumer behavior, increasing concentration in the dairy industry, etc.

Volume growth | In fiscal 2012/13, volume was up about 6 %. And while it declined within the EU, outside the EU volumes sold were up sharply. Half the growth was generated in North America.

Austria Juice (fruit juice concentrates)

AUSTRIA JUICE GmbH was formed in June 2012 by merging AGRANA Juice and Ybbstaler Group. The new company has over 15 production locations and is the leading producer of apple and berry juice concentrates in Europe. The merger is expected to generate synergies and guarantee access to international markets, as well as create additional growth opportunities. The company aims to further strengthen its role as the leading supplier of fruit juice concentrates, fruit purées, beverage ingredients, natural flavors and pure juice for processing by the beverage industry.

Market environment/general conditions | The trend toward fruit juices with low fruit concentrations continued in the concentrates business. Volumes of fruit juices and nectars declined, especially in Western Europe.

Commodity markets | While the harvest yield in the fruit juice concentrates segment in Western Europe was significantly below last year's level, it was excellent in Poland and Hungary because of the increase in attractively priced fruit from mixed orchards. With the exception of China, the apple processing season was wound down at all production locations at the end of November. In China, the volumes processed were significantly above last year's level thanks to the increased availability of raw materials. Prices for berries during the regular season were at times significantly higher because of low harvest yields.

Austria Juice will continue to secure and expand into new commodity markets in order to strategically expand its market share and mitigate the price volatility of its fruit supplies as much as possible.

Production | In Europe, Austria Juice produces mainly apple juice concentrates with higher acidity to convert to 100 % pure apple juice and apple spritzers. The Chinese factory is located in the largest apple growing region in the world and excels at meeting the demand for sweet Chinese apple juice concentrate thanks to excellent raw material supplies. In addition to processing apples, AGRANA converts berries to coloured juice concentrates to sell internationally.

In fiscal 2012/13, the total volume of fruit juice concentrates produced by the fruit juice concentrates division was up about 75 %. This dramatic increase was driven both by the full consolidation of AUSTRIA JUICE GmbH and the higher volumes produced in China, Poland and Hungary.

Volume growth | Austria Juice sells its products around the world. Its core market is the European Union. It also sells to North America, Russia, the Mideast and Far East. The company is presently developing customer relations in North America, Japan, South Africa and Australia regarding the apple juice concentrates produced at the factory in China.

There has already been first success in the past few months; because of the terms of the annual contracts, the sales will not be seen until next year.

Prices continued to be very volatile last fiscal year. The majority of the product produced from the 2012 harvest was already sold around the world during the campaign itself.

Investments

The fruit segment invested € 35 (43) million on maintenance programs and capacity expansions. The factory expansion project in Serpuchov, Russia was successfully completed in October 2012. All of the activities surrounding the move and expansion of the factory in Dachang, China, were also successfully brought to a close. An additional production line was installed at the AGRANA factory in Centerville, USA, and the dried fruit production system was started up in Mexico. Additional stainless steel containers were purchased to transport fruit preparations. The fruit juice concentrates division mainly invested only in replacement equipment to the extent absolutely necessary. A new production line for unclarified apple juice concentrate was installed at the Vásárosnamény factory in Hungary. A fifth column was purchased for the vacuum evaporator in the Ukraine.

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 20 members as per the articles of association, of which 10 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.

- 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 70.

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 "Risks" section of the management report.

Accounting standards and annual audit | Südzucker AG prepares its annual and interim consolidated statements in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union. Südzucker AG's financial statements are prepared in accordance with the German Commercial Code (HGB). Südzucker AG's annual and consolidated financial statements are prepared by the executive board and reviewed by the auditor, the audit committee and the supervisory board. The supervisory board adopts the financial statements and approves the consolidated financial statements. 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 report (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 association 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 association, 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, item 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-Unternehmensgrundsaetze/.

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

- *Compete fairly*
  Südzucker is fully committed to competing fairly, and especially to complying with antitrust laws.

- *Integrity in business transactions*
  Corruption is not tolerated. Gifts and invitations from suppliers must always be in reasonable proportion to the business relationship. Such gratuities require express approval from the respective supervisor. This applies to all employees who are part of any procurement process. The same principles apply in reverse to employees working in the various sales departments, in relation to our customers.

- *Sustainability principle*
  Südzucker is cognizant of its responsibility to protect the environment, as well as the health and safety of people inside and outside the company.

- *Compliance with food and agricultural industry laws*
  Compliance with all relevant national, European and international laws – especially food and agricultural industry laws – is mandatory.

- *Ensuring equal opportunity in securities trading*
  Every employee is obliged to treat confidentially any internal company information that could impact the company's share price on the stock market.

- *Proper documentation*
  The company's internal control system requires that business processes be adequately documented.

Audits must be conducted to ensure that the accounting-related information has been fully and correctly captured.

- *Proper and transparent financial reporting*
  Südzucker commits to providing open and transparent financial reports based on international accounting standards to ensure that all stakeholders are treated equally.

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

- *Protecting our knowledge advantage and respecting third-party protective rights*
  Business secrets may not be passed on to third parties or published. The protective rights 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. 315, 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 co-operative 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 association 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 association authorizes the supervisory board to make amendments to the company's articles of association that only affect the wording.

Authority of the executive board, especially as relates to issuing 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 association). 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 association, 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 315, 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. 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. 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, AGRANA's fruit preparation division is able to detect regional supply bottlenecks and price volatility early and take steps to mitigate such situations. In addition, the division 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 not yet 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 CO_2 certificates will be allocated free of charge. However, the carbon leakage criteria are expected to be reviewed in 2014. The free CO_2 certificates allocated in conjunction with the third trading period in the EU from 2013 to 2020 will not cover Südzucker Group's expected consumption.

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 Man 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 this annual report was being prepared.

The same applies to the actions the Slovakian and Hungarian antitrust authorities launched against AGRANA subsidiaries in fiscal 2009/10. 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 in February 2013.

Risks due to irregularities | During the annual 2011/12 audit at AGRANA Fruit México, S.A. de C.V., in Michoacan, Mexico, suspicions arose that various business transactions did not conform to Südzucker's corporate compliance guidelines, nor AGRANA's code of conduct, and that the way they were reported does not comply with applicable internal or external accounting principles. The irregularities related mainly to loans and advance payments to commodity and semi-finished goods suppliers.

AGRANA's internal audit department together with experienced local internal financial specialists and the external auditor conducted intensive investigations in fiscal 2012/13 and subsequently concluded that said transactions constituted breach of trust. These fraudulent transactions began at least two years ago. The transactions had been covered up and were not detected during the course of regular internal checks and the external audit.

The CEO, CFO and purchasing manager of the Mexican company and some of their close associates were fired at the beginning of June, 2012.

The cleanup revealed that the former managers either directly and/or indirectly held shares in over a dozen suppliers, customers and financing companies and that these companies gained unfair advantage to the detriment of AGRANA. For example, substantial advance payments were made, or credit granted, interest free or at below market interest rates.

As of the time of this report, six charges have been laid against former managers. Civil proceedings are also being prepared. Insurance claims were also made. As of the time of this report, the insurer had not agreed to any coverage of the damage.

Thanks to the diligence of the cleanup of the Mexican incident, faith has now been restored in the propriety of the local processes. To improve the likelihood that such a case will not reoccur at one of the group's companies, both the internal and external audit and monitoring systems were further expanded and tightened.

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

Freiberger | 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 US market, the regions of North Africa and the Middle East.

Internal controlling and risk management system as it applies to accounting systems (article 315, paragraph 2, 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

Macro environment

After weaker growth in many important economies in 2012/13, there is consensus that a turnaround may be possible in 2013/14. However, there are still considerable risks that could cut short an economic recovery; for example, slower growth in China, the federal budget dispute in the United States and the ongoing government debt crisis in the EU. Signals sent by the key central banks, such as the American Fed, the European Central Bank and the Bank of Japan, will therefore be of key importance. This will ultimately determine whether the risk of inflation can continue to be managed in order to set the stage for a possible recovery beyond 2013/14.

Group performance

We expect consolidated group revenues to increase slightly in fiscal 2013/14, to about € 8.0 billion from € 7.9 billion last year. We expect the CropEnergies and sugar segments' revenues to be flat and the special products and fruit segments' revenues to rise.

We do not expect to be able to match 2012/13's record operating profit in fiscal 2013/14. From today's perspective, we expect operating profit to decline significantly to € 825 (2012/13: 974) million. We expect earnings to be lower in the sugar, special products and CropEnergies segments but are expecting the fruit segment's operating profit to rise clearly.

This forecast continues to be based on the assumption that economic conditions will not deteriorate in spite of the tensions caused by the ongoing euro and state debt crises.

Sugar segment

We expect the sugar segment's revenues for fiscal 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 be down sharply. This will be driven primarily by the application of higher production costs, now effective for the entire year, a low world market price level and fewer opportunities to sell non-quota sugar. Volume development in the EU will also be of key importance to business performance in 2013/14.

Special products segment

We expect the special products segment's revenues to rise moderately in fiscal 2013/14.

We expect operating profit to be lower than last year. Although we expect the Freiberger, BENEO and PortionPack divisions' overall performance to be stable, the starch division's results will be lower. We also expect charges related to losses associated with the startup of the new wheat starch factory in Pischelsdorf, Austria. On average, raw material costs are expected to be higher over the course of the fiscal year not being completely offset by increasing volumes and revenues.

CropEnergies segment

CropEnergies will solidify its market position in fiscal 2013/14. It is expected that production and sales volumes will be near the record numbers set last year. We also expect that market prices for bioethanol and plant-based proteins will hover around last year's levels and that production facilities will continue to be nearly completely utilized. Overall, CropEnergies expects stable revenue development.

In fiscal 2012/13, operating profit reached record levels due to the especially favorable constellation of commodity costs and revenues. In fiscal 2013/14, CropEnergies expects earnings to normalize due to higher prices for commodities, especially grain. After a below average first quarter 2013/14 operating profit is expected to be somewhere between € 50 and 60 million.

Fruit segment

We expect the fruit segment to generate higher revenues for both fruit preparations and fruit juice concentrates in 2013/14.

Operating profit should also improve significantly. Here too, both divisions are expected to contribute. We expect volume growth for fruit preparations, which is now again stable overall, to continue. Volume for fruit concentrations is also expected to increase, in part also because the consolidation of the joint venture with Ybbstaler will apply for the entire year.

Investments

Investments rose again in fiscal 2012/13. We are again budgeting for higher investments in fixed assets for the coming 2013/14 and 2014/15 fiscal years in order to continue to provide a foundation for future organic growth and cost savings.

Mid-range outlook

We expect consolidated revenues in fiscal 2014/15 to be at the same level as in fiscal 2013/14, with stable revenue growth in all segments.

From today's perspective, we are expecting to build on the high consolidated operating profit levels of fiscal 2013/14 in 2014/15. The sugar segment's operating profit in 2013/14 is expected to be lower due to lower non-quota sugar volumes, lower world market prices and higher production costs, but it should be possible to maintain the same level in 2014/15. We are budgeting for moderately higher profits in the special products, CropEnergies and fruit segments overall compared to 2013/14 at a stabilizing commodity price level. The increase will be driven by stable volume growth in the special products and fruit segments. We expect capacity utilization at CropEnergies to remain high and operating profit on the same level as in 2013/14.

Consolidated financial statements
Consolidated statement of comprehensive income[1]

1 March 2012 to 28 February 2013

€ million	Notes	2012/13	2011/12	+/– in %
Income Statement				
Revenues	(6)	**7,878.8**	**6,991.9**	**12.7**
Change in work in progress and finished goods inventories and internal costs capitalized	(7)	217.0	531.9	-59.2
Other operating income	(8)	91.8	117.3	-21.7
Cost of materials	(9)	-5,160.2	-4,925.2	4.8
Personnel expenses	(10)	-807.7	-740.6	9.1
Depreciation	(11)	-274.1	-264.4	3.7
Other operating expenses	(12)	-988.7	-951.9	3.9
Income from operations	(13)	**956.9**	**759.0**	**26.1**
Income from companies consolidated at equity	(14)	13.1	0.9	> 100
Financial income	(15)	49.9	48.4	3.1
Financial expense	(15)	-152.9	-147.9	3.4
Earnings before income taxes		**867.0**	**660.4**	**31.3**
Taxes on income	(16)	-132.2	-145.5	-9.1
Net earnings for the year	(18)	**734.8**	**514.9**	**42.7**
of which attributable to Südzucker AG shareholders		593.1	376.3	57.6
of which attributable to hybrid capital		26.2	26.2	0.0
of which attributable to minority interests		115.5	112.4	2.8
Earnings per share (€)	(18)	**3.08**	**1.99**	**54.8**
Dilution effect		-0.14	-0.10	40.0
Diluted earnings per share (€)		2.94	1.89	55.6
Statement of income and expenses recognized directly in equity				
Net earnings for the year		**734.8**	**514.9**	**42.7**
Market value of hedging instruments (cash flow hedge) after deferred taxes		-3.1	-10.0	-69.0
Market value of securities (available for sale) after deferred taxes		0.3	-3.2	-
Exchange differences on net investments in foreign operations after deferred taxes		-0.3	-2.7	-88.9
Foreign currency differences from consolidation[2]		-10.7	-10.4	2.9
Income and expenses to be recognized in the income statement in the future		**-13.8**	**-26.3**	**-47.5**
Acturial gains and losses of defined benefit pension plans and similar obligations after deferred taxes		-91.8	-45.5	> 100
Income and expenses recognized directly in equity	(19)	**-105.6**	**-71.8**	**47.1**
Comprehensive income		**629.2**	**443.1**	**42.0**
of which attributable to Südzucker AG shareholders		494.4	315.3	56.8
of which attributable to hybrid capital		26.2	26.2	0.0
of which attributable to minority interests		108.6	101.6	6.9

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

[1] The presentation of the consolidated statement of comprehensive income in accordance with the amended IAS 1 has been adjusted. Other disclosures are presented under note (1) of the notes to the consolidated financial statements.
[2] Including companies accounted for using the equity method.

Consolidated cash flow statement

1 March 2012 to 28 February 2013

€ million	2012/13	2011/12	+/- in %
Net earnings for the period	734.8	514.9	42.7
Depreciation and amortization of intangible assets, fixed assets and other investments	277.0	264.4	4.8
Decrease (-)/Increase (+) in non-current provisions and deferred tax liabilities and increase (-)/decrease (+) in deferred tax assets	24.7	23.4	5.6
Other income (-)/expenses (+) not affecting cash	-40.1	20.1	-
Cash flow	**996.4**	**822.8**	**21.1**
Gain (-)/Loss (+) on disposal of items included in non-current assets and of securities	2.0	-18.2	-
Decrease (-)/Increase (+) in current provisions	5.5	-4.2	-
Decrease (-)/Increase (+) in inventories, receivables and other current assets	-257.6	-837.6	-69.2
Decrease (-)/Increase (+) in liabilities (excluding financial liabilities)	32.4	535.9	-94.0
Decrease (–)/Increase (+) in working capital	**–219.7**	**–305.9**	**–28.2**
I. Net cash flow from operating activities	**778.7**	**498.7**	**56.1**
Investments in fixed assets and intangible assets	-338.2	-276.1	22.5
Investments in financial assets	-182.5	-10.1	> 100
Investments	**–520.7**	**–286.2**	**81.9**
Cash received on disposal of non-current assets	16.6	32.6	-49.1
Cash paid (-)/received (+) for the purchase/sale of securities	67.8	43.9	54.4
II. Cash flow from investing activities	**–436.3**	**–209.7**	**> 100**
Capital decrease (-)/increase (+)/acquisition (-)/sale (+) of own shares	291.2	-4.6	-
Dividends paid	-207.7	-168.0	23.6
Repayment of convertible bond (previous year: repayment of 2002/2012 bond)	-246.1	-499.6	-50.7
Return (-)/issue (+) of commercial papers	-149.8	149.8	-
Proceeds from issue of 2011/2018 bond	0.0	396.5	-100.0
Other repayments (-)/borrowings (+)	-56.2	92.8	-
Repayment (–)/Refund (+) of financial liabilities	**–452.1**	**139.5**	**–**
III. Cash flow from financing activities	**–368.6**	**–33.1**	**> 100**
Change in cash and cash equivalent (total of I., II. and III.)	**–26.2**	**255.9**	**–**
Change in cash and cash equivalents			
due to exchange rate changes	-1.4	-4.4	-68.2
due to changes in entities included in consolidation	9.6	0.0	-
Decrease (–)/Increase (+) in cash and cash equivalents	**–18.0**	**251.5**	**–**
Cash and cash equivalents at the beginning of the period	501.5	250.0	> 100
Cash and cash equivalents at the end of the period	**483.5**	**501.5**	**–3.6**

€ million	Notes	2012/13	2011/12	+/- in %
Dividends received from companies consolidated at equity and other investments		9.3	2.3	> 100
Interest receipts	(20)	31.2	38.1	-18.1
Interest payments	(20)	-57.1	-79.4	-28.1
Income taxes paid	(20)	-138.0	-73.8	87.0

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

Consolidated balance sheet 28 February 2013

€ million	Notes	28.02.2013	29.02.2012	+/- in %
Assets				
Intangible assets	(21)	1,189.4	1,191.6	-0.2
Fixed assets	(22)	2,633.4	2,554.1	3.1
Shares in companies consolidated at equity	(23)	190.1	12.3	> 100
Other investments	(23)	30.2	33.7	-10.4
Securities	(23), (30)	105.5	105.1	0.4
Receivables and other assets	(25)	44.2	9.0	> 100
Deferred tax assets	(16)	120.0	130.7	-8.2
Non-current assets		**4,312.8**	**4,036.5**	**6.8**
Inventories	(24)	2,567.6	2,323.7	10.5
Trade receivables	(25)	1,025.7	945.5	8.5
Other assets	(25)	281.4	357.1	-21.2
Current tax receivables		91.4	16.2	> 100
Securities	(30)	42.1	108.1	-61.1
Cash and cash equivalents	(30)	483.5	501.5	-3.6
Current assets		**4,491.7**	**4,252.1**	**5.6**
Total assets		**8,804.5**	**8,288.6**	**6.2**
Liabilities and shareholders' equity				
Issued subsribed capital		204.2	189.4	7.8
Nominal value own shares		0.0	-0.4	-100.0
Outstanding subscribed capital		*204.2*	*189.0*	*8.0*
Capital reserves		1,614.9	1,189.3	35.8
Revenue reserves and other comprehensive income		1,445.3	1,237.9	16.8
Equity attributable to shareholders of Südzucker AG		*3,264.4*	*2,616.2*	*24.8*
Hybrid capital		683.9	683.9	0.0
Other minority interests		782.8	669.1	17.0
Shareholders' equity	(26)	**4,731.1**	**3,969.2**	**19.2**
Provisions for pensions and similar obligations	(27)	683.2	546.1	25.1
Other provisions	(28)	185.4	173.6	6.8
Non-current financial liabilities	(30)	808.2	931.4	-13.2
Other liabilities	(29)	16.4	13.1	25.2
Deferred tax liabilities	(16)	87.8	140.5	-37.5
Non-current liabilities		**1,781.0**	**1,804.7**	**-1.3**
Other provisions	(28)	189.0	183.6	2.9
Current financial liabilities	(30)	287.3	574.0	-49.9
Trade payables and other liabilities	(29)	1,316.9	1,234.4	6.7
Other liabilities	(29)	412.6	437.8	-5.8
Current tax liabilities		86.6	84.9	2.0
Current liabilities		**2,292.4**	**2,514.7**	**-8.8**
Total liabilities and shareholders' equity		**8,804.5**	**8,288.6**	**6.2**
Net financial debt		464.4	790.7	-41.3
Equity ratio in %		53.7	47.9	
Net financial debt in % of equity (Gearing)		9.8	19.9	

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

Consolidated statement of changes in shareholders' equity[1]

1 March 2012 to 28 February 2013

€ million	Issued subscribed capital	Nominal value own shares	Capital reserves	Other comprehensive Income	Revenue reserves	Equity of Südzucker shareholders	Hybrid capital	Other minority interests	Total shareholders' equity
March 1, 2011	**189.4**	**0.0**	**1,189.3**	**16.2**	**1,017.4**	**2,412.3**	**683.9**	**590.5**	**3,686.7**
Market valuations and exchange differences on net investments				-13.8		-13.8	0.0	-2.1	-15.9
Foreign currency translation differences[2]				-3.9		-3.9	0.0	-6.5	-10.4
Income and expenses to be recognized in the income statement in the future				-17.7		-17.7	0.0	-8.6	-26.3
Acturial gains and losses of defined benefit pension plans and similar obligations after deferred taxes					-43.3	-43.3	0.0	-2.2	-45.5
Income and expenses recognized directly in equity				**-17.7**	**-43.3**	**-61.0**	**0.0**	**-10.8**	**-71.8**
Net earnings					376.3	376.3	26.2	112.4	514.9
Comprehensive income				**-17.7**	**333.0**	**315.3**	**26.2**	**101.6**	**443.1**
Distributions					-104.1	-104.1	-26.2	-27.2	-157.5
Capital increase / decrease	0.0		0.0		0.0	0.0	0.0	3.8	3.8
Own shares	0.0	-0.4	0.0		-8.0	-8.4			-8.4
Other changes					1.1	1.1	0.0	0.4	1.5
February 29, 2012	**189.4**	**-0.4**	**1,189.3**	**-1.5**	**1,239.4**	**2,616.2**	**683.9**	**669.1**	**3,969.2**
March 1, 2012	**189.4**	**-0.4**	**1,189.3**	**-1.5**	**1,239.4**	**2,616.2**	**683.9**	**669.1**	**3,969.2**
Market valuations and exchange differences on net investments				-3.6		-3.6	0.0	0.5	-3.1
Foreign currency translation differences[2]				-7.0		-7.0	0.0	-3.7	-10.7
Income and expenses to be recognized in the income statement in the future				-10.6		-10.6	0.0	-3.2	-13.8
Acturial gains and losses of defined benefit pension plans and similar obligations after deferred taxes					-88.1	-88.1	0.0	-3.7	-91.8
Income and expenses recognized directly in equity				**-10.6**	**-88.1**	**-98.7**	**0.0**	**-6.9**	**-105.6**
Net earnings					593.1	593.1	26.2	115.5	734.8
Comprehensive income				**-10.6**	**505.0**	**494.4**	**26.2**	**108.6**	**629.2**
Distributions					-132.1	-132.1	-26.2	-38.9	-197.2
Capital increase / decrease	14.8		420.9		-161.3	274.4	0.0	3.8	278.2
Own shares	0.0	0.4	4.7		8.0	13.1			13.1
Other changes					-1.6	-1.6	0.0	40.2	38.6
February 28, 2013	**204.2**	**0.0**	**1,614.9**	**-12.1**	**1,457.4**	**3,264.4**	**683.9**	**782.8**	**4,731.1**

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

[1] The presentation of the consolidated statement of changes in shareholders' equity in accordance with the amended IAS 1 has been adjusted. Other disclosures are presented under note (1) of the notes to the consolidated financial statements.
[2] Foreign currency differences from consolidation (including companies accounted for using the equity method).

Development of income and expenses recognized directly in equity[1]

1 March 2012 to 28 February 2013

€ million	Other comprehensive Income					Revenue reserves	
	Market value of hedging instruments (cash flow hedge)	Market value of securities (available for sale)	Exchange differences on net investments in foreign operations	Accumulated exchange differences	Total income and expenses to be recognized in the income statement in the future	Actuarial gains and losses	Total income and expenses recognized directly in equity
March 01, 2011	9.7	7.4	-7.6	-3.0	6.5	-62.3	-55.8
Changes recognized in equity	0.2	-3.2	-3.2	-10.4	-16.6	-64.7	-81.3
Changes recognized in profit or loss	-14.3				-14.3		-14.3
Deferred tax	4.1	0.0	0.5		4.6	19.2	23.8
February 29, 2012	-0.3	4.2	-10.3	-13.4	-19.8	-107.8	-127.6
March 01, 2012	-0.3	4.2	-10.3	-13.4	-19.8	-107.8	-127.6
Changes recognized in equity	-4.2	0.3	-0.4	-10.7	-15.0	-129.9	-144.9
Changes recognized in profit or loss	-0.2				-0.2		-0.2
Deferred tax	1.3	0.0	0.1		1.4	38.1	39.5
February 28, 2013	-3.4	4.5	-10.6	-24.1	-33.6	-199.6	-233.2

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

[1] The presentation of the development of income and expenses recognized directly in equity in accordance with the amended IAS 1 has been adjusted. Other disclosures are presented under note (1) of the notes to the consolidated financial statements.

Notes to the consolidated financial statements

Segment reporting

Business segments

€ million	2012/13	2011/12	+/- in %
Südzucker Group			
Gross revenues	**8,249.1**	**7,290.2**	**13.2**
Consolidation	-370.3	-298.3	24.1
Revenues	**7,878.8**	**6,991.9**	**12.7**
EBITDA	**1,247.7**	**1,015.3**	**22.9**
EBITDA margin	15.8 %	14.5 %	
Depreciation	-274.1	-264.0	3.8
Operating profit	**973.6**	**751.3**	**29.6**
Operating margin	12.4 %	10.7 %	
Restructuring costs and special items	-16.7	7.7	-
Income from operations	**956.9**	**759.0**	**26.1**
Investments in fixed assets[1]	338.2	276.1	22.5
Investments in financial assets/acquisitions	182.5	10.1	> 100
Total capital expenditures	**520.7**	**286.2**	**81.9**
Capital employed	**5,950.0**	**5,707.0**	**4.3**
Return on capital employed	16.4 %	13.2 %	
Average number of employees	**17,940**	**17,489**	**2.6**
Sugar segment			
Gross revenues	**4,523.3**	**3,936.5**	**14.9**
Consolidation	-290.9	-208.3	39.7
Revenues	**4,232.4**	**3,728.2**	**13.5**
EBITDA	**831.3**	**626.5**	**32.7**
EBITDA margin	19.6 %	16.8 %	
Depreciation	-122.1	-115.6	5.6
Operating profit	**709.2**	**510.9**	**38.8**
Operating margin	16.8 %	13.7 %	
Restructuring costs and special items	6.2	13.7	-54.7
Income from operations	**715.4**	**524.6**	**36.4**
Investments in fixed assets[1]	203.4	145.5	39.8
Investments in financial assets/acquisitions	180.7	3.6	> 100
Total capital expenditures	**384.1**	**149.1**	**> 100**
Capital employed	**3,158.3**	**2,984.4**	**5.8**
Return on capital employed	22.5 %	17.1 %	
Average number of employees	**8,034**	**7,976**	**0.7**

[1] Including intangible assets.

€ million	2012/13	2011/12	+/- in %
Special products segment			
Gross revenues	**1,895.8**	**1,851.3**	**2.4**
Consolidation	-34.1	-45.5	-25.1
Revenues	**1,861.7**	**1,805.8**	**3.1**
EBITDA	**214.1**	**230.7**	**-7.2**
EBITDA margin	11.5 %	12.8 %	
Depreciation	-81.9	-81.5	0.5
Operating profit	**132.2**	**149.2**	**-11.4**
Operating margin	7.1 %	8.3 %	
Restructuring costs and special items	-3.8	-3.5	8.6
Income from operations	**128.4**	**145.7**	**-11.9**
Investments in fixed assets[1]	88.8	73.7	20.5
Investments in financial assets/acquisitions	1.8	0.0	-
Total capital expenditures	**90.6**	**73.7**	**22.9**
Capital employed	**1,390.1**	**1,391.5**	**-0.1**
Return on capital employed	9.5 %	10.7 %	
Average number of employees	**4,401**	**4,381**	**0.5**
CropEnergies segment			
Gross revenues	**688.7**	**572.1**	**20.4**
Consolidation	-44.1	-43.2	2.1
Revenues	**644.6**	**528.9**	**21.9**
EBITDA	**119.0**	**84.3**	**41.2**
EBITDA margin	18.5 %	15.9 %	
Depreciation	-32.0	-31.3	2.2
Operating profit	**87.0**	**53.0**	**64.2**
Operating margin	13.5 %	10.0 %	
Restructuring costs and special items	0.0	-1.1	-100.0
Income from operations	**87.0**	**51.9**	**67.6**
Investments in fixed assets[1]	11.1	14.4	-22.9
Investments in financial assets/acquisitions	0.0	0.0	-
Total capital expenditures	**11.1**	**14.4**	**-22.9**
Capital employed	**501.5**	**518.9**	**-3.4**
Return on capital employed	17.3 %	10.2 %	
Average number of employees	**321**	**310**	**3.5**

[1] Including intangible assets.

€ million	2012/13	2011/12	+/- in %
Fruit segment			
Gross revenues	**1,141.3**	**930.3**	**22.7**
Consolidation	-1.2	-1.3	-7.7
Revenues	**1,140.1**	**929.0**	**22.7**
EBITDA	**83.3**	**73.8**	**12.9**
EBITDA margin	7.3 %	7.9 %	
Depreciation	-38.1	-35.6	7.0
Operating profit	**45.2**	**38.2**	**18.3**
Operating margin	4.0 %	4.1 %	
Restructuring costs and special items	-19.1	-1.4	> 100
Income from operations	**26.1**	**36.8**	**-29.1**
Investments in fixed assets[1]	34.9	42.5	-17.9
Investments in financial assets/acquisitions	0.0	6.5	-100.0
Total capital expenditures	**34.9**	**49.0**	**-28.8**
Capital employed	**900.1**	**812.2**	**10.8**
Return on capital employed	5.0 %	4.7 %	
Average number of employees	**5,184**	**4,822**	**7.5**

As outlined in IFRS 8 (Operating Segments), the reporting segments of the Südzucker Group are aligned with the internal reporting structure. The Südzucker Group reports for the four segments sugar, special products, CropEnergies and fruit. The sugar segment comprises sugar production and the agricultural division. The special products segment includes the activities of the four divisions BENEO, Freiberger, PortionPack Europe and the starch and bioethanol businesses of AGRANA. BENEO produces and sells ingredients made from natural raw materials for food products and animal feed. The Freiberger Group is a producer of chilled and frozen pizzas, frozen pasta dishes and snacks. The PortionPack Europe Group specializes in portion packs. The starch division comprises starch companies in Hungary and Romania, bioethanol production in Austria and Hungary, as well as starch production facilities in Austria. The CropEnergies segment bundles the bioethanol activities of the Südzucker Group in Germany, Belgium and France. The fruit segment comprises the fruit juice preparations (AGRANA Fruit) and fruit juice concentrates divisions (Austria Juice). The strategic orientation of the segments is described in the group management report under "Guidelines and corporate strategy" and the organization under "Group structure and corporate control".

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

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

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

[1] Including intangible assets.

interest bearing receivables and payables. ROCE (return on capital employed) represents the ratio of operating profit to the capital employed.

Capital employed

€ million	2012/13	2011/12
Operating profit	**973.6**	**751.3**
Goodwill	1,259.6	1,254.1
Concessions, industrial and similar rights	42.3	50.9
Fixed assets	2,633.4	2,554.1
Non-interest bearing receivables	*1,287.1*	*1,272.3*
Inventories	*2,567.6*	*2,323.7*
./. Current provisions	*-189.0*	*-183.6*
./. Non-interest bearing liabilities	*-1,651.0*	*-1,564.5*
Working capital	2,014.7	1,847.9
Capital employed	**5,950.0**	**5,707.0**
Return on capital employed (ROCE)	**16.4 %**	**13.2 %**

For more information on operating profit and capital employed, see the information on the individual segments under "Business performance in the segments", the information on value-based management under "Group structure and corporate control" and "Value added, capital structure and dividend" in the group management report. Transactions between segments – with sales revenues of € 370.3 (298.3) million – were conducted at market conditions.

Geographic segments

€ million	2012/13	2011/12
Third-party revenues		
Germany	1,991.2	1,756.2
Other EU	4,607.3	4,084.5
Other countries	1,280.3	1,151.2
	7,878.8	**6,991.9**
Expenditures on fixed and intangible assets (excluding goodwill)		
Germany	109.8	71.1
Other EU	200.6	168.8
Other countries	27.8	36.2
	338.2	**276.1**
Carrying amount fixed and intangible assets (excluding goodwill)		
Germany	803.0	792.0
Other EU	1,556.4	1,492.5
Other countries	316.3	320.5
	2,675.7	**2,605.0**

	2012/13	2011/12
Employees by geographic areas		
Germany	4,099	4,032
Other EU	9,410	9,147
Other countries	4,431	4,310
	17,940	**17,489**

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

General explanatory notes

(1) Principles of preparation of the consolidated financial statements

Südzucker AG Mannheim/Ochsenfurt is headquartered at Theodor-Heuss-Anlage 12 in 68165 Mannheim/Germany; the company is registered in the commercial register under HRB No. 42 at the district court of Mannheim. According to article 2 of the Articles of Incorporation of the company dated November 22, 2012, the corporate purpose of the company is the production of sugar, its sales, the utilization of its by-products and conducting agricultural operations. The company is also authorized to participate in other undertakings, to acquire such undertakings and to enter into any transactions that appear directly or indirectly beneficial to achieving or promoting the corporate purpose.

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

All IFRSs issued by the IASB that were effective and applied by Südzucker AG at the time these consolidated financial statements were prepared have been adopted by the European Commission for application in the EU.

The consolidated financial statements for the period ended February 28, 2013 were approved on April 22, 2013 by the executive board and received an unqualified audit opinion by PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Mannheim. The audit committee audited the consolidated financial statements on May 6, 2013, which were subsequently audited and approved by the supervisory board at its meeting on May 15, 2013. The publication date is May 16, 2013.

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

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

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

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

The amended IFRS 7 (Financial Instruments: Disclosures – 2010) was mandatory for Südzucker starting in the 2012/13 financial year. The amendment to IFRS 7 relates to the derecognition of financial assets when they are transferred. The changes are not relevant to Südzucker.

The following is a summary of the standards and interpretations that must be used as of the 2013/14 financial year or later or that were published by the IASB, but have yet to be recognized by the EU. The expected effective date is provided for standards that have not yet been recognized by the EU. With the exception of the amendments to IAS 1 "Presentation of Financial Statements", Südzucker has not opted for the early adoption of any of the new or amended requirements below.

Standard / Interpretation	Enacted by the IASB / Endorsement by the EU	Expected effects on Südzucker
■ **IAS 1** Presentation of Financial Statements (amended)	16.06.2011 / 05.06.2012	The presentation of other comprehensive income has been amended so that the items presented here are now divided into two categories: items that will be posted via the income statement (recycling) and items that are not recycled. Südzucker already adapted the presentation at the beginning of the 2012/13 financial year, which led to a corresponding change in the presentation of other comprehensive income.
■ **IAS 12** Income Taxes (amended)	20.12.2010 / 11.12.2012	The measurement of deferred taxes as investment property will now take place under the assumption that a sale is intended. The amendment has no impact on Südzucker's consolidated financial statements as there is currently no investment property.
■ **IAS 19** Employee Benefits (revised)	16.06.2011 / 05.06.2012	The principal change is that actuarial gains and losses must now be recognized when they occur directly in equity as part of other comprehensive income. Both the corridor approach, which previously allowed for the deferred recognition of actuarial gains and losses, and immediate recognition in the income statement are no longer permitted. In addition, income from the expected return on plan assets can in future only be recognized on the basis of the discount rate of the obligation. Moreover, considerably more information must now be disclosed in the notes. The new IAS 19 also includes clarifications on the nature of short-term and other long-term employee benefits, on curtailments, the allocation of past service cost and the definition of termination benefits. Südzucker already transitioned to this recognition of actuarial gains and losses in 2011/12. Opposite effects in the lower single-digit million range are expected from the remaining changes for pension and partial early retirement obligations.
■ **IAS 27** Separate Financial Statements (revised)	12.05.2011 / 11.12.2012	The standard has been renamed from "Consolidated and Separate Financial Statements" to "Separate Financial Statements" and now covers only IFRS requirements for separate financial statements.
■ **IAS 28** Shares of associated companies and joint ventures (revised)	12.05.2011 / 11.12.2012	The scope of IAS 28 has been expanded to include interests in joint ventures (cf. explanatory notes on IFRS 11).
■ **IAS 32** Financial Instruments: Presentation (amended)	16.12.2011 / 13.12.2012	The amendment provides clarifications on the offsetting of financial assets and financial liabilities. Südzucker does not expect any material effects.
■ **IFRS 7** Financial Instruments: Presentation (amended)	07.10.2010 / 13.12.2012	The amendments led to additional disclosures on offsetting. No material effects are expected for the Südzucker Group.

Mandatory application for Südzucker starting in financial year
■ 2013/14 ■ 2014/15 ■ 2015/16

Standard / Interpretation	Enacted by the IASB / Endorsement by the EU	Expected effects on Südzucker
■ **IFRS 9** Financial Instruments	16.12.2011 / no	The new IFRS 9 governs the classification and measurement of financial assets and financial liabilities. The adopted standard is already undergoing revision. The categories and the associated measures are being redefined. The existing classification and measurement model of IAS 39 will be eliminated. The planned effective date has been postponed. The delay is due to the fact that the second phase (Impairment) and third phase (Hedge Accounting) of IFRS 9 have not yet been published. Accounting at Südzucker takes place largely as outlined in the new standards, so no material effect is expected on Südzucker's consolidated financial statements.
■ **IFRS 10** Consolidated Financial Statements	12.05.2011 / 11.12.2012	IFRS 10 replaces the guidelines set out in IAS 27 (Consolidated and Separate Financial Statements) and SIC 12 (Consolidation – Special Purpose Entities) on control and consolidation. IFRS 10 changes the definition of control to the effect that the same criteria are applied to all entities in determining control. In the revised definition, discretionary power and variable reflux are prerequisites for control. Südzucker does not expect any effects on the consolidated financial statements.
■ **IFRS 11** Joint Arrangements	12.05.2011 / 11.12.2012	The new provisions define two types of joint arrangements – joint operations and joint ventures. The previous option to account for jointly controlled entities using proportionate consolidation has been eliminated. Partner entities in a joint venture (venturers) must now use the equity method of accounting. The accounting rules for parties to joint operations (joint operators) are now consistent with the existing accounting requirements for jointly controlled assets and jointly controlled operations. Südzucker currently includes eight companies proportionately in the consolidated financial statements. The transition to the equity method of accounting will have a particular impact on the presentation with regard to revenues, operating profit and the balance sheet.
■ **IFRS 12** Disclosure of Interests in Other Entities	12.05.2011 / 11.12.2012	IFRS 12 sets out the required disclosures for entities that are accounted for in accordance with IFRS 10 (Consolidated Financial Statements), IFRS 11 (Joint Arrangements) and IAS 28 (Investments in Associates and Joint Ventures). This will increase the scope of disclosure.
■ **IFRS 13** Fair Value Measurement	12.05.2011 / 11.12.2012	IFRS 13 describes how to determine fair value and expands the disclosures on fair value; the standard does not prescribe when to use fair value. The application will lead to further disclosures.
■ **Diverse** Annual Improvements Project 2009 – 2011	17.05.2012 / 27.03.2013	The improvements mainly relate to IAS 1 – Clarification of requirements for comparative information, IAS 16 – Classification of servicing equipment, IAS 32 – Tax effect of distribution to holders of equity instruments, and IAS 34 – Segment information for total assets and liabilities as part of interim financial reporting.
■ **IFRIC 20** Stripping Costs in the Production Phase of a Surface Mine	19.10.2011 / 11.12.2012	IFRIC 20 governs the accounting for stripping costs in surface mining operations. There are no transactions in the Südzucker Group that fall within this scope.

Mandatory application for Südzucker starting in financial year
■ 2013/14 ■ 2014/15 ■ 2015/16

(2) Companies included in consolidation

In addition to Südzucker AG, all domestic and foreign subsidiaries in which Südzucker AG has direct or indirect control are **fully consolidated** in the consolidated financial statements. In addition to Südzucker AG, 158 (156) companies were included in the consolidated financial statements for the year ended February 28, 2013. A total of four companies are no longer part of the group, two of which were merged and the other two liquidated. In addition to these, one newly founded company and two existing investments were consolidated for the first time. The number of companies included in consolidation increased by three as part of the initial consolidation of Ybbstaler.

The effects of the change in companies included in consolidation on the consolidated financial statements are as follows:

€ million	Change in scope of consolidation	
28/29 February	2013	2012
Non-current assets	31.7	3.7
Inventories	*104.6*	*6.7*
Receivables and other assets	*35.0*	*6.6*
Cash and cash equivalents and securities	*18.8*	*0.8*
Current assets	158.4	14.1
Total assets	**190.1**	**17.8**
Shareholders' equity	45.1	1.6
Non-current liabilities	3.3	0.0
Current liabilities	141.7	16.2
Total liabilities and equity	**190.1**	**17.8**
Revenues	100.3	8.4
- Net expenses	-99.1	-8.0
= Net earnings for the year	1.2	0.4

The deconsolidations were insignificant and related exclusively to mergers and liquidations.

On June 1, 2012, the merger of AGRANA Juice Holding GmbH, Gleisdorf/Austria with Ybbstaler Fruit Austria GmbH, Allhartsberg/Austria was closed. AGRANA Juice Holding GmbH was the parent company for the juice activities until May 31, 2012. Since June 1, 2012 juice activities have been concentrated in AUSTRIA JUICE GmbH (formerly: YBBSTALER AGRANA JUICE GmbH), Allhartsberg, Austria.

AUSTRIA JUICE GmbH is being held to 50.01 % by AGRANA and 49.99 % by RWA Raiffeisen Ware Austria (RWA), Vienna/ Austria and fully consolidated in the consolidated financial statements of AGRANA Beteiligungs-AG.

The closing resulted in the incorporation of two Ybbstaler companies and the shares of the AGRANA Juice companies into AUSTRIA JUICE GmbH. The two Ybbstaler companies (Ybbstaler Fruit Austria GmbH and Ybbstaler Fruit Polska Sp. z o.o., Chelm, Poland) are each classified as 100 % holdings of AUSTRIA JUICE GmbH.

AGRANA acquired 50.01 % of the shares in Ybbstaler Fruit Austria GmbH while simultaneously assigning 49.99 % of the shares in AGRANA Juice Holding GmbH to RWA as part of this transaction on June 1, 2012. Since the consideration took place through the transfer of shares in AUSTRIA JUICE GmbH (formerly: YBBSTALER AGRANA JUICE GmbH), these represent the acquisition costs and were recognized at fair value at the acquisition date.

The net assets at the time of the initial full consolidation and the goodwill arising from the acquisition are shown in the following:

Fair values at acquisition date € million	June 1, 2012
Non-current assets	23.3
Inventories	*41.1*
Receivables and other assets	*29.7*
Cash and cash equivalents and securities	*9.6*
Current assets	80.4
Total assets	**103.7**
./. Non-current liabilities	-3.0
./. Current liabilities	-67.4
Net assets (shareholders' equity)	**33.3**
less other minority interests	**–16.8**
Goodwill	**6.9**
Purchase price	**23.4**

The following factors led to the recognition of goodwill:

- A good balance between own production and purchasing in terms of minimizing risk
- Cost synergies in administration
- A growing portfolio of products (fruit juice concentrate, fruit juice, fruit wine, beverage bases, aromas and flavors)
- Complementary geographic market focuses of the individual companies
- A broader shared customer portfolio
- Knowledge transfer with regard to production technologies and quality parameters
- A global presence, both in terms of sales & distribution and procurement activities

The share of equity in non-controlling interests increased at the date of acquisition by € 40.8 million. The purchase price allocation was completed at the date the consolidated financial statements were approved. The identified assets amount to € 2.1 million before deferred tax. The fully consolidated Ybbstaler companies over nine months of consolidation contributed € 100.3 million to group revenues and € 2.3 million to net earnings for the financial year just ended. Assuming the acquisition had already taken place at the beginning of the financial year, the contribution to revenues would have been € 133.7 million and the share of consolidated net earnings € 2.8 million. The purchase price allocation in the financial year additionally led to a negative impact on earnings of € 1.1 million.

As in the previous year, **proportionate consolidation** is used for eight joint ventures. The following disclosures represent the proportionate values resulting from the aggregation of consolidated companies included in the consolidated financial statements by means of proportionate consolidation.

€ million 28/29 February	Proportionately consolidated companies 2013	2012
Non-current assets	99.9	105.4
Inventories	*26.4*	*25.6*
Receivables and other assets	*59.7*	*80.5*
Cash and cash equivalents and securities	*18.1*	*10.1*
Current assets	104.2	116.2
Total assets	**204.1**	**221.6**
Shareholders' equity	94.7	93.7
Non-current liabilities	7.5	12.7
Current liabilities	101.9	115.2
Total liabilities and equity	**204.1**	**221.6**
Revenues	359.8	369.4
- Net expenses	-333.6	-335.3
= Net earnings for the year	26.2	34.1

The **equity method** was used for two (one) companies. The addition under the companies accounted for using the equity method related to the 25 percent stake (minus one share) taken in the British commodities trading company ED&F Man Holdings Ltd., London, at the end of the first quarter 2012/13. The purchase price for this transaction amounted to $ 255 million and is reported along with the incidental acquisition costs under the item "Shares in companies consolidated at equity". ED&F Man has a different financial year than Südzucker that ends September 30. The interim financial statements of the subgroup ED&F Man with a reporting date two months earlier than those of Südzucker have been included; significant events between these reporting dates are considered. The share of results is recognized in profit or loss; the exchange rate effects attributable to Südzucker from the translation of equity from USD to EUR in the amount of € -9.5 million are shown under item "other equity positions".

€ million 28/29 February	Companies consolidated at equity 2013	2012
Non-current assets	692.5	0.2
Inventories	*782.0*	*58.2*
Receivables and other assets	*1,838.0*	*129.6*
Cash and cash equivalents and securities	*246.8*	*12.4*
Current assets	2,866.8	200.2
Total assets	**3,559.3**	**200.4**
Shareholders' equity	747.0	11.4
Non-current liabilities	426.2	0.1
Current liabilities	2,386.1	188.9
Total liabilities and equity	**3,559.3**	**200.4**
Revenues	5,390.8	350.5
- Net expenses	-5,347.0	-348.7
= Net earnings for the year	43.8	1.8
thereof income consolidated at equity	13.1	0.9

The following fully consolidated German subsidiaries exercised the exemption rule under article 264 (3) HGB/article 264b HGB in financial year 2012/13:

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

(3) Consolidation methods

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

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

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

Südzucker consolidates shares of jointly controlled entities using proportionate consolidation. With joint ventures, as part of the proportionate consolidation, the assets, liabilities and contingent liabilities as well as the income statement and the cash flow statement are only included item by item in the consolidated financial statements with the share that is attributable to the group. The group's share of gains and losses that arise when the group acquires assets of joint venture companies is not recognized on the group's accounts until the assets have been resold to a company that does not belong to the group. However, losses from such transactions are immediately realized if the loss is considered a safe indication that the net realizable value of current assets is reduced or an impairment loss exists. Proportionate capital consolidation and the treatment of any goodwill take place using the same method as the consolidation of subsidiaries. The financial statements of joint ventures are prepared for the same reporting period as the group using consistent accounting policies.

Investments in associates are included in the consolidated financial statements using the equity method as from their date of acquisition or when IAS 28 (Investments in Associates) is to be applied; this also includes sales joint ventures.

In the case of business combinations achieved in stages, the shares of the entity being sold are purchased in stages. In other words, the control of the entity is gained in several steps. IFRS 3 is to be applied to the combination as soon as the acquirer gains control. Before control is gained the interest is reported according to IAS 28 (Investments in Associates), IAS 31 (Interests in Joint Ventures) or IAS 39 (Financial Instruments: Recognition and Measurement), depending on which standard is relevant. The fair value of assets and liabilities including the purchased entity's goodwill is remeasured until the point of control is gained with the option of recognizing either the entire goodwill (full goodwill method) or only the goodwill inferred based on the proportionate revalued net assets (purchased goodwill method). Obtaining control triggers a complete revaluation of all assets and liabilities. Any adjustments to a previously held equity interest are recognized in profit or loss once control is obtained.

Intra-group revenues, expenses and income and all receivables, liabilities and provisions between consolidated entities are eliminated. Intercompany profits included in non-current assets and inventories and arising from intra-group deliveries are eliminated.

(4) Foreign currency translation

Transactions in foreign currencies are translated into the functional currency using the exchange rates on the date of the transaction. Currency gains and losses from the settlement of such transactions and from conversion of monetary assets and liabilities at the closing rate are recognized in the income statement.

The annual financial statements are prepared in the functional currency of the respective entity. An entity's functional currency is described as the currency of the economic environment in which the entity does business independently with regard to financial, economic and organizational matters. With the exception of the distributor BENEO Asia Pacific Pte. Ltd. in Singapore, which uses euros, the subsidiaries' functional currency corresponds with the country currency in which the respective subsidiary has its headquarters.

When the financial statements of foreign group companies are prepared in a functional currency other than euros – Südzucker's reporting currency – translation of assets and liabilities takes place using mid-market rates at the balance sheet date (closing rate). The mid-market rates are the average bid and asking prices at the end of the respective effective dates. In the case of foreign currency gains and losses from the measurement of assets and liabilities within the scope of group financing, the translation occurs at the average rate for the financial year. The translation occurs at an adjusted average rate if the application of the average rate for the year leads to incorrect results. The remaining income and expense items have been translated at average rates for the year.

Movements in exchange rates of the significant currencies used in preparing the consolidated financial statements were as follows (conversion rates to € 1):

		1 € = Local currency				
Country	Currency code	Year-end rate 28.02.2013	Average rate 2012/13	Year-end rate 29.02.2012	Average rate 2011/12	Year-end rate 28.02.2011
Australia	AUD	1.28	1.25	1.24	1.33	1.36
Brazil	BRL	2.59	2.57	2.29	2.33	2.29
Chile	CLP	618.81	623.29	642.28	671.00	654.06
China	CNY	8.17	8.12	8.46	8.89	9.09
Denmark	DKK	7.46	7.45	7.44	7.45	7.46
Great Britain	GBP	0.86	0.81	0.84	0.87	0.85
Mexico	MXN	16.76	16.88	17.19	17.41	16.74
Moldova	MDL	16.05	15.70	15.86	16.87	16.53
Poland	PLN	4.16	4.16	4.14	4.18	3.98
Romania	RON	4.36	4.46	4.35	4.25	4.21
Russia	RUB	40.08	39.97	39.14	40.85	39.90
Singapore	SGD	1.62	1.60	1.67	1.74	1.76
Czech Republic	CZK	25.64	25.18	24.84	24.74	24.35
Turkey	TRY	2.36	2.32	2.35	2.37	2.21
Ukraine	UAH	10.47	10.32	10.75	11.04	10.91
Hungary	HUF	295.80	288.39	288.71	283.64	270.72
USA	USD	1.31	1.29	1.34	1.38	1.38

Differences arising from translating assets and liabilities at year-end rates compared with rates ruling at the end of the previous year, together with differences between earnings for the year translated at average rates in the income statement and at year-end rates in the balance sheet, are charged or credited directly to reserves and reported in comprehensive income, as an additional disclosure to income and expense recognized directly in equity, as foreign currency differences from consolidation.

Intra-group loans for long-term financing of subsidiaries primarily represent a part of the net investment in these foreign operations; exchange rate fluctuations resulting from the year-end valuation are recognized directly in equity and reported in comprehensive income, as a component of income and expense recognized directly in equity, as exchange differences on net investments in foreign operations.

(5) Accounting policies

Acquired **goodwill** is recognized on the balance sheet as part of intangible assets. Intangible assets acquired in business combinations are stated separately from goodwill if, as defined in IAS 38 (Intangible Assets), they are separable or arise from contractual or other legal rights and their fair value can be measured reliably. Other acquired intangible assets are included at acquisition cost less scheduled, straight-line amortization over their expected useful lives. Internally generated intangible assets are recognized to the extent the recognition criteria set out in IAS 38 are met.

Goodwill and **intangible assets** with indefinite useful lives are not amortized, but are subject to an impairment test at least annually or when there is an indication of impairment (impairment-only approach). The procedure adopted in carrying out this impairment test is described more fully in the notes on balance sheet items below.

Fixed Assets are stated at acquisition or production cost less straight-line or campaign-related depreciation and impairment. Items of fixed assets are depreciated pro rata temporis in the year of their acquisition. Government subsidies and grants are deducted from acquisition cost. Production cost of internally-constructed equipment includes directly attributable costs and a proportion of material and production overheads. Borrowing costs attributable to the acquisition or production of qualifying assets (construction of new production plants or material growth-related investments with a construction period of at least one year) are capitalized as cost until completion. The capitalization rate used is based on a balanced average cost of borrowed capital or on finance charges for funds specifically borrowed for obtaining qualifying assets. Maintenance expenses are recorded in the income statement when they are incurred. Assets are only recognized when the general recognition criteria of expectation of future economic benefits and reliability of the related cost are met.

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

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

Impairment of fixed and intangible assets with limited useful lives takes place as set out in IAS 36 (Impairment of Assets) when the recoverable amount of an asset falls below its carrying amount. The recoverable amount is the higher of fair value less costs to sell and the present value of expected cash flows from use of the asset (value in use). If the reasons for a previously recognized impairment no longer exist, the assets are written back in the income statement; however, the reversal cannot exceed the carrying amount that would have been determined had no impairment been recognized in earlier periods. Non-current assets held for sale are measured at the lower of their carrying amount and their fair value less costs to sell.

A **lease** is an agreement whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time. A distinction is made between a finance lease and an operating lease. Lease transactions are treated as finance leases when the lessee assumes substantially all the risks and rewards of ownership. All other leases are referred to as operating leases. Finance leases play an insignificant role in the Südzucker Group. In the case of operating leases, the Südzucker Group as a lessee recognizes the leasing rates to be paid as expense. Operating leases include rental expenses for buildings, machines, vehicles, IT hardware and office technology. In this case there must be a lease agreement that specifies the periodic rent payments, a minimum rental period and/or a notice period. A differentiation is made between service agreements that also include the use of assets owned by third parties but by which the focus is on the service and not the object itself.

The **equity method** is used for **investments in companies** over which the investor has the power to exercise significant influence as a result of ownership of between 20 and 50 % of the voting rights. These entities are initially recognized at cost and subsequently according to the amortized interest in net assets. This increases or decreases the carrying amounts annually by the share in profit or loss, dividend distributions and other changes in shareholders' equity. Goodwill is included in the carrying amount of the investments in associates and is subject to an annual impairment test as set out in IAS 36 (Impairment of Assets).

Non-current and current securities are generally recognized according to their income components independent of maturity. Thus, debt securities held for the purpose of receiving cash flows such as interest and principal payments are measured at cost for the initial and subsequent measurement (available for sale at cost). In contrast, equity securities held for trading are recognized at market value; gains and losses as of the reporting date are recognized in the income statement. A small number of securities are still held as securities available for sale. These are also measured at market value if this value is reliably measurable; otherwise the reporting is at cost. Initial measurement takes place at the settlement date. Unrealized gains and losses are reported directly in the revaluation surplus of equity taking into account deferred taxes. The gain or loss resulting from disposal is recorded in the income statement. All other securities are recognized at cost if – where necessary – a market value cannot be determined. If material objective evidence exists for the impairment of an asset, the asset is written down. With the exception of equity securities, the impairment is canceled if the reasons for it no longer exist.

Other investments of non-current assets exclusively belong to the category "Available for sale at cost".

Non-current and current financial receivables in terms of interest-bearing loans are classified in the category "Loans and receivables" and recognized at amortized cost.

Inventories are stated at acquisition or production cost using average cost or the first-in, first-out method for raw materials, as this represents actual usage. Production cost includes all production-related costs determined assuming normal levels of production capacity. In detail, it includes directly attributable costs, fixed and variable production overheads as well as depreciation of production machinery. Finance charges are not considered here. Where necessary, the lower net realizable value less costs to complete is used. In general, this is based on the net realizable value of the finished product. If the net disposal proceeds have increased for inventories that were previously written down, the write-downs are reversed to this extent. Sugar is primarily produced in the months of September to January. This is why depreciation on systems used for the campaign is predominantly applied in the third quarter of the Südzucker financial year. Material, personnel and other operating expenses incurred in preparation for production prior to the sugar campaign are recognized during the financial year in the affected type of expense and capitalized in inventories as work in progress via the changes in inventory.

Receivables and other assets are measured at market value at the time of initial recognition and subsequently at amortized cost using the effective interest method. Adequate individual allowances are made in separate accounts for bad debts and other risks in receivables. Nominal value less allowances is the same as fair value. Attention is directed to the individual case when writing off uncollectible receivables.

Cash and cash equivalents are included at nominal value, which regularly corresponds to their market value; they comprise cash on hand and bank balances.

Except for goodwill and equity instruments classified as available for sale, **reversals of impairment losses of items included in non-current assets and current assets** are recorded when the reason for charging the original impairment loss no longer exists.

CO_2 emission rights are recognized in accordance with IAS 38 (Intangible Assets), IAS 20 (Government Grants) and IAS 37 (Provisions). CO_2 emission rights issued or granted at no charge for each calendar year are intangible assets, which are classified as other current assets. They are measured at cost, which, in the case of emission rights issued at no charge, is zero. If actual emissions exceed the certificates allocated, a provision for CO_2 emissions is recognized. The provision is measured reflecting the acquisition cost of additional certificates or the market value of emissions certificates at the balance sheet date.

Pursuant to IAS 32 (Financial Instruments: Presentation) the terms and conditions of the **hybrid equity capital** issued in summer 2005 call for the reporting of this as shareholders' equity of the Südzucker Group. Correspondingly, the tax-deductible interest is not reported as interest expense but rather is treated the same as dividend payments to Südzucker AG shareholders. Capital procurement costs were directly deducted from hybrid equity capital taking taxes into account.

Provisions for pensions and similar obligations for defined benefit plans are determined as set out in IAS 19 (Employee Benefits) using the projected unit credit method. With the projected unit credit method, not only the pensions known at the effective date and acquired benefits are considered but also future adjustments to salaries and pensions. The calculation relies on actuarial reports taking biometric data into account.

Provisions for pensions and similar obligations are reduced by the plan assets recognized to cover pension obligations. The service cost is presented in personnel expenses; the interest effect of projected pension obligations and the expected return on plan assets is reported in the financial result.

Actuarial gains and losses resulting from changes in actuarial assumptions or deviations between actuarial assumptions and the actual development are recognized directly in equity, net of deferred taxes, in the period in which they arise. The full scope of the obligation is presented accordingly in the balance sheet. The actuarial gains and losses recognized in the respective period are reported as a special item in the statement of comprehensive income.

Past service costs are recognized immediately in profit or loss if the changes to the pension plan are not dependent on the employee remaining with the company for a predetermined period (period until the benefits become vested). In this case past service costs are recognized in profit or loss on a straight line basis over the period until the benefits become vested.

Payments for defined contribution plans are recognized as an expense when due, and reported under personnel expenses. Payments for state benefit plans are treated the same as those for defined contribution plans. The group does not have any other obligations beyond the payment contributions.

Other provisions are recognized if there is a present obligation arising from a past event, the probability that there will be an outflow of resources to meet these obligations is more likely than not and the amount can be reliably estimated. This means that the probability of occurrence must be greater than 50 %. Measurement is made based on the amount most likely to be incurred or, if no amount is more likely than any other, the expected amount to be paid. Provisions are only recognized for legal and constructive obligations to third parties; also included here are provisions for parttime early retirement and provisions for anniversaries. Non-current provisions with a remaining term of more than one year are discounted to their present value at the balance sheet date.

Reported **income tax** comprises taxes on taxable income plus changes to deferred tax assets and liabilities as applicable in the individual countries. Current income tax is reported as the amount of tax expected to be payable based on the applicable or enacted legislation as of the balance sheet date. This measurement takes place completely in the tax expense. Deferred taxes are recognized on temporary differences between the values of assets and liabilities in the IFRS balance sheet and the tax balance sheet, as well as on tax loss carryforwards, to the extent they can be offset against future taxable income. Deferred tax assets and deferred tax liabilities are recognized separately on the face of the balance sheet. Deferred tax assets have been offset against deferred tax liabilities to the extent the related taxes on income are imposed by the same tax authorities.

Deferred tax is calculated according to IAS 12 (Income Taxes), taking into consideration the respective applicable national income tax rates or those that have been substantively enacted as of the balance sheet date and that are expected to apply when the related deferred income tax asset is recognized or the deferred tax liability is settled. Deferred tax assets and liabilities associated with earnings and expenses directly recognized in shareholders' equity are treated identically. Deferred tax assets are only recognized to the extent that it is likely that taxable income will be available against which deferred taxes can be offset. Individual companies forecast the recoverability of deferred tax assets arising from temporary differences and loss carryforwards, among other things, based on the future earnings situation at the respective group company.

Deferred tax liabilities that arise as a result of a temporary differences in connection with investments in subsidiaries and companies consolidated at equity are recognized unless the timing of the reversal of the temporary differences can be controlled by the group and it is likely that the temporary differences will not reverse as a result of this controlling influence within the foreseeable future.

Non-current liabilities are measured at amortized acquisition cost. Differences between historical cost and the repayment amount are amortized using the effective interest method. Liabilities from finance lease contracts are measured at their present value. Current liabilities are stated at market value at the time of initial recognition and are subsequently carried at amortized cost.

Financial liabilities for bonds issued are shown net of their issue discount and transaction costs. The discount is amortized using the effective interest method. We refer to notes (30) to (32) for details on the recognition and measurement of financial instruments.

Contingent liabilities and assets are possible obligations or assets that result from past events and whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not entirely under the control of Südzucker. Contingent liabilities are also present obligations in which an outflow of resources is unlikely or the amount of which cannot be determined reliably. Contingent liabilities are recognized in the balance sheet only when they are acquired as part of a business combination, in which case they are recognized at fair value. Contingent assets are not recognized. However, if the realization of income is virtually certain, then the related asset is no longer considered a contingent asset and is recognized as an asset. Disclosures are made in the notes to the financial statements unless an outflow of resources embodying economic benefits is remote. The same applies to contingent assets, where an inflow of economic benefits is probable. The obligation volume of contingent liabilities disclosed in the notes to the financial statements represents the contingencies existing as of the period end.

Financial assets are derecognized when the payment rights have expired. **Financial liabilities** are derecognized when they have extinguished, i.e. when all of the obligations outlined in the agreement have been met, reversed or expired.

Derivative financial instruments are recognized as assets or liabilities and measured – independent of their purpose – at fair value. Changes to this value are recognized in profit or loss unless the derivatives are in a hedging relationship with the hedged item. In this case, recognition of the changes in fair value is based on the nature of the hedge transaction. Fair value hedges are used to hedge the exposure of recognized assets or liabilities to changes in the fair value. With fair value hedges, changes in the fair values of both the hedge transactions and the associated hedged items are recognized in the income statement. If the hedged items and hedging instruments are already originally recognized in profit or loss using the fair value, it is not necessary to apply the special rules for fair value hedge accounting to create the fair value hedge.

Cash flow hedges are used to hedge the exposure to variability in future cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction. When there is a cash flow hedge, the unrealized gains and losses of the hedge transaction are initially recognized in other comprehensive income. They are not transferred to the income statement until the hedged item is recognized in profit or loss. If the transactions lead to the recognition of non-financial assets or liabilities, e.g. for the acquisition of fixed assets, the amounts recognized directly in equity are offset with the initial recognition of the carrying amount of the asset or liability.

IAS 39 specifies that hedges may only be accounted for when they are effective. Effectiveness in terms of IAS 39 applies if the changes in the fair value of the hedge transaction lie both prospectively and retrospectively within a range of 80 to 125 % of the opposite changes in the fair value of the hedged item. Only the effective portion of a hedge may be accounted for under the rules described above. The ineffective portion is recognized immediately in profit or loss in the income statement. To the extent that derivatives do not qualify as effective hedging transactions or commercial transactions, all fluctuations in fair value have a direct impact as profit or loss in the income statement.

Contracts held for the purpose of the receipt or delivery of non-financial items in accordance with the entity's expected purchase, sale or usage requirements (own-use contracts) are not accounted for as derivatives but rather as executory contracts. If own-use contracts include embedded derivatives, the derivative is separated from the host contract and accounted for as a derivative if the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract. Written options to buy or sell non-financial items that can be settled net in cash are not own-use contracts.

Revenues comprise the fair value of the consideration received or to be received for the sale of goods in the ordinary course of business. Revenues are reported without sales tax, discounts, or rebates and after eliminating intra-group sales. Revenues are recognized when the delivery or service has been rendered and significant opportunities and risks have been transferred.

For **development costs**, the costs of developing new products are capitalized to the extent a clear allocation of expenses is possible and to the extent the technical feasibility and marketability of these newly-developed products is demonstrated. Product development must also generate probable future economic benefits. **Research costs** may not be capitalized as set out in IAS 38 (Intangible Assets), and are recognized as an expense in the income statement when they are incurred.

Interest income and **interest expense** not capitalized under IAS 23 (Borrowing Costs) is recognized pro rata temporis using the effective interest method. **Dividends** are collected when the legal claim arises.

Judgments must be made in the application of accounting policies. This is especially true for the following issues: In the case of certain contracts, a decision must be made whether they should be treated as derivatives or as so-called own-use contracts and be accounted for as executory contracts.

Financial assets are allocated to the categories that affect accounting and subsequent measurement. In addition, a decision must be made whether and when an impairment is to be recognized as a write-down in the income statement. The decisions made in the Südzucker Group with regard to these issues are described in the explanation of the accounting policies for financial instruments.

The preparation of the consolidated financial statements under IFRS requires that **assumptions** and **estimates** be made. These **management assessments** can impact the valuation of the assets and liabilities recognized, the income and expenses, and the disclosure of contingent liabilities.

With regard to provisions for pensions and similar obligations, the discount rate is one of the important estimates. The discount rate for pension obligations is determined by reference to market yields observable at the balance sheet date on high-quality, fixed-rate corporate bonds, making analytically derived assumptions about the age at entry into the pension benefits, life expectancy, staff turnover rates and future wage and pension increases. Assumptions and estimates are also related to the accounting and measurement of other provisions.

The recoverability of goodwill is assessed based on forecasts for the cash flows of cash generating units for the next five years using a discount rate adjusted for the business risks.

Deferred tax assets are recognized to the extent that the recoverability of future tax benefits is probable. The actual tax result situation of subsequent periods and therefore the actual utility of deferred tax assets can vary from the assessment at the time of recognition of the deferred taxes.

Further explanatory notes on the underlying assumptions and estimates made for these consolidated financial statements are given in the disclosures on individual items in the financial statements.

All assumptions and estimates are based on the circumstances and assessments at the balance sheet date. In assessing the expected business development, the future economic environments in which the group will operate and which are assumed to be realistic at the balance sheet date were also considered. The actual amounts may vary from the estimates should the conditions develop counter to our assumptions. If this is the case, the assumptions are adjusted and, where necessary, the carrying amounts of the affected assets and liabilities as well.

Notes to the statement of comprehensive income

(6) Revenues

Revenues are detailed in segment reporting, the notes on performance and in the information on the individual segments in the group management report.

(7) Change in inventories and internal costs capitalized

€ million	2012/13	2011/12
Change in work in progress and finished goods inventories		
Sugar	156.3	443.9
Special products	4.8	24.0
CropEnergies	6.6	5.6
Fruit	40.5	51.1
	208.2	**524.6**
Internal costs capitalized	8.8	7.3
	217.0	**531.9**

The € 156.3 million increase in sugar inventories is due to higher beet prices with nearly unchanged inventories. The change in inventories in the fruit segment by € 40.5 million was primarily due to the initial consolidation of Ybbstaler.

(8) Other operating income

€ million	2012/13	2011/12
Foreign exchange and currency translation gains	8.9	13.1
Gain on sales of current and non-current assets	4.5	6.5
Operating income from derivatives	1.5	4.6
Reversal of bad debt allowances	3.7	0.8
Income from special items	7.4	24.2
Other income	65.8	68.1
	91.8	**117.3**

Income from special items of € 7.4 (24.2) million includes, among other things, income from the successful completion of the process related to market regulatory risks. Income from the sale of properties of sugar factories that were shut down was reported under this item in the previous year. Included in other income of € 65.8 (68.1) million is income from the reversal of provisions (without provisions for taxes) of € 18.0 (19.6) million. This also includes insurance settlements totaling € 11.4 (4.3) million.

(9) Cost of materials

€ million	2012/13	2011/12
Cost of raw materials, consumables and supplies and of purchased merchandise	4,934.2	4,716.8
Cost of purchased services	226.0	208.4
	5,160.2	**4,925.2**

(10) Personnel expenses

€ million	2012/13	2011/12
Wages and salaries	619.4	571.7
Contributions to statutory old-age insurance	34.6	31.0
Social security, pension and welfare expenses	153.7	137.9
	807.7	**740.6**

Average number of employees during the year:

	2012/13	2011/12
Employees by segment		
Sugar	8,034	7,976
Special products	4,401	4,381
CropEnergies	321	310
Fruit	5,184	4,822
	17,940	**17,489**
Employees by geographic areas		
Germany	4,099	4,032
Other EU	9,410	9,147
Other countries	4,431	4,310
	17,940	**17,489**

The average number of employees in the group at fully and proportionately consolidated companies increased in 2012/13 by 451 to 17,940 (17,489). The increase by 362 employees in the fruit segment is primarily attributable to the addition of the two companies Ybbstaler Fruit Austria GmbH and Ybbstaler Fruit Polska Sp. z o.o. The herein comprised average number of employees at proportionately consolidated joint ventures (50 %) was 227 (221) at the balance sheet date.

(11) Depreciation

€ million	2012/13	2011/12
Intangible assets	14.6	15.7
Fixed assets	258.5	247.3
Depreciation and amortization	**273.1**	**263.0**
Intangible assets	0.2	0.1
Fixed assets	0.8	1.4
Impairment losses	**1.0**	**1.5**
Income from reversal of impairment losses	**0.0**	**-0.1**
Depreciations net	**274.1**	**264.4**
whereof operating	274.1	263.9
whereof results of restructuring and special items	0.0	0.5
Impairment according to segments		
Sugar segment	0.6	0.4
Special products segment	0.1	0.1
CropEnergies segment	0.0	0.1
Fruit segment	0.3	0.9
Total	**1.0**	**1.5**

(12) Other operating expenses

€ million	2012/13	2011/12
Selling and advertising expenses	437.4	425.5
Operating and administrative expenses	291.2	271.8
Expenses due to restructuring costs and special items	21.3	15.8
Operating lease expenses	14.0	12.3
Production levy	19.8	20.3
Losses on disposals of current and non-current assets	13.7	11.2
Foreign exchange and currency translation losses	14.0	11.5
Operating expense from derivatives	1.9	2.0
Other expenses	175.4	181.5
	988.7	**951.9**

The expenses from restructuring and special items of € 21.3 (15.8) million related mainly to provisions associated with irregularities discovered at the Mexican subsidiary AGRANA Fruit Mexico and for reorganization measures associated with European fruit preparation business activities.

(13) Income from operations

€ million	2012/13	2011/12
Income from operations	**956.9**	**759.0**
of which operating profit	973.6	751.3
of which restructuring costs and special items	-16.7	7.7

Income from operations of € 956.9 (759.0) million breaks down into an operating profit of € 973.6 (751.3) million plus the result of restructuring and special items amounting to € -16.7 (7.7) million. The breakdown of operating profit is found in segment reporting. The result of restructuring and special items is explained in the group management report in the section on the earnings position, assets and financial position.

(14) Income from companies accounted for using the equity method

€ million	2012/13	2011/12
Income from companies consolidated at equity	**13.1**	**0.9**

Income of € 13.1 (0.9) million from companies accounted for using the equity method includes the share of earnings from the Italian joint venture Maxi, Bolzano/Italy, and also – for the first time starting in 2012/13 – from ED&F Man, London/GB.

(15) Financial income and expense

€ million	2012/13	2011/12
Interest income	30.5	37.1
Interest expense	-83.1	-117.2
Interest income and expense, net	**-52.6**	**-80.1**
Other financial income	19.4	11.3
Other financial expense	-69.8	-30.7
Other financial income and expense, net	**-50.4**	**-19.4**
Financial expense, net	**-103.0**	**-99.5**
of which financial income	49.9	48.4
of which financial expense	-152.9	-147.9

The financial result in fiscal 2012/13 was € -103.0 (-99.5) million. The net interest expense was lowered from € -80.1 million to € -52.6 million with a nearly constant average level of debt compared to the prior year's figures. This is mainly due to the utilization of short-term commercial paper financing at low 1–3 month Euribor interest rates from March to September 2012. The net interest expense also contains expenses from the unwinding of the discount for provisions for pensions and similar obligations totaling € 27.8 (27.3) million and from the unwinding of the discount for other non-current provisions (without provisions for taxes) of € 3.3 (3.0) million.

The other financial expense (net) was € -50.4 (-19.4) million and primarily includes a one-time charge of € -39 million from the early repurchase of the 2009/2016 convertible bond in November 2012 (see also note (26) "Shareholders' equity" in the notes to the consolidated financial statements).

(16) Taxes on income

The projected theoretical tax expense of 29.1 % for fiscal 2012/13 was calculated by applying the German corporate income tax rate including the solidarity surcharge of 15.8 % and the trade tax on income of 13.3 %.

Following a significant rise in earnings before income taxes of € 867.0 (660.4) million, taxes on income were € 132.2 (145.5) million. One-time tax income of € 76.5 million is included in the financial year just ended from the successful conclusion of long-term tax court proceedings regarding taxation issues under the Foreign Transaction Tax Act (Außensteuergesetz). Accordingly, the comparable current tax expense was € 208.7 million or 24.1 % for the group tax rate following € 145.5 million or 22.0 % last year.

Reconciliation of the theoretical and recognized income tax expense is as follows:

€ million	2012/13	2011/12
Earnings before taxes on income	867.0	660.4
Theoretical tax rate	29.1 %	29.1 %
Theoretical tax expense (+)	**252.5**	**192.3**
Change in theoretical tax expense as a result of:		
Different tax rates	-11.1	-25.8
Tax reduction for tax-free income	-28.3	-14.9
Tax increase for non-deductible expenses	18.2	16.2
Out-of-period tax effects	-27.2	-22.6
Other	4.6	0.3
Taxes on income (adjusted)	**208.7**	**145.5**
Effective tax rate (adjusted)	**24.1 %**	**22.0 %**
Tax income from tax court	-76.5	0.0
Taxes on income	**132.2**	**145.5**

The tax expense of € 132.2 (145.5) million was comprised of current taxes paid or payable of € 135.1 (142.6) million and deferred tax income of € -2.9 million; a deferred tax expense of 2.9 million was included in the previous year.

Deferred tax is the result from temporary differences between tax accounting measures and the assets and liabilities recognized as set out in IFRS as well as from tax loss carryforwards. Deferred tax assets of € 154.6 (155.3) million were recognized for tax loss carryforwards expected to be used against future taxable income. Deferred tax assets totaling € 65.5 (105.2) million were not recognized as it is unlikely that the tax assets will be recoverable in the foreseeable future. Of the unrecognized deferred tax assets on loss carryforwards, € 51.9 (92.9) million relates to tax loss carryforwards that can be used indefinitely. An amendment to Belgian tax regulations was the primary reason for an impairment loss in the amount of € 1.2 (1.0) million on deferred tax assets on loss carryforwards recognized in previous years.

No deferred tax liabilities were recognized in relation to temporary differences for investments in subsidiaries totaling € 28.2 (27.8) million, since such gains are intended to be reinvested indefinitely and a reversal of these differences is thus not anticipated.

Deferred taxes raised income and expenses recognized directly in equity by € 39.5 (23.8) million during the reporting period. The main factor here was that deferred tax assets from actuarial gains and losses recognized directly in equity led to an equity-raising effect totaling € 38.1 (19.2) million.

The income taxes recognized directly in equity (primarily in retained earnings) largely resulted from the repurchase of the 2009/2016 convertible bond and raised equity by € 65.5 million; no comparable items were recognized in the previous year.

Deferred tax assets and liabilities relate to temporary differences in the following items on the balance sheet:

€ million 28/29 February	Deferred tax assets 2013	 2012	Deferred tax liabilities 2013	 2012
Fixed assets and intangible assets	42.4	43.2	162.8	155.1
Inventories	18.5	22.3	36.3	30.1
Other assets	24.6	16.9	4.4	13.6
Tax-free reserves	0.0	0.0	72.3	73.2
Provisions	93.4	63.1	21.3	18.3
Liablilities	21.9	15.0	26.1	35.3
Tax loss carry forwards	154.6	155.3	0.0	0.0
	355.4	**315.8**	**323.2**	**325.6**
Offsets	-235.4	-185.1	-235.4	-185.1
Balance sheet	**120.0**	**130.7**	**87.8**	**140.5**
of which non-current	**58.0**	**81.6**	**75.2**	**105.3**

(17) Research and development expenses

Research and development activities are outlined in the group management report. Research and development work was carried out by some 374 (363) staff. Research and development expenses amounted to € 41.6 (37.6) million.

(18) Earnings per share

€ million	2012/13	2011/12
Net earnings of the year	**734.8**	**514.9**
of which attributable to hybrid capital	26.2	26.2
of which attributable other non-controlling interest	115.5	112.4
of which attributable to shareholders of Südzucker AG	593.1	376.3
Earnings in € per share	**3.08**	**1.99**
Dilution effect	-0.14	-0.10
Diluted earnings in € per share	2.94	1.89

Of the net earnings for the year of € 734.8 (514.9) million, earnings of € 26.2 (unchanged) million are attributable to holders of the hybrid capital. Other non-controlling interests of € 115.5 (112.4) million consist mainly of outside shareholders of the AGRANA Group and the CropEnergies Group. This leaves shareholders of Südzucker AG with net earnings for the year of € 593.1 (376.3) million.

The earnings per share calculation (IAS 33) is based on the time-weighted average of 192.6 million outstanding shares in the financial year. In addition to subscribed capital of 189.4 million shares at the beginning of the reporting period, up to 0.6 million treasury shares were to be deducted pro rata temporis and the newly issued 14.8 million shares included pro rata temporis (see also note (26) "Shareholders' equity" in the notes to the consolidated financial statements). Earnings per share came in at € 3.08. The calculation of earnings per share for 2013/14 is based on the issued subscribed capital of 204.2 million shares on February 28, 2013.

Accounting for the complete conversion of the 2009/2016 convertible bond, the diluted earnings per share amount to € 2.94. The calculation is based on the assumed conversion of 15 million shares since the beginning of the financial year or a time-weighted average of 203.9 million shares. Net earnings after interests were adjusted for the after-tax effect of the convertible bond's time value of money contained therein.

(19) Income and expenses recognized directly in equity

Mio. €	2012/13	2011/12	+/- in %
Market value of hedging instruments (cash flow hedges)	**-3.1**	**-10.0**	**-69.0**
Revaluation not affecting income	-4.2	0.2	-
Realization resulting in a profit or loss	-0.2	-14.3	-98.6
Deferred taxes	1.3	4.1	-68.3
Market value of securities (available for sale)	**0.3**	**-3.2**	**-**
Revaluation not affecting income	0.3	-3.2	-
Deferred taxes	0.0	0.0	-
Exchange differences on net investments in foreign operations	**-0.3**	**-2.7**	**-88.9**
Revaluation not affecting income	-0.4	-3.2	-87.5
Deferred taxes	0.1	0.5	-80.0
Foreign currency differences from consolidation (including companies accounted for using the equity method)	**-10.7**	**-10.4**	**2.9**
Income and expenses to be recognized in the income statement in the future	**-13.8**	**-26.3**	**-47.5**
Actuarial gains and losses of defined benefit pension plans and similar obligations	**-91.8**	**-45.5**	**> 100**
Actuarial gains or losses not affecting income	-129.9	-64.7	> 100
Deferred taxes	38.1	19.2	98.4
Other comprehensive income	**-105.6**	**-71.8**	**47.1**

Net expenses recognized directly in group equity totaled € -105.6 (-71.8) million.

The main factor driving the change in income and expenses recognized directly in equity from last fiscal year was the change in reported actuarial gains and losses, which resulted from the revaluation of defined benefit pension plans and similar obligations by € -91.8 (-45.5) million, which was mainly due to the adjustment of the discount rate from 4.50 % to 3.50 %.

In addition, the consolidation-related exchange rate differences of € -10.7 (-10.4) million resulting especially from the weakening of the Hungarian forint and the Czech koruna (closing rate) weighed on income and expenses recognized directly in equity. The positive development of the Chilean peso stood in contrast to this. Also included here are the exchange differences of € -9.4 million from ED&F Man, a company accounted for using the equity method, as a result of the USD depreciation prevailing since initial consolidation.

The change to cash flow hedges not affecting income of € -3.1 (-10.0) million resulted primarily from the recognition of negative market values for bioethanol and energy swaps and wheat and corn futures.

Notes to the consolidated cash flow statement

(20) Notes to the consolidated cash flow statement

The cash flow statement, prepared in accordance with requirements set out in IAS 7 (Cash Flow Statements), shows the change in cash and cash equivalents of the Südzucker Group from the three areas of operating, investing and financing activities.

Gross cash flow from operating activities in 2012/13 was due to the strong earnings performance and rose to € 996.4 (822.8) million.

The funds committed due to the increase in working capital rose by € 219.7 million to € 305.9 million last year. This development was mainly the result of higher beet prices with nearly unchanged inventories and the first-time consolidation of Ybbstaler companies.

Investments in property, plant and equipment (including intangible assets) rose from € 276.1 million last year to € 338.2 million. Investments in the sugar segment totaled € 203.4 (145.5) million and included replacement spending and measures to increase energy efficiency. The increase in investments in the special products segment to € 88.8 (73.7) million is primarily due to the establishment of a wheat starch factory in Pischelsdorf, Austria. Investments totaling € 11.1 (14.4) million in the CropEnergies segment mainly served to further optimize plants and increase efficiency. Investments with a volume of € 34.9 (42.5) million in the fruit segment were, among other things, for factory relocation and expansion in Dachang, China, plant expansion in Serpuchov, Russia, and the installation of an additional production line in Centerville, USA.

Investments in financial assets totaled € 182.5 (10.1) million and included € 180.7 million to acquire a 25 % stake (minus one share) in the British commodities trading company ED&F Man, London/GB.

Profit distributions throughout the group in the financial year just ended totaled € 207.7 (168.0) million and included € 132.1 (104.1) million paid out to Südzucker AG's shareholders (€ 0.70/share) and € 75.6 (63.9) million to minority interests.

The € 291.2 million in cash inflow from corporate actions is primarily due to the repurchase of the convertible bond and the capital increase. Included in the cash outflow from the repayment of financial liabilities is the disposal of the convertible bond still recognized last year with a carrying amount of € 246.1 million. Due to the good liquidity development in the financial year just ended it was not necessary to issue commercial paper to finance the beet liabilities; the CPs with a nominal volume of € 150.0 million floated as of February 29, 2012 were repaid in April/May 2012. In addition, liabilities to banks were further reduced.

The balance of tax payments amounted to € 138.0 (73.8) million. Cash outflows from tax payments are generally allocated to operating activities. Cash inflows from a one-time tax refund from the successful conclusion of long-term tax court proceedings regarding taxation issues under the Foreign Transaction Tax Act are also included here. In contrast, the tax effects from the repurchase of the convertible bond are excluded from this in the current financial year; these are allocated to "financing activities". Cash inflows from a one-time tax refund from the successful conclusion of long-term tax court proceedings regarding taxation issues under the Foreign Transaction Tax Act are also included.

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

Other non-cash income of € -40.1 million presented in the cash flow statement was largely attributable to payments not yet received after termination of the above mentioned financial court proceedings on tax issues according to the Foreign Transaction Tax Act. The year before, other non-cash expenses of € 20.1 million mainly comprised non-cash effects (time value of money) in conjunction with the convertible bond and to exchange rate effects.

Notes to the consolidated balance sheet

(21) Intangible assets

€ million	Goodwill	Concessions, industrial and similar rights	Total
2012/13			
Acquisition costs			
March 1, 2012	1,729.5	187.4	1,916.9
Change in companies incl. in the consolidation and other changes	6.4	-0.2	6.2
Changes due to currency translation	0.0	-0.1	-0.1
Additions	0.0	5.6	5.6
Transfers	0.0	0.7	0.7
Disposals	0.0	-7.4	-7.4
February 28, 2013	1,735.9	186.0	1,921.9
Amortization and impairment losses			
March 1, 2012	-588.8	-136.5	-725.3
Change in companies incl. in the consolidation and other changes	0.0	0.3	0.3
Changes due to currency translation	0.0	0.1	0.1
Amortization for the year	0.0	-14.6	-14.6
Impairment losses	0.0	-0.2	-0.2
Transfers	0.0	0.0	0.0
Disposals	0.0	7.2	7.2
Reversals of impairment losses	0.0	0.0	0.0
February 28, 2013	-588.8	-143.7	-732.5
Net carrying amount February 28, 2013	**1,147.1**	**42.3**	**1,189.4**
2011/12			
Acquisition costs			
March 1, 2011	1,720.2	190.2	1,910.4
Change in companies incl. in the consolidation and other changes	11.1	0.1	11.2
Changes due to currency translation	-0.1	-0.1	-0.2
Additions	0.0	9.1	9.1
Transfers	0.0	0.9	0.9
Disposals	-1.7	-12.8	-14.5
February 29, 2012	1,729.5	187.4	1,916.9
Amortization and impairment losses			
March 1, 2011	-588.8	-133.5	-722.3
Change in companies incl. in the consolidation and other changes	0.0	0.0	0.0
Changes due to currency translation	0.0	0.1	0.1
Amortization for the year	0.0	-15.7	-15.7
Impairment losses	0.0	-0.1	-0.1
Transfers	0.0	0.1	0.1
Disposals	0.0	12.6	12.6
Reversals of impairment losses	0.0	0.0	0.0
February 29, 2012	-588.8	-136.5	-725.3
Net carrying amount February 29, 2012	**1,140.7**	**50.9**	**1,191.6**

Goodwill

At € 1,147.1 (1,140.7) million, the carrying amount of goodwill was higher than the prior year figure due to the full consolidation of AUSTRIA JUICE GmbH, Allhartsberg/Austria, effective June 1, 2012.

As set out in IAS 36 (Impairment of Assets) and IAS 38 (Intangible Assets), goodwill is not amortized but is subject to annual impairment tests (impairment-only approach). Impairment tests are to be made annually or more often if events or changed situations arise which indicate a possible impairment. The carrying amount of cash generating units (CGUs) is compared with their recoverable amount, being the higher of net sales price less selling expenses and value in use (leading value concept at Südzucker). An impairment loss is charged if the recoverable amount of a CGU is lower than its carrying amount. Impairments made to a CGU's goodwill cannot be reversed in subsequent periods.

When carrying out the impairment test, goodwill should be allocated to cash generating units or groups of cash-generating units. Südzucker has determined its CGUs based on its internal reporting structure. CGUs with goodwill in the Südzucker Group are the sugar and fruit segments and the BENEO, Freiberger and PortionPack divisions.

The carrying amount of each CGU is determined by allocating the operating assets and liabilities, including related goodwill and intangible assets, to the respective CGU. If the need for impairment identified exceeds the goodwill allocated to the CGU, the unit's other assets must be depreciated in relation to their carrying amounts.

The recoverable amount is the present value of future cash flows a CGU is expected to be able to generate. The value in use is determined based on a business valuation model (discounted cash flow). Future cash flows are determined based on budgets approved by the executive board and on the five-year plan valid at the time of carrying out the impairment test. These budgets are based on experience and expectations of future market developments.

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

Borrowing costs are calculated as a weighted average of the costs of equity and debt. The cost of equity is derived from the returns expected by Südzucker shareholders; the borrowing costs are derived from the refinancing conditions – primarily Südzucker's capital market environment.

The cost of equity is calculated based on a risk-free basic interest rate, a business risk premium (product of the market risk premium and the five-year beta factor for Südzucker shares) and a country risk premium. The cost of equity derived in this way is specified for each CGU by considering the respective country risks and business risks. The current imputed refinancing costs for bonds, hybrid capital and interest rates for pension obligations are used in the calculation of borrowing costs. The risk premium (credit spread) takes into account Südzucker's long-term rating of Baa1/BBB+. The target capital structure corresponds to a ratio of 70 % equity to 30 % debt. The cost of capital before taxes for the CGUs was between 6.8 and 8.4 % as of August 31, 2012.

We have assumed a growth rate to perpetuity after the five-year budget period of 1.5 % (un-changed) for the CGUs. The growth rate used to discount the perpetual annuity is below the growth rates determined in the detailed planning period and is primarily used to offset a general rate of inflation. Investments in the planning period are based on investment plans that have been ratified and take into account replacement investment requirements.

The following table presents an overview of the tested goodwill carrying amounts and the capital costs used for the respective impairment tests:

€ million 28/29 February	2013		2012		Weight average cost of capital 2012/13	2011/12
CGU Sugar	771.0	67.2 %	771.1	67.6 %	8.0 %	8.2 %
CGU Freiberger	158.9	13.9 %	158.9	13.9 %	6.8 %	8.1 %
CGU BENEO	84.9	7.4 %	84.9	7.4 %	8.2 %	8.0 %
CGU PortionPack	40.3	3.5 %	40.3	3.5 %	7.4 %	8.1 %
CGU Fruit	92.0	8.0 %	85.5	7.5 %	8.4 %	8.0 %
	1,147.1	**100.0 %**	**1,140.7**	**100.0 %**	**–**	**–**

No impairment was necessary in the 2012/13 financial year resulting from the regular annual goodwill impairment test as the value in use of the individual CGUs was higher than the carrying amount. An impairment test due to triggering events was not necessary during the course of the financial year.

The goodwill impairment test is based on future assumptions that determine the value in use of the CGUs. At the measurement date the values in use were significantly higher than the carrying amounts of the CGUs. The respective surpluses react sensitively to changes in operational plans, the growth rate in perpetuity and changes to the discount rate as key measurement parameters. However, from the current perspective it is not anticipated that potential changes to the key parameters would lead to the carrying amounts of goodwill exceeding their value in use and thereby require an adjustment in the next financial year. The key planning assumptions for the sugar CGU are determined based on the EU sugar market and the regulatory environment. Here, the key market development projections are based on estimates for EU sugar production volumes, the development of sugar imports and sugar revenues. The main cost factors of the CGU are commodity and energy costs.

Balanced market conditions in the EU sugar market will depend in particular on how imports from ACP nations and LDCs develop in the EU sugar market. These imports are largely dependent on price trends in the global sugar markets and to what extent the EU Commission's safeguards have their intended effect. Noting the tight supply situation for the 2011/12 and 2012/13 sugar marketing years, the EU allowed limited sales and marketing of non-quota sugar in the food market and permitted further global sugar imports. Balanced market conditions are expected in the 2013/14 sugar marketing year.

Concessions, industrial and similar rights

The carrying amounts of the item "Concession, industrial and similar rights" fell to € 42.3 (50.9) million due to higher write-downs.

(22) Property, plant and equipment

2012/13 € million	Land, land rights and buildings, including buildings on leased land	Technical equipment and machinery	Other equipment, factory and office equipment	Assets under construction	Total
Acquisition costs					
March 1, 2012	1,706.7	4,404.1	369.4	91.6	6,571.8
Change in companies incl. in the consolidation and other changes	12.4	8.2	2.2	-1.0	21.8
Changes due to currency translation	-1.7	-1.6	-0.6	0.0	-3.9
Additions	32.7	155.1	30.5	114.4	332.7
Transfers	18.1	40.0	3.5	-62.3	-0.7
Disposals	-21.3	-54.9	-18.8	-1.9	-96.9
February 28, 2013	1,746.9	4,550.9	386.2	140.8	6,824.8
Amortization and impairment losses					
March 1, 2012	-794.9	-2,947.9	-274.3	-0.6	-4,017.7
Change in companies incl. in the consolidation and other changes	0.0	0.2	0.3	0.0	0.5
Changes due to currency translation	1.3	2.9	0.3	0.0	4.5
Amortization for the year	-45.2	-188.6	-24.7	0.0	-258.5
Impairment losses	-0.5	-0.3	0.0	0.0	-0.8
Transfers	0.0	0.0	0.0	0.0	0.0
Disposals	12.7	50.6	17.3	0.0	80.6
Reversals of impairment losses	0.0	0.0	0.0	0.0	0.0
February 28, 2013	-826.2	-3,083.1	-281.1	-0.6	-4,191.4
Net carrying amount February 28, 2013	**920.3**	**1,467.8**	**105.1**	**140.2**	**2,633.4**

The carrying amount of fixed assets rose to € 2,633.4 (2,554.1) million. Investments totaled € 332.7 (267.0) million, annual depreciation was € 258.5 (247.3) million and disposals of property, plant and equipment (disposals at cost less depreciation and impairment losses) came in at € 16.3 (14.1) million. The investments are reduced by government grants totaling € 1.5 (2.1) million.

The exchange-related differences result mainly from the depreciation of the Hungarian forint and the Czech koruna (closing rate), with the Chilean peso in particular moving in the opposite direction and gaining strength; the result was an increase in the carrying amount of property, plant and equipment by € 0.6 million. Last year, the weakening of the Polish zloty and the Hungarian forint (closing rate) was primarily responsible for the reduction in the carrying amount of property, plant and equipment by € 6.1 million.

Details on the investments are included in the cash flow statement in these notes to the consolidated financial statements and in the segment information in the consolidated management report.

2011/12 € million	Land, land rights and buildings, including buildings on leased land	Technical equipment and machinery	Other equipment, factory and office equipment	Assets under construction	Total
Acquisition costs					
March 1, 2011	1,662.0	4,333.0	358.7	72.6	6,426.3
Change in companies incl. in the consolidation and other changes	1.6	1.4	0.3	0.1	3.4
Changes due to currency translation	-7.5	-8.2	-0.6	0.0	-16.3
Additions	49.8	115.6	23.9	77.7	267.0
Transfers	16.3	38.0	3.0	-58.2	-0.9
Disposals	-15.5	-75.7	-15.9	-0.6	-107.7
February 29, 2012	1,706.7	4,404.1	369.4	91.6	6,571.8
Amortization and impairment losses					
March 1, 2011	-764.4	-2,840.7	-265.7	-0.6	-3,871.4
Change in companies incl. in the consolidation and other changes	-0.3	-1.0	-0.2	0.1	-1.4
Changes due to currency translation	3.9	5.9	0.4	0.0	10.2
Amortization for the year	-44.0	-180.0	-23.2	-0.1	-247.3
Impairment losses	-0.1	-1.3	0.0	0.0	-1.4
Transfers	0.0	0.0	-0.1	0.0	-0.1
Disposals	10.0	69.1	14.5	0.0	93.6
Reversals of impairment losses	0.0	0.1	0.0	0.0	0.1
February 29, 2012	-794.9	-2,947.9	-274.3	-0.6	-4,017.7
Net carrying amount February 29, 2012	**911.8**	**1,456.2**	**95.1**	**91.0**	**2,554.1**

(23) Shares in companies accounted for using the equity method, securities and other investments

€ million	Shares in companies consolidated at equity	Securities	Other investments and loans
2012/13			
March 1, 2012	12.3	105.1	33.7
Change in companies incl. in the consolidation and other changes	-0.1	0.3	-0.2
Changes due to currency translation	-9.4	0.0	0.0
Additions	180.7	0.1	2.4
Share of profits	13.1	0.0	0.0
Transfers	0.0	0.0	0.0
Disposals/dividends	-6.5	0.0	-2.8
Impairment losses	0.0	0.0	-2.9
Reversals of impairment losses	0.0	0.0	0.0
February 28, 2013	**190.1**	**105.5**	**30.2**
2011/12			
March 1, 2011	11.1	105.4	32.4
Change in companies incl. in the consolidation and other changes	0.3	0.1	-0.7
Changes due to currency translation	0.0	0.0	0.0
Additions	0.0	0.6	2.3
Share of profits	0.9	0.0	0.0
Transfers	0.0	0.0	0.0
Disposals/dividends	0.0	-1.0	-0.3
Impairment losses	0.0	0.0	0.0
Reversals of impairment losses	0.0	0.0	0.0
February 29, 2012	**12.3**	**105.1**	**33.7**

The addition under the companies accounted for using the equity method in the amount of € 180.7 million related to the 25 percent stake (minus one share) taken in the British commodities trading company ED&F Man, London, GB.

(24) Inventories

€ million	28/29 February	2013	2012
Raw materials and supplies		426.2	414.8
Work in progress and finished goods			
Sugar segment		1,560.9	1,412.3
Special products segment		200.5	194.0
CropEnergies segment		36.8	30.2
Fruit segment		230.9	154.1
Total of work in progress and finished goods		2,029.1	1,790.6
Merchandise		112.3	118.3
		2,567.6	**2,323.7**

Inventories were higher than the year prior, rising € 243.9 million to € 2,567.6 (2,323.7) million, which was mainly due to the rise in inventories in the sugar segment and the fruit segment. The increase of finished goods and work in progress in the sugar segment is due to higher beet prices with nearly unchanged inventories. The increase in finished goods and work in progress in the fruit segment from € 154.1 million to € 230.9 million is mainly the result of the initial consolidation of Ybbstaler.

Write-downs of net disposal proceeds totaling € 7.6 (4.5) million related to raw sugar refining were necessary in the sugar segment, € 22.2 (6.9) million – especially due to changed utility – in the special products segment and € 3.7 (0.7) million in the fruit segment; as in the previous year, no write-downs were required in the CropEnergies segment. Reversals were made in the sugar and fruit segment as a result of the revaluation of previously written-down products totaling € 0.4 (0.0) million and € 0.6 (0.0) million, respectively.

(25) Trade receivables and other assets

€ million		Remaining term			Remaining term	
28/29 February	2013	to 1 year	over 1 year	2012	to 1 year	over 1 year
Trade receivables	**1,025.7**	**1,025.7**	**0.0**	**945.5**	**945.5**	**0.0**
Receivables due from the EU from export recoveries	**1.1**	1.1	0.0	**6.2**	6.2	0.0
Other taxes recoverable	**167.7**	167.7	0.0	**175.8**	175.8	0.0
Positive market value derivatives	**7.9**	7.9	0.0	**24.9**	24.9	0.0
Other financial assets	**107.0**	62.8	44.2	**89.0**	80.2	8.8
Other non-financial assets	**41.9**	41.9	0.0	**70.2**	70.0	0.2
Other Assets	**325.6**	**281.4**	**44.2**	**366.1**	**357.1**	**9.0**

Trade receivables rose € 80.2 million to € 1,025.7 (945.5) million mainly due to higher revenues in the sugar segment with shorter payment terms. This item also includes receivables from sugar shipments to Maxi S.r.L., Bolzano/Italy, an Italian distributor consolidated at equity; the previous year has been adjusted accordingly.

Other non-financial assets of € 41.9 (70.2) million are mainly related to advances made, accruals/deferrals and purchased CO_2 emission certificates.

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

€ million 28/29 February	2013	2012
Total trade receivables	1,083.3	998.3
Value adjustment	-57.6	-52.8
Net carrying amount	**1,025.7**	**945.5**

The development of the allowance account for trade receivables is shown below:

€ million	2012/13	2011/12
Value adjustments at 1 March	**52.8**	**50.4**
Change in companies incl. in the consolidation/currency translation/other changes	-0.9	-0.1
Additions	10.8	5.2
Use	-1.4	-1.9
Release	-3.7	-0.8
Value adjustments at 28/29 February	**57.6**	**52.8**

The following table shows information related to the credit risk associated with the trade receivables. Trade receivables before allowances totaled € 1,025.7 (945.5) million; € 879.2 (798.7) million of this amount was not yet due. The aging structure of past-due receivables is as follows:

€ million 28/29 February	2013	2012
Receivables not past due before allowances	879.2	798.7
Past-due receivables without specific-debt allowances	146.5	146.8
of which up to 10 days	48.7	59.1
of which 11 to 30 days	36.2	35.4
of which 31 to 90 days	47.0	33.4
of which > 90 days	14.6	18.9
Net carrying amount	**1,025.7**	**945.5**
Receivables including specific-debt allowances	57.6	52.8
Total trade receivables	**1,083.3**	**998.3**

Südzucker mitigates default risks on accounts receivable by constantly monitoring the credit-worthiness and payment history of debtors and granting commensurate lines of credit. In addition, risks are capped using credit insurance and bank guarantees, and credit management throughout the group has been further standardized and expanded. With respect to trade receivables neither impaired nor in default, no indications existed as of February 28, 2013 that debtors would not meet their payment obligations.

We expect to receive payment for past due trade receivables that have not been impaired; these receivables are also included in the Südzucker Group's trade credit insurance program.

(26) Shareholders' equity

As of February 28, 2013, the **issued subscribed capital** is valued at € 204,183,292 and consists of 204,183,292 bearer shares; these exclusively represent no-par value ordinary shares, each of which represents a notional holding of € 1 per share. Südzucker AG held no **treasury shares** as of the balance sheet date; hence the issued subscribed capital corresponds to the **outstanding subscribed capital**.

The **capital reserve** applies to Südzucker AG. It includes the inflows of external funds required to be included as per article 272 HGB, which resulted from the share premium from capital increases or the agreement on option premiums taking into account the mandatory IFRS reduction of associated costs including applicable taxes.

Repurchase of convertible bond and capital increase
Südzucker had issued a convertible bond 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 of issuance.

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 € 400,020 (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 in the first quarter of 2012/13 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 respective acquisition costs were recognized in equity. 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. In the third quarter 2012/13, 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.

The good performance of Südzucker shares facilitated 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 € 576,511 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 € 451 million in proceeds was credited to equity less transaction costs of € 3 million and applicable taxes.

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 repurchased with a nominal value of € 279,350,000 at an offer price of 182.50 % and a total volume of € 510 million. The repurchase price attributable to the equity component of the convertible bond plus the transaction costs of € 1 million and applicable taxes – altogether € 161 million – was charged to equity. The repurchase price attributable to the liability component was recognized in financial expenses in the amount exceeding the carrying amount of the convertible bond including the associated costs of € 2 million, which altogether totaled € 39 million. The repurchased convertible bonds were devalued after the transaction was complete.

On November 30, 2012, Südzucker announced the early cancellation for the remaining nominal volume of the convertible bonds of € 3,700,000 as per article 3 (4) of the conditions of issue of the bond. Conversion rights with a nominal value of € 3,600,000 were exercised by December 19, 2012. 211,415 shares were issued from conditional capital to service these conversion declarations. 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 issued **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, which corresponds to 14,788,585 shares.

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, corresponding to 381,731 shares.

See the section "Takeover-relevant information (article 315 (4) HGB)" in the group management report for other disclosures on shareholders' equity.

Hybrid capital includes the hybrid bond issued in summer 2005 with a nominal value of € 700 million and a coupon of 5.25 % p.a.; annual distribution amounts to € 36.7 million before tax and € 26.2 million after-tax. The major features of this financial instrument are its indefinite maturity, a one-sided quarterly call right by Südzucker from June 30, 2015, a dividend-dependent coupon and the subordinated rights of the holders. If the call right cannot be exercised by Südzucker, the hybrid bond has a floating rate coupon based on 3M Euribor plus 3.10 % p.a. The call option is subject to the condition that Südzucker has issued securities of equal rank and/or subordinated securities with similar features within 12 months of the effective date of the call with proceeds from the issue equaling the amount to be paid for calling the hybrid bond (as per article 6 (5) and (6) of the conditions of issue of the bond). Based on these characteristics, Südzucker can fully recognize the hybrid instrument as equity for IFRS purposes. Additional information regarding the hybrid bond is available under note (30) "Financial liabilities, securities and cash and cash equivalents (net financial debt)" and on the Südzucker corporate website at www.suedzucker.de/en/Investor-Relations/Anleihen/.

Other comprehensive income comprises the revaluation surplus and the effects of consolidation-related foreign currency translation. The components of the revaluation surplus are the measurement of hedges not recognized through profit or loss (cash flow hedges) and the foreign currency translation from net investments in foreign operations. **Retained earnings** include undistributed profit for the period and actuarial gains and losses from defined benefit pension plans and similar obligations. The share premium is deducted from retained earnings if treasury shares are purchased. Income and expenses recognized directly in equity in the statement of comprehensive income are described under note (19).

(27) Provisions for pensions and similar obligations

As part of defined contribution retirement benefit plans, Südzucker pays contributions, either based on statutory or contractual requirements or on a voluntary basis, to state or private insurers. Current contributions are included as personnel expenses in the income statement and amounted to € 34.6 (31.0) million for the group. The company has no further obligation after paying the contributions.

There are similar obligations, particularly relating to foreign group companies, which are calculated actuarially, including estimates of future cost trends.

Pension plans within the Südzucker Group mainly consist of defined benefit plans. Pension benefits are normally granted based on years of service with the company and benefit-related remuneration.

Provisions for pensions and similar obligations are calculated actuarially using the projected unit credit method and estimated future trends in accordance with IAS 19 (Employee Benefits).

The following actuarial assumptions were made in determining the defined benefit obligation and, in certain cases, related plan assets:

in % 28/29 February	2013	2012
Discount rate	3.50	4.50
Expected increase in remuneration	3.25	3.25
Expected increase in pension	2.25	2.25
Expected return on plan assets	4.26	4.43

The discount rate for pension obligations is determined by reference to market yields observable at the balance sheet date on high-quality, fixed-rate corporate bonds with a maturity corresponding to the average term of the pension obligations. Other company-specific actuarial assumptions such as staff turnover are also considered in the calculations. The biometric calculations were based on recognized current country-specific life expectancy tables, such as the Heubeck 2005 G actuarial tables in Germany. Market changes in high-quality corporate bonds, which serve as the basis for determining the actuarial interest rate for plans in the euro zone, led to an expansion of the portfolio during the financial year: Bonds that have received a rating of AA from at least one rating agency are now included. In addition, the minimum volume for consideration was lowered to € 50 million, and information from corporate bonds with an A rating (after deducting the spread between AA and A) have also been considered. As it is no longer possible to derive the actuarial interest rate based on the previous database for the euro zone and this method has thus been discontinued, it is not possible to calculate the effects of this expansion at the end of the fiscal year. However, estimates on the development of both portfolios make it seem possible that the previous database would have led to a 40 basis points lower actuarial interest rate and thus to € 52 million higher defined benefit obligations for plans in the euro zone.

Expense for company pension plans is made up as follows:

€ million	2012/13	2011/12
Current service cost	16.6	14.3
Past service cost	0.5	0.9
Effect of curtailments or settlements	-0.1	-0.8
Interest cost	27.8	27.3
Expected return on plan assets	-4.5	-4.6
	40.3	**37.1**

Interest cost and expected returns on plan assets have been included in the financial result. Costs representing additional entitlements in the period are included under personnel expense. The actual return on plan assets was € 5.5 (3.5) million.

Actuarial gains and losses are recognized in full and on an accrual basis. They are recognized directly in equity in the statement of recognized income and expense.

The Südzucker Group's recognized net liability is derived from the difference between the defined benefit obligation and the fair value of plan assets, adjusted for unrecognized past service cost, and is determined as follows:

€ million 28/29 February	2013	2012
Defined benefit obligations for direct pension benefits	797.7	654.3
Fair value of plan assets	-110.4	-106.6
Obligations not covered by plan assets	687.3	547.7
Past service cost	-4.1	-1.6
Provisions for pensions and similar obligations	**683.2**	**546.1**
Discount rate	3.50 %	4.50 %

Of the defined benefit obligation of € 797.7 (654.3) million, € 180.4 (160.4) million is partially or completely covered by plan assets.

Movements in the provisions were as follows:

€ million	2012/13	2011/12
Provision at 1 March	**546.1**	**476.9**
Change in consolidated companies (and other)	4.2	-0.1
Pension expenses	40.3	37.1
Change recognized in equity	129.9	64.7
Contributions to fund assets	-5.0	-3.5
Pension payments during the period	-32.3	-29.0
Provision at 28/29 February	**683.2**	**546.1**

Pension payments of € 32.3 million were made in the 2012/13 financial year; comparable pension payments of around € 35 million are expected for the 2013/14 financial year.

The change in actuarial gains and losses recognized in other comprehensive income amounted to € 129.9 (64.7) million. The change was due, among other things, to the adjustment of the discount rate from 4.50 % to 3.50 % and to experience adjustments to salaries, pensions and mortality rates. Last year, the change in actuarial gains and losses was primarily due to effects related to the lowering of the discount rate from 5.00 % to 4.50 % and adjustments to the parameters for salary and pension increases. As of February 28, 2013, cumulative actuarial gains and losses – without consideration of deferred taxes – were offset in the amount of € -281.3 (-154.1) million against the retained earnings.

The development of plan assets is shown below:

€ million	2012/13	2011/12
Fair value of plan assets on March 1	**106.6**	**106.1**
Change in consolidated companies (and other)	-0.1	0.0
Expected income on plan assets	4.5	4.6
Actuarial gains and losses	1.0	-1.1
Employer contributions to the funds	5.0	3.5
Employee contributions to the funds	0.3	0.3
Payments from plan assets	-6.9	-6.8
Fair value of plan assets on February 28/29	**110.4**	**106.6**

The primary investment objective for the pension plan assets is to provide full coverage of benefit obligations associated with the respective pension commitments. The plan assets thus consist mainly of fixed-interest securities with an associated risk structure that guarantees longterm fulfillment of the obligations. Plan assets also include equity securities and insurance contracts, and to a limited extent, property. The fixed-interest securities are guided by the returns expected from government bonds. A guaranteed minimum interest rate is assumed for the insurance contracts. Plan assets do not comprise own financial instruments or owner-occupied property.

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

in % 28/29 February	2013	2012
Fixed-interest securities	68.5	69.9
Shareholders' equity	27.4	25.6
Insurance contracts	0.3	0.2
Investment property	3.8	4.3

The defined benefit obligation changed as follows during the reporting period:

€ million	2012/13	2011/12
Benefit obligations at 1 March	**654.3**	**584.4**
Change in consolidated companies (and other)	4.2	0.0
Current service costs (and other)	16.6	14.3
Past service cost	2.9	1.0
Interest on benefit rights acquired in previous years	27.8	27.3
Returns on plan assets	0.3	0.3
Actuarial gains (-)/losses (+)	130.9	63.6
Plan adjustment	-0.1	-0.8
Plan settlement	0.0	0.0
Pension payments during the period	-39.2	-35.8
Benefit obligations on 28/29 February	**797.7**	**654.3**

In the past five years, the defined benefit obligations, the fair value of the plan assets and the part of the defined benefit obligations financed by provisions changed as follows:

€ million 28/29 February	2013	2012	2011	2010	2009
Defined benefit obligations for direct pension benefits	797.7	654.3	584.4	561.5	505.2
Fair value of plan assets	-110.4	-106.6	-106.1	-89.2	-83.4
Portion of defined benefit obligation financed through provisions	**687.3**	**547.7**	**478.3**	**472.3**	**421.8**
Discount rate	3.50 %	4.50 %	5.00 %	5.00 %	5.50 %

The experience-based adjustments to the present values of all defined benefit obligations and the fair value of the plan assets developed in the past years as follows:

€ million 28/29 February	2013	2012	2011	2010	2009
Experience adjustments to the defined benefit obligation	25.2	-0.4	0.1	-1.0	-1.2
Experience adjustments to plan assets	-1.0	1.1	-3.0	2.8	0.0

The experience adjustments reflect the effects on the existing pension obligations arising from the discrepancy between the actual portfolio growth and the assumptions made at the beginning of the fiscal year. In the assessment of the pension obligations, this includes in particular wage and salary increases, pension adjustments, staff turnover and biometric data such as invalidity and mortality rates.

(28) Movements in other provisions

€ million 28/29 February	2013	Short-term	Long-term	2012	Short-term	Long-term
Personnel-related provisions	**75.5**	15.9	59.6	**70.9**	18.6	52.3
Provisions for litigation risks and risk precautions	**142.0**	133.6	8.4	**116.3**	105.5	10.8
Provisions for taxes	**99.1**	0.0	99.1	**93.3**	0.0	93.3
Other provisions	**57.8**	39.5	18.3	**76.7**	59.5	17.2
Total	**374.4**	**189.0**	**185.4**	**357.2**	**183.6**	**173.6**

Movements in other provisions during the reporting period were as follows:

€ million	Personnel-related provisions	Provisions for litigation risks and risk precautions	Provisions for taxes	Other provisions	Total
March 1, 2012	**70.9**	**116.3**	**93.3**	**76.7**	**357.2**
Change in companies incl. in the consolidation and other changes	-1.5	-0.3	0.3	0.1	-1.4
Changes due to currency translation	0.0	0.0	0.0	-0.2	-0.2
Additions	25.1	36.5	73.7	30.4	165.7
Use	-10.1	-7.7	-68.1	-42.9	-128.8
Release	-8.9	-2.8	-0.1	-6.3	-18.1
February 28, 2013	**75.5**	**142.0**	**99.1**	**57.8**	**374.4**

Personnel-related provisions of € 75.5 million are primarily made up of largely non-current provisions for long-service awards, provisions for part time early retirement and largely short-term provisions for termination benefit plans and are higher than last year. Of the total amount of € 75.5 million, € 15.9 million is expected to be used in 2013/14 with the remaining € 59.6 million to be used in subsequent years.

The provisions for processes and risks are mainly associated with risks related to the value-added tax back payments for sugar deliveries to Italy from 1994 to 1995, legal risks and environmental risks. Of the total amount of € 142.0 million, € 133.6 million is expected to be used in 2013/14 with the remaining € 8.4 million to be used in subsequent years.

Tax provisions of € 99.1 million primarily comprise risks related to audits from earlier fiscal years and are solely long term.

Remaining other provisions declined from € 76.7 million to € 57.8 million. These relate mainly to non-current provisions for restoration obligations, together with current and non-current provisions for recultivation and environmental obligations primarily associated with sugar production. Provisions have also been made for the allocation of emissions certificates by the German Emissions Trading Authority (Deutsche Emissionshandelsstelle) and other similar bodies in the European Union. The use of these provisions is expected to total € 39.5 million in the 2013/14 financial year and € 18.3 million in subsequent years.

The additions and accruals relating to tax provisions are recognized in the income statement in the item "Taxes on income". For all other provisions, additions are shown in the relevant expense type and accruals in the interest expense within the financial expense. The interest expense recognized in the year under review amounted to € 3.3 (3.0) million. The expected disbursement of provisions from 2014/15 and later on will be increased by future accrued interest.

(29) Trade payables and other liabilities

€ million		Remaining term			Remaining term	
28/29 February	2013	to 1 year	over1 year	2012	to 1 year	over 1 year
Liabilities to beet growers	**860.0**	860.0	0.0	**794.6**	794.6	0.0
Liabilities to other trade payables	**456.9**	456.9	0.0	**439.8**	439.8	0.0
Trade payables	**1,316.9**	**1,316.9**	**0.0**	**1,234.4**	**1,234.4**	**0.0**
Liabilities for production levy	**22.3**	22.3	0.0	**24.7**	24.7	0.0
Liabilities for personnel expenses	**140.0**	138.8	1.2	**118.0**	116.9	1.1
Liabilities for other taxes and social security contributions	**51.2**	51.2	0.0	**50.4**	50.4	0.0
Negative market value derivatives	**24.8**	24.8	0.0	**48.5**	48.5	0.0
Other financial liabilities	**171.2**	156.0	15.2	**188.7**	176.7	12.0
Other non-financial liabilities	**15.8**	15.8	0.0	**15.4**	15.4	0.0
On-account payments received on orders	**3.7**	3.7	0.0	**5.2**	5.2	0.0
Other liabilities	**429.0**	**412.6**	**16.4**	**450.9**	**437.8**	**13.1**

The increase in payables to beet farmers from € 794.6 million to € 860.0 million is mainly the result of higher beet prices.

Liabilities for personnel expenses mainly represent commitments for bonuses, premiums, vacation and overtime pay.

Other financial liabilities totaling € 171.2 (188.7) million include, among other things, deferred interest and liabilities for outstanding invoices. Other non-financial liabilities totaling € 15.8 (15.4) million primarily include accrued and deferred items.

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

€ million		Remaining term			Remaining term	
28/29 February	2013	to 1 year	over 1 year	2012	to 1 year	over 1 year
Bonds	**433.1**	26.9	406.2	**827.3**	176.7	650.6
of which convertible	**0.0**	0.0	0.0	**246.1**	0.0	246.1
Liabilities to banks	**662.2**	260.4	401.8	**677.8**	397.2	280.6
Liabilities from finance leasing	**0.2**	0.0	0.2	**0.3**	0.1	0.2
Financial liabilities	**1,095.5**	**287.3**	**808.2**	**1,505.4**	**574.0**	**931.4**
Securities (non-current assets)	-105.5			-105.1		
Securities (current assets)	-42.1			-108.1		
Cash and cash equivalents	-483.5			-501.5		
Net financial debt	**464.4**			**790.7**		

Gross financial liabilities declined by € 409.9 million from € 1,505.4 million to € 1,095.5 million. Investments in securities and cash and cash equivalents decreased, moving from € 714.7 million to € 631.1 million. Net financial debt declined accordingly, falling by € 326.3 million to € 464.4 (790.7) million. Of the financial debt totaling € 1,095.5 million, € 808.2 million, or 73.8 %, is available to the Südzucker Group in the long-term.

Financial management

The financing of the Südzucker Group is based on sustainable cash flows, strong relationships with the shareholder groups behind the company, access to international capital markets and reliable banking relationships. The investment grade rating is the foundation for financing and secures access to equity and debt financing instruments. The communication with capital market participants pursues a policy of financial transparency based on a reporting system in which the same measurement and reporting principles apply in the corporate planning as well as the reporting processes. Südzucker has a financial advantage over its competitors because of its reliable access to capital markets when making investment decisions. At the same time, we are aware of our responsibility toward our investors.

Südzucker uses an optimal mix of long-term financial instruments, taking into consideration terms to maturity and interest rates. These include hybrid capital, convertible bonds, bonds, commercial paper programs, promissory notes and syndicated or bilateral bank credit lines. These instruments are normally prepared by the Dutch financing company Südzucker International Finance B.V. and are guaranteed by Südzucker AG. They are used throughout the group. Acquisitions and investments are financed in consideration of the ratios that must be maintained to keep the company's investment grade rating.

The unique financing requirements during the fiscal year due to the seasonality of the sugar sector (financing beet purchases and inventories) means that securing short-term cash is an important aspect of our financing structure. Short-term financing requirements are covered by a commercial paper program of € 600 million or a syndicated credit line of € 600 million for Südzucker and syndicated credit lines of € 450 million for the AGRANA Group. In addition, the group also has bilateral bank facilities at its disposal.

Südzucker's financing policies are conservative and aim to safeguard the company's profitability, liquidity position and stability. They are accompanied by systematic financial management (cash and liquidity management), as well as an integrated risk management system. Our financing policies are based on the following objectives:

- Maintain a strong capital structure through long-term equity financing provided by the shareholder groups behind the company
- Use diversified debt instruments taking into consideration a balanced maturity structure
- Have access to sufficient short-term liquidity at all times
- Safeguard the company's investment grade rating by complying with the relevant key indicators
- Manage financial risks using an integrated risk management system

At present, Südzucker is primarily financed through the following financial instruments:

Hybrid bond

Südzucker International Finance B.V. issued an infinite, subordinated hybrid bond with a volume of € 700 million in July and August 2005. The subordinated bond has a fixed coupon of 5.25 % p.a. for the first ten years. From June 30, 2015, Südzucker can call the bond for the first time at the nominal value and repay it early (call option). This call option is subject to the condition that Südzucker has issued securities of equal rank and/or subordinated securities with similar features within 12 months of the effective date of the call with proceeds from the issue equaling the amount to be paid for calling the hybrid bond (as per article 6 (5) and (6) of the conditions of issue of the bond). If the hybrid bond cannot be called, a floating rate coupon is applied for the remaining term based on the offer rate in the interbank market in the euro zone for three-month deposits plus 3.10 % (3M Euribor plus 3.10 % p.a.). Coupon payments are payable quarterly in the subsequent quarter.

Furthermore, the conditions of issue of the bond provide Südzucker, in the event of a dividend or cash flow event, with the option or obligation to defer the interest coupon payments. An optional (voluntary) coupon suspension may occur if no dividend was approved for shares of Südzucker at the last annual general meeting. A cash flow event is triggered when consolidated gross cash flow from operating activities falls below 5 % of the group's consolidated revenues. As of February 28, 2013, gross cash flow was € 996.4 million, or 12.6 % of the € 7,878.8 million in consolidated revenues.

The rating agency Moody's has recognized the equity share of the subordinate bond at 75 % and Standard & Poor's at 50 %, which improves the group's creditrating-related debt indicators. The subordinated bond is recognized as equity in accordance with IFRS – see also explanatory notes in note (26) Shareholders' equity.

Additional information regarding the 5.25 % hybrid bond is available on the Südzucker corporate website at www.suedzucker.de/en/Investor-Relations/Anleihen/.

2011/2018 Bond

On March 22, 2011, Südzucker International Finance B.V. issued a bond with a nominal value of € 400 million and a 4.125 % coupon. The bond is guaranteed by Südzucker AG and has a term of seven years, maturing on March 29, 2018. Rationale was the early refinancing of the € 500 million 2002/2012 bond with a 5.75 % coupon, which was repaid on February 27, 2012. Additional information regarding the 4.125 % 2011/2018 bond is available on the Südzucker corporate website at www.suedzucker.de/en/Investor-Relations/Anleihen/.

2009/2016 Convertible bond

Südzucker had issued a convertible bond 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 already the aim at the time the bond was issued. The option premium recognized in equity was € 51.7 million; the debt capital portion as of February 29, 2012 was still reported under non-current financial liabilities. The convertible bond was repurchased in November 2012 / called prior to the maturity date at the nominal value and repaid with an effective date of January 9, 2013. See note (26) "Shareholders' equity" for more information on the partial repurchase and devaluation and the call and prepayment of the convertible bond.

Other bonds

Other bonds having a nominal value of € 36.1 (34.9) million and bearing interest at an average of 1.64 % (1.64 %) were issued by Raffinerie Tirlemontoise S.A., Brussels/Belgium, and mature in 2013 through 2018.

Commercial paper program

The commercial paper program (CP program) serves short-term financing in the capital market. Investors in CP are mainly institutional investors. The CP program has a total line of € 600 million and enables Südzucker to issue short-term debt securities based on requirements and the market situation. An accumulated CP volume of approx. € 1.5 billion was placed on the market from February to September 2012, with an average interest rate of approximately 0.45 % and maturities of one to three months. As at February 28, 2013, the CP program was not utilized. At the balance sheet date of the previous year, CPs were outstanding with a nominal volume of € 150.0 million and maturities between one and three months. These were reported under the bonds with a carrying amount and fair value of € 149.8 million.

€ million	February 28, 2013	Due date	Coupon	Carrying amount	Fair value	Nominal value
Bond 2011/2018		29.03.2018	4.125 %	397.0	451.5	400.0
Other bonds				36.1	36.1	36.1
Bonds				**433.1**	**487.6**	**436.1**

In total, the nominal value of all bonds at the balance sheet date was € 436.1 million and their fair value was € 487.6 million. Of all bonds with a combined carrying amount of € 433.1 million, € 425.1 million was for fixed-interest bearing bonds and € 8.0 million was for floating-rate bonds.

Liabilities to banks

Liabilities to banks as of the balance sheet date were € 662.2 (677.8) million with an average interest rate of 2.63 % (3.10 %). They also include the promissory notes with a volume of € 155.5 million, which are explained below. Of these liabilities to banks, € 281.4 (214.5) million were fixed-interest and € 380.8 (463.3) million were variable. As of the balance sheet date, liabilities to banks of € 1.4 (2.0) million were secured by mortgage rights and € 8.1 (19.4) million by other liens. In the 2012/13 financial year, promotional loans from KfW were taken up in the amount of € 85.5 million with a ten year term for investments in energy saving measures.

€ million 28/29 February	2013	Remaining term to 1 year	over 1 year	2012	Remaining term to 1 year	over 1 year	Average effective rate of interest in % 2012/13	2011/12
Fixed coupon								
EUR	269.4	15.7	253.7	195.1	55.6	139.5	3.25	3.99
USD	10.8	10.8	0.0	19.4	19.4	0.0	1.77	2.09
CNY	1.2	0.0	1.2	0.0	0.0	0.0	6.65	0.00
Total	**281.4**	**26.5**	**254.9**	**214.5**	**75.0**	**139.5**	**3.21**	**3.82**
Variable interest rate								
EUR	297.1	151.4	145.7	362.3	221.3	141.0	1.31	1.85
BAM	0.3	0.3	0.0	0.3	0.3	0.0	4.70	5.35
ARS	0.7	0.7	0.0	0.0	0.0	0.0	20.61	0.00
CNY	9.9	9.9	0.0	6.0	6.0	0.0	5.85	6.10
EGP	0.0	0.0	0.0	0.4	0.4	0.0	0.00	8.18
GBP	0.0	0.0	0.0	1.3	1.3	0.0	0.80	1.94
HUF	30.9	30.9	0.0	46.7	46.7	0.0	6.33	7.65
KRW	5.3	5.3	0.0	3.3	3.3	0.0	1.33	5.22
MXN	5.1	3.9	1.2	20.8	20.8	0.0	10.50	6.25
PLN	22.1	22.1	0.0	7.3	7.3	0.0	4.60	5.54
USD	9.4	9.4	0.0	14.9	14.8	0.1	1.79	1.61
Total	**380.8**	**233.9**	**146.9**	**463.3**	**322.2**	**141.1**	**2.20**	**2.77**
Liabilites to bank	**662.2**	**260.4**	**401.8**	**677.8**	**397.2**	**280.6**	**2.63**	**3.10**

Promissory notes

As an alternate source of capital market financing, Südzucker placed a promissory note valued at € 150.5 million in April 2009 with a term of five years, maturing in April 2014. The remaining € 45.5 million has a fixed interest rate and is shown under liabilities to banks; the portion with a variable interest rate was repaid in the 2011/12 financial year. AGRANA placed promissory notes with a total volume of € 110.0 million in April 2012. The individual tranches have maturities of five, seven and ten years. Of the total volume, € 36.0 million has a fixed interest rate (2.84 % to 4.50 %) and € 74.0 million is variable (6M Euribor +1.35 to 1.60 %).

Syndicated credit lines

In June 2011, Südzucker signed an agreement for a revolving credit line of € 600 million for the purpose of general corporate financing and to use as a backup credit line to the CP program. The syndicated credit line has a term of five years ending in 2016, and can be extended twice for an additional year each time. The new credit line is made available by 17 banks, which form Südzucker Group's core banking group. In addition to Südzucker AG and Südzucker International Finance B.V., CropEnergies AG can draw on this credit line for an amount up to € 100 million as an alternate borrower. As at February 28, 2013, no funds had been drawn against the credit line.

In December 2012, AGRANA signed an agreement for a syndicated line of credit of € 450 million for the purpose of general corporate financing. The credit line has a term of three years ending in 2015, and can be extended twice for an additional year each time. The new credit line is made available by five banks.

Finance lease

Südzucker finances assets only in exceptional cases using finance leases. Of the liabilities from finance leases of € 0.2 (0.3) million, the amount of € 0.0 (0.1) million is due within one year and the amount of € 0.2 (unchanged) million is due between one and five years. The leased assets (buildings, technical equipment and machinery) are included in property, plant and equipment at carrying amounts totaling € 0.2 (0.3) million. The nominal value of minimum lease payments totaled € 0.3 (0.4) million.

Securities and cash and cash equivalents
Investments in securities totaling € 147.6 (213.2) million were mainly in fixed-interest securities. Cash and cash equivalents decreased year-on-year by € 18.0 million from € 501.5 million to € 483.5 million. As part of daily treasury management, these funds are invested in standard money market overnight and time deposits.

Other explanatory notes

(31) Risk management within the Südzucker Group

The group is subject to loan default risk (default and credit risks) and liquidity risk. Financial risks include interest rate risk and currency risk arising from financing and investing in foreign currencies. In its operations, the Südzucker Group is also primarily exposed to market price risk for sugar exports, bioethanol sales, energy procurement and grain and corn purchases as well as currency risk associated with sales and procurement. Investment securities, which are subject to equity price risk, are immaterial in the Südzucker Group.

Credit risk management
The receivables of the Südzucker Group are primarily due from companies in the food industry, the chemical industry and in retail.

Outstanding or uncollectible receivables can have a negative impact on the success of the Südzucker Group. Südzucker has early warning systems in place to monitor potential bad debts.

The principles of credit risk management in the Südzucker Group are:

- Creditworthiness checks for potential new customers and continuous monitoring of the credit rating of existing customers
- Taking out commercial credit insurance policies for each customer as part of an international credit insurance program that can be supplemented as needed with additional securities such as bank guarantees or letters of credit
- System-based credit limit checks for each order in the operational systems
- Standardized dunning

Each operational unit is responsible for implementing and monitoring the corresponding processes.

The operational units also compile a credit risk report on a monthly basis and the information is consolidated at the group level. This permits the tracking of the development of key indicators such as day sales outstanding (DSO), age structure of the receivables or type of credit enhancements within the scope of credit risk monitoring.

Allowances are recognized to cover residual risk from trade receivables. The required allowances are guided by the actual default risk. In accordance with internal group policies, all amounts recognized for receivables are regularly adjusted via allowances as a separate item. The carrying amounts reflect the maximum default risk from trade receivables. The carrying amounts of past due trade receivables and receivables for which specific debt allowances have been recognized are disclosed in note (25) of the notes to the financial statements.

The maximum credit risk from other assets corresponds to the carrying amounts of these instruments; in the opinion of the Südzucker Group, this risk is not material.

Counterparty risk in the financial area primarily exists when there is excess liquidity. The main criterion for the selection of a bank as a business partner is particularly its short-term deposit rating in conjunction with its long-term rating, which is reviewed regularly.

Liquidity management

The main objective of liquidity management is to ensure solvency at all times, guarantee the ability to meet contractual payment obligations on time, and optimize costs within the Südzucker Group.

Within the scope of cash and liquidity management, Südzucker International Finance B.V., Oud-Beijerland, Netherlands makes the borrowed funds available to the group companies. In addition, there are national cash pools in shared treasury centers.

There are specific rules for investments with regard to counterparty risk, requirements for maturities and reporting to the Group Treasury department. The monitoring of plan assets for pension obligations is also included here.

Risks resulting from cash flow fluctuations are recognized early on as part of liquidity planning. Liquidity planning is integrated into corporate planning and takes the special seasonal funding requirements associated with the sugar campaigns into account. Liquidity planning for the budget year is prepared on a monthly basis. Throughout the year, the plan is updated through three plan forecasts. The strategic financing plan is prepared on the basis of a five-year plan.

To manage seasonal fluctuations in cash flows, financing is raised in the form of overnight or term loans, fixed-interest loans or through the issuance of commercial paper as part of day-to-day treasury management. In order to guarantee financial flexibility of the Südzucker Group and to ensure that it is able to meet its payment obligations at any time, a liquidity reserve is maintained in the form of credit lines and, if necessary, in the form of cash funds.

Long-term financing is primarily carried out by issuing bonds, promissory notes and bank loans.

See note (30) "Financial liabilities, securities and cash and cash equivalents (net financial debt)" for details on financial instruments used by Südzucker.

The following summary shows the due dates of liabilities as at February 28, 2013. All outgoing payment flows are undiscounted and comprise interest and principal payments.

February 28, 2013 € million	Carrying amount	Net cash outflow (as contracted) Total	to 1 year	1 – 2 years	2 – 3 years	3 – 4 years	4 – 5 years	over 5 years
Financial liabilities								
Bonds	433.1	535.9	43.8	16.6	16.6	25.9	16.5	416.5
Liabilities to banks	662.2	700.8	273.7	130.4	31.5	57.7	64.7	142.8
Liabilities from finance leasing	0.2	0.3	0.1	0.1	0.1	0.0	0.0	0.0
	1,095.5	**1,237.0**	317.6	147.1	48.2	83.6	81.2	559.3
Trade payables and other liabilities								
Liabilities to beet growers	860.0	860.0	860.0	0.0	0.0	0.0	0.0	0.0
Trade payables	456.9	456.9	456.9	0.0	0.0	0.0	0.0	0.0
Liabilities for restructuring levy	22.3	22.3	22.3	0.0	0.0	0.0	0.0	0.0
Other financial liabilities	171.2	171.2	156.0	15.2	0.0	0.0	0.0	0.0
Interest rate derivatives (cash out)	-,-	9.9	2.4	2.2	1.7	1.4	1.2	1.0
Interest rate derivatives (cash in)	-,-	-0.9	-0.2	-0.2	-0.2	-0.1	-0.1	-0.1
Forex futures (cash out)	-,-	376.9	364.1	0.6	0.6	0.6	11.0	0.0
Forex futures (cash in)	-,-	-376.9	-364.1	-0.6	-0.6	-0.6	-11.0	0.0
	1,510.4	**1,519.4**	1,497.4	17.2	1.5	1.3	1.1	0.9
	2,605.9	**2,756.4**	**1,815.0**	**164.3**	**49.7**	**84.9**	**82.3**	**560.2**

February 29, 2012 € million	Carrying amount	Net cash outflow (as contracted) Total	to 1 year	1 – 2 years	2 – 3 years	3 – 4 years	4 – 5 years	over 5 years
Financial liabilities								
Bonds	827.3	985.7	201.1	23.7	23.7	23.7	280.5	433.0
Liabilities to banks	677.8	708.5	408.1	27.7	179.6	14.6	52.7	25.8
Liabilities from finance leasing	0.3	0.4	0.1	0.1	0.1	0.1	0.0	0.0
	1,505.4	**1,694.6**	609.3	51.5	203.4	38.4	333.2	458.8
Trade payables and other liabilities								
Liabilities to beet growers	794.6	794.6	794.6	0.0	0.0	0.0	0.0	0.0
Trade payables	439.8	439.8	439.8	0.0	0.0	0.0	0.0	0.0
Liabilities for restructuring levy	24.7	24.7	24.7	0.0	0.0	0.0	0.0	0.0
Other financial liabilities	188.7	188.7	176.7	12.0	0.0	0.0	0.0	0.0
Interest rate derivatives (cash out)	-,-	38.5	8.4	7.1	6.9	7.3	6.1	2.7
Interest rate derivatives (cash in)	-,-	-21.4	-5.2	-3.9	-4.0	-4.4	-3.1	-0.8
Forex futures (cash out)	-,-	461.1	448.3	0.6	0.6	0.6	11.0	0.0
Forex futures (cash in)	-,-	-461.1	-448.3	-0.6	-0.6	-0.6	-11.0	0.0
	1,447.8	**1,464.9**	1,439.0	15.2	2.9	2.9	3.0	1.9
	2,953.2	**3,159.5**	**2,048.3**	**66.7**	**206.3**	**41.3**	**336.2**	**460.7**

The undiscounted payment outflows are subject to the condition that the settlement of the liability is related to the earliest possible due date. The interest payments on variable-rate financial instruments are calculated on the basis of the most recent applicable interest rates.

Price risk management

Currency

Currency risk arises from the global orientation of the Südzucker Group, and such risks from exchange rate fluctuations are inherent in the operating activities as well as the financial results and cash flows. The relative exchange rates having a material effect are the exchange rates of the euro to the US dollar, the British pound sterling, the Polish zloty, the Hungarian forint, the Romanian leu, the Ukrainian hryvnia and/or the Russian rouble. There are also risks associated with US dollar/ Chilean peso exchange rates.

The aim of currency management is to reduce exchange rate risks. The divisions make decisions on the type and scope of operational currency hedging in coordination with the Corporate Finance department. Derivatives in the form of forward exchange transactions are used to hedge operational exchange rate risks. Cross-currency swaps are also used in finance activities.

For the Südzucker Group, currency risk arises in its operating activities when sales revenues are realized or the cost of materials and/or merchandise used is incurred in a currency other than the local currency.

In the sugar segment, sugar exports on the world market are subject to US dollar exchange rate risks, which are hedged in the period from the conclusion of a sugar future to the receipt of the payment. Raw sugar refining is exposed to currency risk from raw sugar purchases denominated in USD.

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

Raw materials procurement and the sale of products in the CropEnergies segment take place mainly in euros.

In the fruit segment, the Eastern European companies are exposed to currency risk from sales denominated in euros, while the expenses for raw materials and production arise in the local currency.

The sensitivity analysis assumes a 10 % drop of the exchange rates for the following currencies against the euro; the effects on operating results are shown below. The effects of the other relative exchange rates are not material, either individually or in aggregate.

Currency risks in operating profit

Sensitivity € million	2012/13	2011/12
U.S. dollar	-22.5	-22.9
British pound	-7.1	-5.7
Romanian leu	-22.3	-13.4
Hungarian forint	10.6	8.5
Ukrainian hryvna	1.7	1.9
Russian rouble	2.2	2.0
Polish złoty	8.2	6.4
	-29.2	**-23.2**

The currency risk associated with financial results is mainly due to intra-group financing of subsidiaries in currencies other than the local currency. In Eastern Europe, the Südzucker Group finances its subsidiaries through intra-group loans denominated in euros. In Poland, a long-term intra-group EUR loan was extended to finance the increase in shareholdings in sugar plants in eastern Poland and Silesia. The exchange rate fluctuations arising from it are recognized directly in equity.

Group financing in the 2012/13 financial year generated currency translation losses of € -0.9 (-3.4) million, which are made up as follows:

Foreign currency exchange gain/loss (financing)

€ million	2012/13	2011/12
Polish złoty	-0.3	-3.8
Romanian leu	0.1	-0.7
Hungarian forint	-1.2	-1.4
British pound	0.4	0.0
U.S. dollar	0.5	1.8
Russian rouble	-0.4	0.5
Remaining currencies	0.8	0.2
	-0.9	**-3.4**

If the currencies of the following countries had dropped by 10 % compared to the euro as of February 28, 2013, financial results would have been lower by the following amounts:

Currency risks in financing activities

Sensitivity € million	2012/13	2011/12
Polish złoty	-5.5	-7.1
Romanian leu	-4.8	-3.0
Hungarian forint	0.0	-0.4
Ukrainian hryvna	1.3	0.3
Russian rouble	-0.7	-1.2
	-9.7	**-11.4**

If the value of the Polish zloty had dropped by 10 %, shareholders' equity would also have decreased by € 9.0 (unchanged) million.

An exchange rate gain for the currencies would have resulted in comparable increases in net income or shareholders' equity.

Interest

Südzucker is exposed to interest rate risk from floating rate financial liabilities, i.e. financial investments. Interest rate swaps are used to minimize interest rate risk.

Interest rate risks are shown in the form of sensitivity analyses. Such analyses represent the effect of changes in market interest rates on interest payments, interest income and interest expense. The interest rate sensitivity analyses are based on the following assumptions:

Most bonds and long-term bank debt are agreed with fixed interest rates. Had market interest rates increased by one percentage point applied to floating rate financial instruments as at February 28/29, interest costs would have increased as follows:

Interest rate sensitivity	2012/13			2011/12		
€ million	Total	Thereof with floating rate	Effect from interest rate sensitivity	Total	Thereof with floating rate	Effect from interest rate sensitivity
Bonds	**433.1**	9.2	-0.1	**827.3**	8.0	-0.1
Liabilities to banks	**662.2**	380.8	-3.8	**677.8**	463.3	-4.6
Total	**1,095.3**	**390.0**	**-3.9**	**1,505.1**	**471.3**	**-4.7**

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

Commodity prices
Südzucker is exposed to material risks in its operations on the supply and demand side arising from price volatility in the commodity markets. These risks are monitored on a regular basis. Sensitivity analyses and the "earnings at risk" model are used to measure risk.

The objective is to determine the future-oriented impact of market price developments of individual risk carriers on earnings. These assessments are based on statistical analyses of past market price developments, with the market prices from the last twelve months used as a basis within the scope of the respective measurement.

Open sales or procurement positions are measured on the basis of these market price developments. "Earnings at risk" provides evidence that there is a certain degree of probability that the change in the sales or procurement value of the risk carrier's outstanding quantity for a defined holding period will not rise above or fall below the current level by a specified amount.

Südzucker calculates earnings at risk based on a probability of 95 % and a holding period of one month, as within this period all open positions can be closed with hedge transactions. Accordingly, risk reporting takes place on a monthly basis. The material risk carriers that have been identified in the Südzucker Group are market prices related to the export of sugar (including the associated currency risk), the sale of bioethanol, and the procurement of energy and grain.

Derivative financial instruments
The Südzucker Group uses derivative instruments to a limited extent to hedge part of the risks arising from its operating activities. Only normal market instruments are used for financial hedging purposes, such as interest rate swaps and forex futures. Sugar, wheat, corn and bioethanol futures, bioethanol, petroleum and coal swaps, and forex futures are also used in operations. These instruments are used within the framework of Südzucker's risk management system as laid down in group guidelines, which set limits based on underlying business volumes, define authorization procedures, prohibit the use of derivative instruments for speculative purposes, minimize credit risks, and determine the content of internal reporting and segregation of duties. Reviews are carried out regularly to ensure compliance with these guidelines and the correct processing and valuation of transactions, and adherence to segregation of duties. The Südzucker Group mainly hedges the following risks:

Foreign currency risk primarily arising from sales of sugar, Isomalt, Palatinose™, Raftiline®/Raftilose® and fruit juice concentrates/fruit preparations in US dollars, as well as purchases of sugar and raw alcohol in US dollars. Other currency risks arise from the financing of Eastern European companies in eurobased loans.

Interest rate risk on money market interest rates mainly resulting from fluctuations in liquidity levels during the campaign season, or existing or planned floating rate debt.

Commodity price risks result in particular from changes to the world sugar market price, energy, grain, bioethanol and fruit prices.

The nominal and net market values of derivative instruments and their credit risks within the Südzucker Group are as follows:

€ million	Nominal volume		Fair value		Credit risk	
28/29 February	2013	2012	2013	2012	2013	2012
Forex futures	376.9	461.1	-1.8	-5.8	3.3	6.2
Interest rate swaps	125.1	358.9	-8.0	-13.9	0.0	0.6
Sugar futures	81.0	81.1	-0.4	-0.8	1.0	0.4
Wheat and corn futures contracts	104.1	74.8	-3.8	4.3	2.6	4.4
Bioethanol swaps	72.2	232.6	-1.9	-7.1	0.0	0.0
Bioethanol futures	6.5	0.0	0.0	0.0	0.0	0.0
Energy swaps (Fuel, coal)	14.8	20.1	-1.1	-0.4	0.0	0.0
Total	**780.6**	**1,228.6**	**-17.0**	**-23.7**	**6.9**	**11.6**

The nominal volumes of derivative hedge instruments are the imputed call amounts upon which the payments are calculated. The hedged transaction and risk is not the nominal value itself, but rather the related price or interest rate change.

Fair value is the amount that the Südzucker Group would have had to pay or would have received assuming the hedge transaction were unwound at the end of the year. As the hedge transactions are only carried out using normal market tradable financial instruments, the fair values have been determined using quoted prices on exchanges.

Credit risks arise from the positive fair values of derivatives. These credit risks are minimized by only making financial derivative transactions with banks with a high credit ranking and on futures exchanges.

The year-on-year decrease in the nominal volume of **forex futures** by € 84.2 million to € 376.9 (461.1) million is, among other things, attributable to the lower hedging volume of sugar sales proceeds in US dollars.

The nominal volume of **interest rate swaps** in fiscal 2012/13 was € 125.1 (358.9) million. A € 200 million interest rate swap with a term beginning on February 27, 2012 and ending on February 27, 2017 was reported here in the previous year, which was concluded as a forward in 2010 to secure the interest rate on follow-up financing. This had to do with the € 500 million 2002/2012 bond maturing on February 27, 2012. The measurement up until February 27, 2012 took place with no effect on income. Due to the excellent cash flow situation, no follow-up financing was secured on February 27, 2012. The position was therefore closed in 2012/13.

The nominal volume of **sugar futures** was roughly the same as last year at € 81.0 (81.1) million and primarily resulted from the hedging of sugar exports.

Wheat and corn futures primarily serve to hedge the cost of raw materials for bioethanol production. The € 29.3 million increase in the nominal volume to € 104.1 (74.8) million is mainly price related.

Bioethanol swaps totaled € 72.2 (232.6) million and related to bioethanol sales contracts that were based on variable energy prices. The price risk associated with such transactions is minimized using a counteracting hedging instrument. Their fair values totaled € -1.9 (-7.1) million. **Bioethanol futures** totaling € 6.5 (0.0) million were based on bioethanol trading operations of CropEnergies in Europe and the United States.

In addition, **oil swaps** with a nominal volume of € 14.0 (18.5) million were used to hedge the price of physical energy purchases for the production of inulin and oligofructose at the BENEO-Orafti site in Pemuco/Chile. **Coal purchases** totaling € 0.8 (1.6) million were also hedged for Saint Louis Sucre S.A., Paris/France.

The currency and commodity derivatives hedge cash flows for up to one year. The interest-rate swaps have a term of one to six years.

Changes in values of derivative transactions made to hedge future cash flows (cash flow hedges) are initially recorded directly to a fair value reserve in equity and are only subsequently recorded in the income statement when the cash flow occurs. Their fair value as at February 28, 2013 was € -4.2 (0.2) million. Mark-to-market changes previously recognized directly in equity are reclassified to profit or loss at the time that they are realized. As in the previous year, all cash flow hedges were effective as the relation of the mark-to-market changes of underlying and hedging transactions were within the designated interval of 80 to 125 %. No ineffective transactions were recognized in the income statement. Besides also hedge relations do exist which via application of the Fair Value Hedge Accounting or via classification as trading business are presented economically as Fair Value hedge by recognizing the fair values of the open positions in profit or loss. These primarily concern derivatives related to sugar exports and connected foreign exchange and interest rate hedges. Their fair value as at February 28, 2013 was € -12.8 (-23.9) million.

Sensitivity analyses

In response to an increase of one percentage point in the market interest rate as well as an exchange rate decrease (US dollar, British pound sterling, Australian dollar, Polish zloty, Czech koruna, Romanian leu and Hungarian forint) against the euro, an increase in prices for wheat, corn and petroleum, or an increase in prices for sugar and bioethanol by 10 % (respectively), the market value of the derivatives contracts entered into as at February 28, 2013 would change as follows (sensitivity analysis):

€ million	Nominal volume		Fair value		Change in fair value		Sensitivity	
28/29 February	2013	2012	2013	2012	2013	2012	2013	2012
Forex futures	376.9	461.1	-1.8	-5.8	-0.9	8.1	-2.7	2.3
Interest rate swaps	125.1	358.9	-8.0	-13.9	3.4	12.8	-4.6	-1.1
Sugar futures	81.0	81.1	-0.4	-0.8	-6.2	-5.8	-6.6	-6.6
Wheat and corn futures contracts	104.1	74.8	-3.8	4.3	9.9	8.1	6.1	12.4
Bioethanol swaps	72.2	232.6	-1.9	-7.1	6.0	3.4	4.1	-3.7
Bioethanol futures	6.5	0.0	0.0	0.0	-0.6	0.0	-0.6	0.0
Energy swaps (Fuel, coal)	14.8	20.1	-1.1	-0.4	1.3	2.0	0.2	1.6
Total	**780.6**	**1,228.6**	**-17.0**	**-23.7**	**12.9**	**28.6**	**-4.1**	**4.9**

These mark-to-market changes would have increased equity by € 11.7 (7.8) million and earnings before income taxes by € 1.2 (20.8) million.

(32) Additional disclosures on financial instruments

Carrying amounts and fair value of financial instruments

The following table shows the carrying amount and fair value of financial assets and liabilities for each of the measurement categories under IAS 39. The fair value of a financial instrument is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

28/29 February		2013		2012	
€ million	IAS 39 measurement category	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets					
Securities – Held for Trading	FAHfT	0.0	0.0	65.6	65.6
Securities – Available for Sale	AfS	0.0	0.0	21.3	21.3
Securities – Available for Sale at Cost	AfS at Cost	147.6	147.6	105.0	105.0
Other investments – Available for Sale at Cost	AfS at Cost	30.2	30.2	33.7	33.7
Trade receivables	LaR	1,025.7	1,025.7	945.5	945.5
Receivables due from the EU for export recoveries	LaR	1.1	1.1	6.2	6.2
Other financial assets	LaR	107.0	107.0	89.0	89.0
Positive fair values – forex futures with a hedging relationship	n.a.	0.4	0.4	4.1	4.1
Positive fair values – commodity derivatives without a hedging relationship	FAHfT	0.0	0.0	0.7	0.7
Positive fair values – commodity derivatives with a hedging relationship	n.a.	0.0	0.0	3.6	3.6
Cash	LaR	483.5	483.5	501.5	501.5
		1,795.5	**1,795.5**	**1,776.2**	**1,776.2**
Financial liabilities					
Bonds	FLAC	433.1	487.6	827.3	914.3
Liabilities to banks	FLAC	662.2	665.5	677.8	681.5
Liabilities from finance leasing	n.a.	0.2	0.2	0.3	0.3
Trade liabilities	FLAC	1,316.9	1,316.9	1,234.4	1,234.4
Liabilities from production levy	FLAC	22.3	22.3	24.7	24.7
Other financial liabilities	FLAC	171.2	171.2	188.7	188.7
Negative market values – interest rate swaps without a hedging relationship	FLHfT	8.0	8.0	13.9	13.9
Negative market values – forex futures without a hedging relationship	FLHfT	2.2	2.2	9.9	9.9
Negative fair values – commodity derivatives without a hedging relationship	FLHfT	2.6	2.6	0.8	0.8
Negative market values – commodity derivatives with a hedging relationship	n.a.	4.6	4.6	7.5	7.5
		2,623.3	**2,681.1**	**2,985.3**	**3,076.0**

Total by IAS 39 measurement category

28/29 February € million	IAS 39 measurement category	2013 Carrying amount	Fair value	2012 Carrying amount	Fair value
Financial Assets Held for Trading	FAHfT	0.0	0.0	66.3	66.3
Available for Sale	AfS	0.0	0.0	21.3	21.3
Available for Sale at Cost	AfS at Cost	177.8	177.8	138.7	138.7
Loans and Receivables	LaR	1,617.3	1,617.3	1,542.2	1,542.2
Financial Liabilities Measured at Amortised Cost	FLAC	2,605.7	2,663.5	2,952.9	3,043.6
Financial Liabilities Held for Trading	FLHfT	12.8	12.8	24.6	24.6

The fair value of the financial instruments was determined on the basis of the market information available as at the balance sheet date and on the basis of the methods and premises described in the following.

For financial instruments measured at fair value, a distinction is made between three measurement levels with regard to the determination of the fair values. At Level 1, the measurement is based on unadjusted prices on active markets. Level 2 measurement takes place using prices derived from prices on active markets. Level 3 uses individual measurement parameters as a basis. The Südzucker Group currently does not apply Level 3 in the measurement of financial instruments.

Non-current investments and non-current as well as current securities include securities available for sale. These are measured at market values equal to prices quoted on an exchange as at the balance sheet date (Level 1).

Current securities held for trading are also measured at market values corresponding to the prices quoted on an exchange as at the balance sheet date (Level 1).

Fair values could not be determined for the non-current and current assets measured at cost and investments since market values or exchange prices were not available in the absence of an active market. These shares represent unlisted companies for which shares were not measured by discounting expected cash flows since future cash flows could not be reliably estimated. It is assumed that the carrying amount is equal to the current market value (fair value).

Due to the short maturities of trade receivables, other receivables and cash funds, it is assumed that their fair values are equal to their carrying amounts.

The positive and negative market values of currency and commodity derivatives are related in part to cash flow hedges. These are used to hedge future cash flows from firm commitments or from highly probable future transactions against fluctuations. There are also currency and commodity derivatives in the form of fair value hedges against changes in the fair value of an asset or liability that are recognized in the income statement. The market value of commodity derivatives (sugar, wheat and corn futures and petroleum, coal and bioethanol swaps) is determined on the basis of prices quoted as at the reference date (Level 1); the market value of these derivatives was € -7.2 (-4.0) million. Forex futures are measured on the basis of reference rates, taking forward premiums or discounts into consideration (Level 2). The concluded interest rate derivatives exclusively concern interest rate swaps. The market values of these interest rate hedging transactions were determined on the basis of discounted expected future cash flows (Level 2). The market values of currency and interest rate derivatives subject to Level 2 totaled € -9.8 (-19.7) million.

€ million 28/29 February	Fair value hierarchy 2013	Evaluation level 1	Evaluation level 2	2012	Evaluation level 1	Evaluation level 2
Securities	**0.0**	0.0	0.0	**86.9**	86.9	0.0
Derivatives (market values)	**-17.0**	-7.2	-9.8	**-23.7**	-4.0	-19.7

For trade payables, liabilities related to the production levy and other current liabilities, the assumption given their short maturities is that their fair values are equal to their reported carrying amounts.

The fair values of listed bonds are based on the quoted prices on the last trading day in the financial year. For non-listed bonds and commercial papers it is assumed that the fair values are equal to their reported carrying amounts.

The fair values of liabilities to banks and other financial liabilities are calculated as the present value of the payments associated with the liabilities, using the relevant current yield curve as the basis.

In the income statement, financial instruments are disclosed by measurement category with a net profit or loss as follows:

€ million	2012/13	2011/12
Financial Assets Held for Trading (FAHfT)	2.2	4.1
Available for Sale (AfS)	0.6	1.8
Loans and Receivables (LaR)	9.3	43.1
Financial Liabilities Measured at Amortised Cost (FLAC)	-57.8	-94.4
Financial Liabilities Held for Trading (FLHfT)	-12.8	-24.6
	-58.5	**-70.0**

In accordance with IFRS 7, net profit or loss from financial instruments includes interest, dividends and gains or losses on the measurement of financial instruments. The net profit or loss from the measurement category financial liabilities measured at amortized cost (FLAC) exclusively comprises interest expense. The measurement category loans and receivables (LaR) includes interest income totaling € 30.5 (37.1) million. Valuation allowances on other financial assets totaling € 6.6 million were also reported in this measurement category. In addition, valuation allowances totaling € 7.7 million were made on non-financial assets for prepayments.

(33) Contingent liabilities and other financial commitments/claims

Contingent liabilities and other financial commitments not recognized in the balance sheet are as follows:

€ million 28/29 February	2013	2012
Guarantees	28.3	41.5
Warranty commitments	1.2	1.6

The **guarantees** relate to third parties. We do not expect to have to make any performance payments from **guarantees or warranty commitments.**

Südzucker is exposed to possible obligations arising from various claims or proceedings which are pending or which could be asserted. Any estimates of future costs arising in this area are by nature subject to many uncertainties. Südzucker makes provisions for such risks to the extent a loss is deemed probable and the amount can be reliably estimated.

Purchase orders for fixed assets in the amount of € 102.5 (91.3) million are mainly related to expenditures required at sugar factories in preparation for the next campaign, the construction of the wheat starch plant in Pischelsdorf/Austria, and the renovation and new construction of the head office in Mannheim/Germany.

The **liabilities from operating leases** are related to lease agreements for offices, machines, vehicles, IT systems and office equipment. The undiscounted minimum rent payments in the following periods amount to € 44.4 (24.8) million. The due dates for the corresponding payment obligations are as follows:

€ million 28/29 February	2013	2012
Due date: 1 year	12.5	10.4
Due date: 1-5 years	23.4	13.0
Due date: over 5 years	8.5	1.4
	44.4	**24.8**

By judgment of the European Court, the criteria for fixing the production levy for the marketing years 2002/03, 2004/05 and 2005/06 were declared incorrect and thus Regulation No. 1193/2009 invalid. To what extent Südzucker can assert recovery claims arising from this judgment is currently not quantifiable.

(34) Fees for services by the group's external auditors

Expenses in 2012/13 for services provided by the group's external auditors, Pricewaterhouse-Coopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, were made up of fees for the following services:

€ thousand	2012/13	2011/12
Auditing services	822	830
Other assurance services	20	139
Tax consulting fees	2	4
Other services	32	242
	876	**1,215**

(35) Declaration of compliance per article 161 AktG

The executive board and supervisory board of Südzucker AG issued the declaration of compliance relating to the German Corporate Governance Code in accordance with article 161 of the German Stock Corporation Act (AktG) on November 20, 2012, and made it permanently available to shareholders of Südzucker AG at www.suedzucker.de/en/Investor-Relations/Corporate-Governance/Entsprechenserklaerung/2012/.

The executive board and supervisory board of CropEnergies AG issued the declaration of compliance relating to the German Corporate Governance Code in accordance with article 161 of the German Stock Corporation Act (AktG) on November 12, 2012, and made it permanently available to shareholders on the CropEnergies corporate website at www.cropenergies.com/en/investorrelations/Corporate_Governance/Entsprechenserklaerungen/Entsprechenserklaerung_2012/.

(36) Related parties

Related parties as defined in IAS 24 (Related Party Disclosures) include:

Süddeutsche Zuckerrübenverwertungs-Genossenschaft eG, Stuttgart (SZVG)/Germany, which has a majority interest in Südzucker AG by means of its own holding of Südzucker shares, and those shares held by it on trust for its cooperative members.

Raiffeisen-Holding Niederösterreich-Wien reg. Gen.m.b.H. (Raiffeisen-Holding), Vienna/Austria, which holds share capital via Zucker Invest GmbH, Vienna/Austria.

Südzucker Unterstützungswerk, Frankenthal, Palatinate (SUW)/Germany, whose assets are used to support Südzucker employees and pensioners in instances of particular difficulty as well as for social activities. Some of the trustees are also members of Südzucker AG's executive board.

The joint venture companies and associates subject to control or significant influence by the Südzucker Group.

Related parties as defined in IAS 24 are members of the executive and supervisory boards and their dependents.

Items recorded in the 2012/13 financial year on the accounts held for SZVG and SUW at Südzucker AG comprised payments received from dividends and interest from business trans-actions. At the balance sheet date, Südzucker AG had liabilities to SZVG and to SUW of € 0.6 (1.6) million and € 5.5 (5.9) million, respectively. In addition, there were financial receivables of € 147.6 (168.6) million from or financial liabilities of € 46.5 (111.5) million to the Raiffeisen Group; financial receivables primarily relate to participation capital. There is an agreement to pay interest on the balances on these accounts at normal market rates.

Südzucker AG and its subsidiaries have extensive business relationships with joint ventures and associates in the ordinary course of business. Transactions are carried out with these companies the same as with unrelated parties. The volume of transactions of the Südzucker Group with significant related parties is made up as follows:

€ million	2012/13	2011/12
Joint ventures	82.1	53.8
Companies consolidated at equity	433.9	347.0
Services performed for related parties[1]	**516.0**	**400.8**
Joint ventures	117.9	97.5
Companies consolidated at equity	39.5	2.0
Services received from related parties[1]	**157.4**	**99.5**

The receivables from and liabilities to joint ventures and associates at the balance sheet date are:

€ million 28/29 February	2013	2012
Joint ventures	44.4	27.6
Companies consolidated at equity	214.4	141.7
Receivables from related parties[1]	**258.8**	**169.3**
Joint ventures	15.4	11.8
Companies consolidated at equity	0.4	0.0
Liabilities to related parties[1]	**15.8**	**11.8**

The total compensation granted to members of the executive board by Südzucker AG for 2012/13 amounted to € 3.9 (3.2) million. The variable component made up 52 % (49 %) of their remuneration in cash, it is dependent on the dividend to be approved by the annual general meeting. Compensation to members of the executive board granted by subsidiaries totaled € 1.7 (1.5) million.

Provisions for pensions of € 27.1 (25.0) million relate to former members of Südzucker AG's executive board and their dependents. Provisions for pensions for current executive board members amounted to € 24.7 (17.1) million. Additions in 2012/13 amounted to € 7.6 (2.6) million. Pension payments to former members of Südzucker AG's executive board and their dependents amounted to € 2.2 (2.4) million.

Total remuneration paid to Südzucker AG's supervisory board for all activities was € 2.5 (1.9) million in 2012/13; € 0.3 (0.2) million of this amount was granted by subsidiaries. In addition, supervisory board representatives who are also Südzucker Group employees also receive their normal contractually agreed wages, which are not related to their supervisory board activities.

The remuneration system for the executive board and supervisory board is discussed in the group management report in the corporate governance report.

[1] Only relationships with fully consolidated group companies.

(37) Supervisory board and executive board

Supervisory board

Dr. Hans–Jörg Gebhard
Chairman
Eppingen, Germany
Chairman of Verband
Süddeutscher Zuckerrübenanbauer e.V.

Board memberships[1]
SZVG Süddeutsche Zuckerrübenverwertungs-Genossenschaft eG, Ochsenfurt (chairman)
Vereinigte Hagelversicherung VVaG, Gießen
VK Mühlen AG, Hamburg

Dr. Christian Konrad
Deputy chairman
Vienna, Austria
Former chairman of Raiffeisen-Holding
Niederösterreich-Wien reg.Gen.m.b.H.

Board memberships[1]
BAYWA AG, Munich (deputy 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
Siemens Aktiengesellschaft Österreich, Vienna, Austria (deputy chairman)
SZVG Süddeutsche Zuckerrübenverwertungs-Genossenschaft eG, Ochsenfurt

Franz–Josef Möllenberg[2]
Deputychairman
Rellingen, Germany
Chairman of Gewerkschaft
Nahrung – Genuss – Gaststätten

Board memberships[1]
Kreditanstalt für Wiederaufbau, Frankfurt am Main

Dr. Ralf Bethke
Deidesheim, Germany
Former chairman of the executive board of K+S Aktiengesellschaft

Board memberships
Benteler International AG, Salzburg, Austria (deputy chairman)
DJE Kapital AG, Pullach (chairman)
K+S Aktiengesellschaft, Kassel (chairman)
SZVG Süddeutsche Zuckerrübenverwertungs-Genossenschaft eG, Ochsenfurt

Dr. Jochen Fenner
Gelchsheim, Germany
Chairman of Verband Fränkischer Zuckerrübenbauer e. V.
Chairman of the executive board of SZVG Süddeutsche Zuckerrübenverwertungs-Genossenschaft eG

Manfred Fischer[2]
Feldheim, Germany
Chairman of the central works council of Südzucker AG Mannheim/Ochsenfurt

Yüksel Gediagac[2] (since July 19, 2012)
Berlin, Germany
Chairman of the works council of Freiberger Lebensmittel GmbH & Co. Produktions- und Vertriebs KG

Erwin Hameseder
Mühldorf, Austria
Chairman of Raiffeisen-Holding Niederösterreich-Wien reg.Gen.m.b.H.

Board memberships[3]
Flughafen Wien AG, Vienna, Austria (chairman)
UNIQA Versicherungen AG, Vienna, Austria (deputy chairman)

Hans Hartl[2]
Ergolding, Germany
State area chairman of Gewerkschaft
Nahrung-Genuss-Gaststätten in Bavaria

Board memberships
Brau Holding International GmbH & Co. KGaA, Munich (deputy chairman)

[1] Memberships in addition to functions in the Südzucker Group.
[2] Employee representative.
[3] Memberships in addition to functions in the Südzucker Group and in the Raiffeisen-Holding Niederösterreich-Wien Group .

Ralf Hentzschel
Panschwitz-Kuckau, Germany
Chairman of Verband Sächsisch-Thüringischer Zuckerrübenanbauer e. V.

Board memberships
SZVG Süddeutsche Zuckerrübenverwertungs-Genossenschaft eG, Ochsenfurt (deputy chairman)

Reinhold Hofbauer[2]
Deggendorf, Germany
Chairman of the works council of the Plattling plant of Südzucker AG Mannheim/Ochsenfurt

Wolfgang Kirsch
Königstein, Germany
Chairman of the executive board of DZ BANK AG

Board memberships[4]
Landwirtschaftliche Rentenbank, Frankfurt/Main
SZVG Süddeutsche Zuckerrübenverwertungs-Genossenschaft eG, Ochsenfurt

Georg Koch
Wabern, Germany
Chairman of Verband der Zuckerrübenanbauer Kassel e. V.

Klaus Kohler[2] (until July 19, 2012)
Bad Friedrichshall, Germany

Erhard Landes
Donauwörth, Germany
Chairman of Verband bayerischer Zuckerrübenanbauer e. V.

Bernd Maiweg[2]
Gütersloh, Germany
Divisional officer of Gewerkschaft Nahrung-Genuss-Gaststätten

Joachim Rukwied
Eberstadt, Germany
Presidentof Deutscher Bauernverband e.V.

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

Ronny Schreiber[2]
Einhausen, Germany
Chairman of the works council of the Mannheim head office of Südzucker AG Mannheim/Ochsenfurt

Franz-Rudolf Vogel[2]
Worms, Germany
Chairman of the works council of the Offstein plant of Südzucker AG Mannheim/Ochsenfurt

Wolfgang Vogl[2]
Bernried, Germany
Manager of the Plattling and Rain plants of Südzucker AG Mannheim/Ochsenfurt

Roland Werner[2] (until February 28, 2013)
Saxdorf, Germany

Rolf Wiederhold[2] (since March 1, 2013)
Wabern, Germany
Chairman of the works council of the Wabern plant of Südzucker AG Mannheim/Ochsenfurt

[2] Employee representative.
[4] Memberships in addition to functions in the DZ-Bank Group, Frankfurt am Main.

Committees of the supervisory board

General Committee

Dr. Hans-Jörg Gebhard (chairman)
Franz-Josef Möllenberg (deputy chairman)
Dr. Christian Konrad (deputy chairman)
Manfred Fischer

Agriculture Committee

Dr. Hans-Jörg Gebhard (chairman)
Dr. Jochen Fenner
Reinhold Hofbauer
Klaus Kohler (until July 19, 2012)
Erhard Landes
Franz-Rudolf Vogel (from July 19, 2012)
Wolfgang Vogl

Audit Committee

Dr. Jochen Fenner (chairman)
Manfred Fischer
Dr. Hans-Jörg Gebhard
Erwin Hameseder
Franz-Josef Möllenberg
Roland Werner (until February 28, 2013)

Social Welfare Committee

Dr. Hans-Jörg Gebhard (chairman)
Dr. Jochen Fenner
Manfred Fischer
Hans Hartl
Dr. Christian Konrad
Franz-Josef Möllenberg

Arbitration Committee

Dr. Hans-Jörg Gebhard (chairman)
Manfred Fischer
Dr. Christian Konrad
Franz-Josef Möllenberg

Executive board

Dr. Wolfgang Heer (chairman)
Ludwigshafen, Germany

Dr. Lutz Guderjahn (since July 17, 2012)
Offstein, Germany

Dr. Thomas Kirchberg
Ochsenfurt, Germany

Thomas Kölbl
Speyer, Germany

Board memberships[1]
Baden-Württembergische Wertpapierbörse GmbH, Stuttgart

Prof. Dr. Markwart Kunz
Worms, Germany

Dipl.-Ing. Johann Marihart
Limberg, Austria

Board memberships[1]
BBG Bundesbeschaffungsges. m. b. H., Vienna, Austria
Österreichische Forschungsförderungsgesellschaft mbH, Vienna, Austria (deputy chairman)
Österreichische Nationalbank AG, Vienna, Austria
Ottakringer Getränke AG, Vienna, Austria
Spanische Hofreitschule – Bundesgestüt Piber, Vienna, Austria (chairman)
TÜV Austria Holding AG, Vienna, Austria (chairman)
Universität für Bodenkultur, Vienna, Austria (until February 28, 2013)

[1] Memberships in addition to functions in the Südzucker Group.

(38) Significant investments of the Südzucker Group

	Location	Country	SZ-share (%)	Indirect holding (%)
SUGAR SEGMENT				
Südzucker AG Mannheim/Ochsenfurt	Mannheim	Germany		
Raffinerie Tirlemontoise S.A.	Brussels	Belgium		99.41
Saint Louis Sucre S.A.	Paris	France		99.80
Südzucker Polska S.A.	Wroclaw	Poland		99.59
Sudzucker Hellas E.P.E.	Athens	Greece		100.00
Sudzucker Ibérica, S.L.U.	Barcelona	Spain		100.00
Maxi S.r.l.[1]	Bolzano	Italy		50.00
AGRANA Zucker GmbH	Vienna	Austria		100.00
Moravskoslezské Cukrovary A.S.	Hrusovany	Czech Republic		97.66
Slovenské Cukrovary s.r.o.	Sered	Slowakia		100.00
Magyar Cukorgyártó és Forgalmazó Zrt.	Budapest	Hungary		87.59
S.C. AGRANA ROMANIA S.A.	Bucharest	Romania		91.33
AGRANA Trading EOOD	Sofia	Bulgaria		100.00
STUDEN-AGRANA Rafinerija Secera d.o.o.[1]	Brčko	Bosnia-Herzegovina		50.00
Südzucker Moldova S.A.	Drochia	Moldova		83.64
ED & F Man Holdings Limited[2]	London	Great Britain		25.00
Agrar und Umwelt AG Loberaue	Rackwitz	Germany	100.00	
BGD Bodengesundheitsdienst GmbH	Mannheim	Germany	100.00	
James Fleming & Co. Ltd.	Midlothian	Great Britain		100.00
Mönnich GmbH	Kassel	Germany	100.00	
Nougat Chabert & Guillot SA	Montelimar	France		99.75
AGRANA Beteiligungs-AG[3]	Vienna	Austria	0.55	37.75
AGRANA Group-Services GmbH	Vienna	Austria		100.00
Südzucker International Finance B.V.	Oud-Beijerland	Netherlands	100.00	

[1] Joint venture companies. [2] Associated company. [3] Majority of voting shares.

	Location	Country	SZ-share (%)	Indirect holding (%)
SPECIAL PRODUCTS SEGMENT				
Freiberger				
Südzucker Tiefkühl Holding GmbH	Mannheim	Germany		100.00
Freiberger Holding GmbH	Berlin	Germany	10.00	90.00
Freiberger Lebensmittel GmbH	Berlin	Germany		100.00
Freiberger Lebensmittel GmbH & Co. Produktions- und Vertriebs KG	Berlin	Germany		100.00
Great Star Food Production GmbH & Co. KG	Berlin	Germany		100.00
Prim AS Tiefkühlprodukte Gesellschaft m.b.H.	Oberhofen	Austria		100.00
Stateside Foods Ltd.	Westhoughton	Great Britain		100.00
BENEO				
BENEO GmbH	Mannheim	Germany	100.00	
BENEO-Orafti S.A.	Oreye	Belgium		100.00
BENEO-Palatinit GmbH	Mannheim	Germany	15.00	85.00
BENEO-Remy N.V.	Wijgmaal (Leuven)	Belgium		100.00
Orafti Chile S.A.	Pemuco	Chile		100.00
Starch				
AGRANA Stärke GmbH	Vienna	Austria		100.00
HUNGRANA Keményitö- és Isocukorgyártó és Forgalmazó Kft.[1]	Szabadegyháza	Hungary		50.00
S.C. A.G.F.D. Tandarei s.r.l.	Tandarei	Romania		99.99
AGRANA Bioethanol GmbH	Vienna	Austria		74.90
PortionPack				
PortionPack Europe Holding B. V.	Oud-Beijerland	Netherlands	100.00	
PortionPack Belgium N.V.	Herentals	Belgium		100.00
PortionPack Holland B.V.	Oud-Beijerland	Netherlands		100.00
Single Source Limited	Telford/Shropshire	Great Britain		100.00
Hellma Gastronomie-Service GmbH	Nuremberg	Germany		100.00
CROPENERGIES SEGMENT				
CropEnergies AG	Mannheim	Germany	71.02	
CropEnergies Beteiligungs GmbH	Mannheim	Germany		100.00
CropEnergies Bioethanol GmbH	Zeitz	Germany		100.00
BioWanze SA	Brussels	Belgium		100.00
RYSSEN ALCOOLS SAS	Loon-Plage	France		100.00

[1] Joint venture companies.

	Location	Country	SZ-share (%)	Indirect holding (%)
FRUIT SEGMENT				
Fruit preparations				
AGRANA Fruit Argentina S.A.	Buenos Aires	Argentina		99.99
AGRANA Fruit Australia Pty Ltd.	Central Mangrove	Australia		100.00
AGRANA Fruit Austria GmbH	Gleisdorf	Austria		100.00
AGRANA Fruit Brasil Indústria, Comércio, Importacao e Exportacao Ltda.	São Paulo	Brazil		77.91
AGRANA Fruit Dachang Co., Ltd.	Dachang	China		100.00
AGRANA Fruit France S.A.	Paris	France		100.00
AGRANA Fruit Germany GmbH	Constance	Germany		100.00
AGRANA Fruit Istanbul Gida Sanayi ve Ticaret A.S.	Zincirlikuyu	Turkey		100.00
AGRANA Fruit Korea Co. Ltd.	Seoul	South Korea		100.00
AGRANA Fruit México, S.A. de C.V.	Michoacan	Mexico		100.00
AGRANA Fruit Polska SP z.o.o.	Ostroleka	Poland		100.00
AGRANA Fruit S.A.S.	Paris	France		100.00
AGRANA Fruit Services S.A.S	Paris	France		100.00
AGRANA Fruit South Africa (Proprietary) Ltd.	Cape Town	South Africa		100.00
AGRANA Fruit Ukraine TOV	Winnitsa	Ukraine		99.80
AGRANA Fruit US, Inc.	Brecksville Ohio	USA		100.00
Dirafrost FFI N.V.	Herk-de-Stad	Belgium		100.00
Dirafrost Maroc SARL	Laouamra	Morocco		100.00
o.o.o. AGRANA Fruit Moscow Region	Serpuchov	Russia		100.00
Fruit juice concentrates				
AGRANA Juice Denmark A/S	Køge	Denmark		100.00
AGRANA Juice Holding GmbH	Gleisdorf	Austria		100.00
AGRANA Juice Magyarorzság Kft.	Vásárosnamény	Hungary		100.00
AGRANA Juice Poland SP z.o.o.	Bialobrzegi	Poland		100.00
AGRANA Juice Romania Vaslui s.r.l.	Vaslui	Romania		100.00
AGRANA Juice Sales & Marketing GmbH	Bingen	Germany		100.00
AGRANA JUICE (XIANYANG) CO., LTD	Xianyang City	China		100.00
AUSTRIA JUICE GmbH	Allhartsberg	Austria		50.01
Ybbstaler Fruit Austria GmbH	Allhartsberg	Austria		100.00
Ybbstaler Fruit Polska S.p. z o.o.	Chelm	Poland		100.00

The list of shareholdings of Südzucker AG, Mannheim/Ochsenfurt, and the Südzucker Group as per article 285 No. 11 HGB and article 313 (2) HGB is presented in an annex to the notes to the consolidated financial statements, which is not included in the printed version of the annual report. The annex with the list of shareholdings is included in the accounting documents submitted for publication in the Federal Gazette (Bundesanzeiger).

(39) Proposed appropriation of earnings

Retained earnings of Südzucker AG Mannheim/Ochsenfurt amount to € 183,805,636.46. It will be proposed to shareholders at the annual general meeting on August 1, 2013 that a dividend of € 0.90 per share be distributed and be appropriated as follows:

	2012/13
Issued shares (number)	204,183,292
Dividends (€)	0.90
Dividend amount (€)	183,764,962.80
Earnings carried forward (€)	40,673.66
Unappropriated earnings (€)	**183,805,636.46**

To the extent that treasury shares are available on the day of the general meeting, the proposed resolution will be amended so that the distribution of € 0.90 per dividend-bearing share is maintained and the corresponding higher remainder carried forward.

The dividend will be paid on August 2, 2013.

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 group, and the group management report includes a fair review of the development and performance of the business and the position of the group, together with a description of the principal opportunities and risks associated with the expected development of the group.

Mannheim, April 22, 2013
THE EXECUTIVE BOARD

Dr. Wolfgang Heer (chairman)	Dr. Lutz Guderjahn	Dr. Thomas Kirchberg	Thomas Kölbl	Prof. Dr. Markwart Kunz	Johann Marihart

The financial statements and the management report of Südzucker AG Mannheim/Ochsenfurt, prepared in accordance with German accounting principles and upon which Pricewaterhouse-Coopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, have issued an unqualified auditors' report, will be submitted to the operator of the Federal Gazette (Bundesanzeiger Verlagsgesellschaft mbH, Cologne) and published in the Federal Gazette. The financial statements and the management report can be obtained from the company on request.

Independent auditors' report

To Südzucker AG Mannheim/Ochsenfurt, Mannheim

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Südzucker Aktiengesellschaft Mannheim/Ochsenfurt, Mannheim and its subsidiaries, which comprise the income statement, the statement of income and expense recognized directly in equity, the balance sheet, the statement of changes in shareholders' equity, the cash flow statement and the notes to the financial statements for the business year from March 1, 2012 to February 28, 2013.

Management's responsibility for the consolidated financial statements

The management of Südzucker AG Mannheim/Ochsenfurt is responsible for the preparation of these consolidated financial statements. This responsibility includes that these consolidated financial statements comply with IFRSs, as adopted by the EU, and the additional requirements of German law pursuant to article 315a (1) of the German Commercial Code (HGB), and give a true and fair view of the net assets, financial position and results of operations of the group in accordance with these requirements. Management is also responsible for the internal controls it deems necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit of the consolidated financial statements in accordance with article 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institute of Public Auditors in Germany (Institut der Wirtschaftsprüfer – IDW) as well as in accordance with International Standards on Auditing (ISA). Accordingly, we are required to comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The selection of audit procedures depends on the auditor's professional judgment. This includes the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In assessing those risks, the auditor considers the internal control system relevant to the entity's preparation of consolidated financial statements that give a true and fair view. The aim of this is to plan and perform audit procedures that are appropriate in the given circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control system. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit opinion

In accordance with article 322 (3) sentence 1 HGB, we declare that our audit of the consolidated financial statements has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply in all material respects with IFRSs, as adopted by the EU, and the additional requirements of German law pursuant to article 315a (1) HGB, and give a true and fair view of the net assets and financial position of the group as at February 28, 2013 as well as the results of operations for the financial year ending on this date.

Report on the group management report

We have audited the accompanying group management report of Südzucker AG Mannheim/Ochsenfurt for the financial year from March 1, 2012 to February 28, 2013. The management of Südzucker AG Mannheim/Ochsenfurt is responsible for the preparation of the group management report in accordance with the requirements of German law pursuant to article 315a (1) HGB. We conducted our audit in accordance with article 317 (2) HGB and German generally accepted standards for the audit of the group management report promulgated by the Institute of Public Auditors in Germany (Institut der Wirtschaftsprüfer – IDW). Accordingly, we are required to plan and perform the audit of the group management report to obtain reasonable assurance about whether the group management report is consistent with the consolidated financial statements and the audit findings and, as a whole, provides a suitable view of the group's position and suitably presents the opportunities and risks of future development.

In accordance with article 322 (3) sentence 1 HGB, we declare that our audit of the group management report has not led to any reservations.

In our opinion, based on the findings of our audit of the consolidated financial statements and group management report, the group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the group's position and suitably presents the opportunities and risks of future development.

Frankfurt am Main, April 22, 2013
PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Dr. Ralf Worster	Olav Krützfeldt
Auditor	Auditor

Glossary

A

ACP countries | African, Caribbean and Pacific countries.

B

Beta factor | Beta factor defines the relationship between a stock's price movement and the movement of a stock market index. It is an indicator of the stock price's sensitivity to fluctuations in the index. A beta greater than one indicates that the stock's price varies more than the overall market index. A beta of one indicates that the stock's price moves in tandem with the market index and a beta less than one indicates that the stock's price fluctuates less than the market index.

C

CAP 2013 | Common Agricultural Policy after 2013.

Capital employed | Capital employed is operating capital used in the group. It includes property, plant and equipment including intangible assets and working capital (inventories, receivables and other assets less trade accounts payable, other current, non-interest bearing liabilities and current provisions). Capital employed is disclosed by segment.

Carbon Leakage | The risk of relocating CO_2 emissions. Energy intensive sectors in which there is a risk that production facilities and jobs will be moved outside of the EU to relocate CO_2 emissions due to the economic pressure of emission trading are to be allocated CO_2 credits free of charge. The criteria to establish whether such risk exists are defined in the revised Emission Trading Directive dated April 23, 2009.

Cash flow | Amount used to evaluate the financing earnings power of the company, showing the extent to which net earnings for the year generate cash flows from operating activities. Südzucker calculates cash flow by adjusting net earnings for the year for items not producing or requiring cash. Hence, depreciation, impairment losses and reversals of impairment losses on property, plant and equipment, changes in long-term provisions and deferred tax liabilities and other items of income and expenditures not affecting cash are eliminated from group net earnings for the year. Cash flow from operating activities can be used to finance capital expenditures, repay liabilities or distribute dividends.

Clean labeling | Used to describe foods in which modified ingredients or additives are deliberately omitted.

Commercial Papers | CP; marketable, unsecured bearer bonds, issued as short-term third-party debt. CPs are revolving, with a typical term of between one week and twelve months.

Consolidation | Consolidated financial statements are prepared as if all group companies made up a single entity. Consolidation is the accounting method for eliminating all internal group transactions.

Convenience Food | Prepackaged food that can be cooked quickly and easily. Food producers partially prepare the food in advance to make life easier for private individuals, restaurants and bars and catering companies. Südzucker's subsidiary Freiberger produces chilled and frozen pizzas, pastas and snacks, which are blanched or prebaked to the stage where they only need to be reheated prior to consumption.

Convertible Bond | Bond that can be converted into equity shares of the issuer under pre-determined conversion conditions at a predetermined conversion price.

D

Derivatives | Derivative financial instruments; financial products whose fair value can either be determined based on classical underlying instruments such as equities or raw materials or from market prices such as interest rates or exchange rates. There are many forms of derivatives, including forwards, options or futures. Südzucker uses derivatives for financial risk management.

Diversity | Used in business administration and in economics to define a strategy of minimizing risk by better utilizing human resources. Diversity management in a company is a concept that utilizes the diversity of the employees as a competitive advantage.

E

Earnings from operating activities | → EBIT

Earnings per share/EPS | Earnings after income taxes attributable to the shareholders of Südzucker AG relating to one share. Earnings per share are calculated based on the profit for the year after minority interest in proportion to the number of equity shares in circulation during the year.

EBIT | Earnings before interest and taxes; ratio measuring the operating income potential of a company in which income tax expense and financial results are eliminated from net earnings for the year. EBIT is of major importance for comparing companies with different financial structures or subject to different tax systems. Operating profit as used by Südzucker is essentially the same as EBIT.

EBITDA | Earnings before interest, taxes, depreciation and amortization.

Equity method | Measurement method for investments in entities in which the investor has a significant influence over the operating and financial policies. The carrying value of the investment is increased or decreased by the share of net earnings or losses. Distributions by the partly owned company reduce the investment without affecting the income statement.

F

Forecast | Part of corporate budgeting by the financial department. Updated cumulative year-end profit forecasts for the current fiscal year are outlined in each of the three forecasts prepared annually in conjunction with the quarterly reports.

Functional food | Food or food ingredients with health applications.

G

Gluten | A protein substance contained in cereal grains. Gluten is used in industry as a foodstuff and animal feed.

Glycemic | Blood-sugar raising effect.

H

Hybrid capital | Subordinated corporate bond which, due to its unlimited term, has characteristics similar to shareholders' equity. As cancellation is only possible by the issuer at predetermined dates, hybrid capital is treated as shareholders' equity in accordance with IFRS.

I

IAS | International Accounting Standards: International accounting standards set by the International Accounting Standards Board (IASB), an independent and privately-financed committee formed in London in 1973. The IAS continues to exist within IFRS, required standards in Europe since 2005.

IFRS | International Financial Reporting Standards, which have formed the basis for preparation of consolidated financial statements of all listed companies in Europe since 2005. IFRS include and supplement International Accounting Standards already issued since 1973.

Income from associated companies | Consists of the investor's share of net earnings or losses of those entities included in the consolidated financial statements using the equity method.

Industrial sugar | Sugar produced outside the quota system, supplied to the chemical and pharmaceutical industries and used for producing bioethanol, starch, citric acid and vitamins.

Inulin | Pre-biotic ballast substance from chicory root with proven properties beneficial to health. Also used in many food additives as a substitute for fat because of its technological attributes (particularly ones related to texture).

Isomalt | The only sugar substitute produced from sugar and which tastes as natural as sugar. It is dental-friendly, reduces calories and has hardly any effects on blood-sugar levels. The most commonly used raw material in sugar-free candies worldwide, it is also used in chewing gum, chocolate and by bakeries.

L

LDCs | Least developed countries. A socio-economic status defined by the United Nations that refers to a group of particularly poor countries throughout the world.

M

MOEL | German abbreviation for Central and Eastern European countries (CEECs).

N

Non-EU countries | Used in this report to describe countries that are not EU member states.

Non-quota sugar | Sugar produced outside the quota system: It can be marketed; for example, as non-food industrial sugar, exported to non-EU countries or carried over into the next sugar marketing year.

O

Oligofructose | Prebiotic ballast substance from chicory root with proven healthy properties.

Operating profit | Whereas EBIT is net earnings for the year adjusted for interest and income taxes in order to establish comparability between entities with different financial structures and subject to different income tax systems, operating profit adjusts income from operating activities to exclude special items not regularly affecting income. This permits comparison of operating results with other periods and serves as an instrument for internal control of the business.

P

Palatinose™ | The only low glycemic carbohydrate that supplies the body with long-lasting energy from glucose. Furthermore, Palatinose™ is dental-friendly and is solely produced from sugar. The main application areas are drinks in the functional food and wellness areas.

P:E ratio | Price to earnings ratio: Important ratio for stock exchange values of equities, particularly used for comparing companies with similar business profiles within an industry (comparable companies). The stock market price is compared to earnings per share in order to determine the price to earnings ratio. In the same way, the price to earnings ratio is calculated as the relationship of market capitalization and earnings for the year after deduction of minority interest. Generally, a share having a lower P:E ratio compared with the average comparable company is seen as favorable, whereas one with a higher P:E ratio is viewed as unfavorable.

ProtiGrain® | Brand name of the animal feed produced by CropEnergies from distillers grain. ProtiGrain® is marketed as high-quality protein animal feed.

ProtiWanze® | Brand name for the animal feed CropEnergies produces in Wanze, Belgium, from distiller's grain. It is a byproduct of the bioethanol production process that is subsequently thickened. ProtiWanze® is a high-protein, liquid animal feed.

Q

Quotas | The volume of sugar and isoglucose defined for each EU member state. These volumes are in turn divided among the entities and are called quotas. Quotas serve to limit production and avoid excesses.

Quota beets | Sugar beets needed to produce the sugar quota allocated.

Quota sugar | Sugar allocated to a specific sugar marketing year produced in line with quotas and eligible to be marketed.

R

Rating | Normal estimate of creditworthiness of a creditor on international capital markets and bonds issued by these creditors by rating agencies using standardized evaluation ratios such as cash flow and debt situation: The creditworthiness evaluation is made on a scale from, for example, AAA or Aaa (highest creditworthiness for long-term ratings) to D or C (lowest creditworthiness for long-term ratings). Ratings are aimed at assisting investors to evaluate the credit risk of the company itself as well as its current and non-current securities issued as third-party financing.

Raw sugar value | Relates to unrefined raw sugar.

ROCE | Return on capital employed: It is used within Südzucker Group to measure the profitability of a segment. This is calculated by comparing operating profit with assets employed in the segment. This latter amount is the sum of non-current assets (excluding financial assets) and working capital → Capital employed.

S

Sugar exports | The supported exports are limited to 1.374 million tonnes due to the EU's WTO obligations.

Sugar marketing year | As of 2007/08, the marketing year begins on October 1 and ends on September 30.

W

White sugar value | Relates to refined sugar and is 10 % lower than the raw sugar value.

World market prices | Prices for securities or goods which make up the balance of supply and demand: For tradable goods in highly liquid markets the world market price is determined by daily market prices.

Working capital | The difference between current assets and current, non-interest bearing liabilities: Working capital includes inventories, receivables and other assets less trade accounts payable, other current non-interest bearing liabilities and current provisions. The amount demonstrates to what extent an entity has its capital tied up in the revenue-generating process. Positive working capital indicates that products used in the revenue-generating process are paid before cash is received from the sale of the finished products.

WTO | World Trade Organization.

Forward looking statements/forecasts

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

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