



**Tereos Europe**  
**€500,000,000 6<sup>3</sup>/<sub>8</sub>% Senior Notes due 2014**

For the twelve months period ending September 30, 2010

The Company will host a conference call to discuss its Annual Results on January 28, 2011, at 10.30 a.m. Paris time (9.30 a.m. London time). To attend the call, please use the following instructions:

International Dial In: +44 (0) 1452 555 566  
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A replay of the call will be available for 21 days using the following instructions:

International Dial In: +44 (0) 1452 550 000  
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## 2009/10 ANNUAL RESULTS

**REVENUE OF €3.53 BILLION, UP 6.7%**  
**RECORD ADJUSTED EBITDA OF €596 MILLION, UP 35.2%**  
**NET DEBT TO ADJUSTED EBITDA RATIO DOWN TO 3.28**

### Key financial and operational highlights:

- **Net Revenue** of €3.53 billion up 6.7% in 2009/10 on higher prices and volumes in Brazil (sugar & ethanol) and higher volumes in Europe (sugar).
- Higher **Sugar Production** (+29.7%), and **Ethanol Production** (+24.4%) and **Starch Production** (+7.5%) compared to 2008/09
- **Adjusted EBITDA** rose 35.2% to €596 million, with an Adjusted EBITDA margin of 16.9% in 2009/10 vs. 13.3% in 2008/09
- **Net Profit** of **€150.3** million up 98.3% in 2009/10 versus 2008/09.

### Key Indebtedness highlights :

- Net Debt (including related parties) increased by 15.5% to €1,952.3 million at September 30, 2010 versus 1,689.5 million at September 30, 2009
- Net debt to Adjusted EBITDA ratio down to 3.28x at September 30, 2010 versus 3.84x at September 30, 2009
- New 1.04 billion € financing at European level

### Key business highlights:

- **Sugarcane**  
A R\$ 2.2 Billion partnership with Petrobras in the Brazilian sugarcane, ethanol and bioenergy industry  
Tereos rises to n°3 in Brazil and n°1 in La Réunion Island with the acquisitions of Vertente, Mandu and Groupe Quartier Français
- **Cereals**  
Partnership with French cereal cooperatives in Tereos Agro-Industrie to strengthen our positions within EU cereal processing industry
- **Sugarbeet**  
Partnership with Pure Circle for the development of Stevia products and with Danisco for betaine production
- **Creation of Tereos Internacional, a Brazilian listed company**, comprising Tereos' cereal and sugarcane assets in Europe, Brazil and the Indian Ocean

#### **Philippe Duval, Chairman and Chief Executive Officer, said:**

“Successful completion of the EU sugar regime reform led to a sharp improvement of our profitability. That, combined with strong positions that the group built in its cereal and sugarcane divisions in recent years help to post strong operational results for the 2009/10 year. The creation and the listing of Tereos Internacional, the refinancing of 1 billion € concluded in June, as well as the strategic partnership that we concluded in Brazil with Petrobras were key factors for strengthening the company and will contribute for the development of the group in a dynamic environment within the various geographies..”

## MANAGEMENT'S DISCUSSION AND ANALYSIS<sup>1</sup>

### 2009/10 OVERVIEW

Financial Highlights			
€ Million	2009/10	2008/09	Variation
<b>Net Revenues</b>	<b>3,529.3</b>	<b>3,309.2</b>	<b>+6.7%</b>
<b>Adjusted EBITDA</b>	<b>595.6</b>	<b>440.4</b>	<b>+35.2%</b>
Adjusted EBITDA Margin	16.9%	13.3%	+ 3.3 points
<b>EBITDA (before price complements)</b>	<b>574.3</b>	<b>436.1</b>	<b>+31.7%</b>
EBITDA Margin	16.3%	13.2%	+3.1 points
<b>Net Income (after price complements)</b>	<b>150.3</b>	<b>75.6</b>	<b>+98.3%</b>
Net Margin	4.3%	2.3%	+2.0 points
<b>Comprehensive Income (Group interest)</b>	<b>122.0</b>	<b>51.8</b>	<b>+135.5%</b>
<b>Net Debt (including related parties)</b>	<b>1,952.3</b>	<b>1,689.5</b>	<b>+15.5%</b>
<b>Sugar produced ('000 t)</b>	<b>3 602</b>	<b>2 776</b>	<b>+29.7%</b>
<b>Alcohol produced ('000 m<sup>3</sup>)</b>	<b>1 766</b>	<b>1 420</b>	<b>+24.4%</b>
<b>Starch &amp; glucose produced (000 t)</b>	<b>1 772</b>	<b>1 649</b>	<b>+7.5%</b>

**EBITDA : Net income adjusted by net financial income (loss), income taxes, depreciation and amortization**

In accordance with IAS 16, the Tereos Group now considers intercampaign expenses (maintenance expenses on the production equipment) as an independent component that is booked as a tangible asset and amortized during the following year.

**Adjusted EBITDA :** EBITDA before price complements and excluding items from discontinued operations, accounting effect of the adjustment in the fair value of the biological assets and financial instruments.

**Price complements :** We pay to our cooperative member a price complement based on the amount of sugarbeet supplied to Tereos France. Price complement payments are linked to Tereos France results. Like dividends, price complements are proposed by our Executive Board and voted by Tereos Supervisory Board.. Unlike dividends, which are paid in proportion to share capital, price complements are paid based on the amount of sugarbeet delivered. Price complement are booked in our financial statements as payment for the purchase of raw materials and recognized in the line "Purchases and changes in inventory", above operating income. However, in order to have comparable financial statements with non cooperative companies, we calculate our Adjusted EBITDA, EBITDA, Operating Income, Income before interests, CFO and FFO during the periods under review by adding back the price complement.

### BUSINESS HIGHLIGHTS

#### Sugarbeet Division (Europe)

- Adjusted EBITDA up by € 128.3 million (+74.6%),
- Improved commercial margins for sugar sales under quota and one-off EU export contingents increase, combined with reduced energy costs for sugar produced in 2009-10 (e.g. processing campaign from September to December 2009),
- Margins for alcohol & ethanol remained low and ethanol prices recovered in Q4.

#### Cereal Division (Europe)

- Adjusted EBITDA down by € 30 million (-17.1%),
- Lower margins for Starch after 2008/2009 results : costs (energy and grains) have increased faster than selling prices.
- Higher industrial costs for Lillebonne facility (BENP),
- Successful start up of DVO distillery facility.

#### Sugarcane Division (Brazil & Indian Ocean)

- Adjusted EBITDA up by € 62.8 million (+66.2%),
- Increase in sugar production with the start-up of Tanabi sugar factory and expansion of Sao Jose & Cruz Alta mills (Brazil),
- Successful integration of Vertente and Mandu mills in Brazil and of GQF in La Réunion,
- Buoyant sugar world market.

<sup>1</sup> The following discussion of our financial condition and results of operations should be read in conjunction with our combined consolidated financial statements, the related notes and other financial information included elsewhere in the offering memorandum. Our financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as adopted for use in the EU. This discussion also includes forward-looking statements based on assumptions about our future business. Our actual results could differ materially from those contained in these forward-looking statements. Please note that all percentages may be calculated on non-rounded figures and therefore may vary from percentages calculated on rounded figures.

## NET REVENUES

Tereos posted total revenues of € 3,529.3 million for the twelve months ended September 30, 2010 compared with € 3,309.2 million for the twelve months ended September 30, 2009.

Net revenues for Sugarcane and Sugarbeet activities increased by € 343.7 million (+17.7%) while Cereal activities fell by € 129.2 million (-9.5%) :

€ million	2009/10	2008/09	Variation	%
<b>Sugarbeet Division</b>	<b>1,499.7</b>	<b>1,449.5</b>	<b>+50.2</b>	<b>+3.5%</b>
Western Europe (Tereos France)	1,339.4	1,294.8	+44.5	+3.4%
Eastern Europe (TTD)	160.3	154.7	+5.7	+3.7%
<b>Cereal Division</b>	<b>1,233.4</b>	<b>1,362.6</b>	<b>-129.2</b>	<b>-9.5%</b>
Starch Europe (Syral)	985.5	1,123.0	-137.5	-12.2%
Ethanol Europe (BENP-DVO)	247.9	239.6	+8.3	+3.5%
<b>Sugarcane Division</b>	<b>790.6</b>	<b>497.1</b>	<b>+293.5</b>	<b>+59.0%</b>
Sugar & Ethanol Brazil (Guarani)	681.5	424.5	+257.0	+60.5%
Sugar Indian Ocean (La Réunion & Sena)	109.1	72.6	+36.5	+50.3%
<b>Other</b>	<b>5.6</b>	<b>0.0</b>	<b>+5.6</b>	<b>-</b>
<b>Total</b>	<b>3,529.3</b>	<b>3,309.2</b>	<b>+220.1</b>	<b>+6.7%</b>

### **Sugarbeet Division : revenues +3.5%, Slight increase due to sugar sales out of quota**

Sugarbeet division sales for the twelve month period ended September 30, 2010 rose 3.5% to € 1,499.4 million. This € 50.2 million increase in net revenues is mainly due to :

- Price/product mix impact : -5.1% due to lower prices for sugar under quota as a result of the EU sugar reform, and tough conditions for alcohol/ethanol on the EU market until Q3. Prices for non-quota sugar increased by 37.8% as a result of the high prices for sugar on the world market,
- Volumes impact : +8.4%, mainly due to sugar sales out of quota, linked to the historical high crop and the one-off EU export contingents increase,
- Exchange rate impact : +0.3% due to the appreciation of the Czech Crown versus the Euro.

### **Cereal Division : revenues -9.5%,- Decrease mainly due to starch & sweeteners prices**

Cereal division sales for the twelve month period ended September 30, 2010 were down 9.5% to € 1,233.4 million.

This € 129.2 million decrease is the cumulative consequence of a 12.2% decrease in the starch and sweeteners products, partially offset by a 3.5% increase in the Alcohol/Ethanol sales at the BENP-DVO level.

Decrease in starch & sweeteners sales are mainly driven by :

- Price/product mix impact : -13.9% due to lower prices mainly related to the decrease of energy and grain prices during H1,
- Volumes impact : +2.0% driven by a resilient food industry and the recovery in the non-food industry,

Alcohol & Ethanol sales increased by 3.5% mainly through a positive volume impact of 11.0% related to the sales of our new alcohol production facility, Distillerie de la Vallée de l'Oise, and a negative price/product mix impact of 7.5% due to low prices for ethanol until Q3.

### **Sugarcane Division : revenues +59.0%, Increase in sugar price, perimeter impact and positive exchange rate impact**

- Sugarcane division sales for the twelve month period ended September 30, 2010 rose 59.0% to € 790.6 million. This increase of € 293.5 million) is due in part to the perimeter impact of the acquisition of Groupe Quartier Français in La Réunion for €43.9 million and in part due to the positive price/product impact in Brazil, supported by positive market fundamentals mainly for sugar from H2 but also for Ethanol, from Q3, and also by the exchange rate impact : +19.9% due to the global appreciation of the Brazilian currency versus Euro.

## Adjusted EBITDA (before price complements)

Adjusted EBITDA totalled € 595.6 million for the twelve months ended September 30, 2010 compared with € 440.4 million for the twelve months ended September 30, 2009, a rise of 35.2%.

Adjusted EBITDA for our Sugarbeet and Sugarcane activities increased by € 182.7 million (+70.9%) while Cereal activities fell by € 39.1 million (-21.7%).

€ million	2009/10	2008/09	Variation	%
<b>Sugarbeet Division</b>	<b>300.0</b>	<b>171.8</b>	<b>+128.2</b>	<b>+74.6%</b>
Western Europe (Tereos France)	261.1	143.2	+117.9	+82.4%
Eastern Europe (TTD)	38.9	28.6	+10.3	+36.0%
<b>Cereal Division</b>	<b>145.5</b>	<b>175.5</b>	<b>-30.0</b>	<b>-17.1%</b>
Starch Europe (Syrat)	125.2	152.1	-26.9	-17.7%
Ethanol Europe (BENP-DVO)	20.2	23.4	-3.2	-13.5%
<b>Sugarcane Division</b>	<b>157.8</b>	<b>94.9</b>	<b>+62.8</b>	<b>+66.2%</b>
Sugar & Ethanol Brazil (Guarani)	136.8	82.3	+54.5	+66.2%
Sugar Indian Ocean (La Réunion & Sena)	21.0	12.7	+8.3	+65.4%
<b>Other</b>	<b>-7.6</b>	<b>-1.8</b>	<b>-5.8</b>	<b>-</b>
<b>Total</b>	<b>595.6</b>	<b>440.4</b>	<b>+155.2</b>	<b>+35.2%</b>

Adjusted EBITDA margin was 16.9% for the period compared to 13.3% for 2008/09.

### **Sugarbeet Division : Adjusted EBITDA +74.6% - Strong increase due to sugar sales (under quota and out of quota) and low production costs**

Sugarbeet Division Adjusted EBITDA for the twelve month period ended September 30, 2010 was up 74.6% to € 300.0 million.

The increase in Adjusted EBITDA of € 128.2 million is due to improved commercial margins for the EU market along with a decrease in energy costs and lower production costs related to a better sugarbeet quality (processing campaign October 2009-September 2010). Our operational results were also positively impacted by the high margins for exports of sugar out of quota as a result of the buoyant world sugar market.

### **Sugarcane Division : Adjusted EBITDA +66.2% - Positively impacted by the increase in sugar price**

Sugarcane Division Adjusted EBITDA for the twelve month period ended September 30, 2010 rose 66.2% to € 157.8 million. The € 62.8 million increase results from

- Brazil : organic growth and acquisition revenues as well as favorable product mix combined with high sugar prices and, at the end of the year, better markets conditions for alcohol,
- Indian Ocean : acquisition revenues and higher volumes sold thanks to the catch up of the delay in the crop for 2008/09.

The performance of our Mozambican subsidiary was affected by adverse weather conditions, as well as delay in the crop start.

### **Cereal Division : Adjusted EBITDA -17.1% - Decreasing selling prices context for the starch and starch originated products business. Operating issues for BENP (Ethanol)**

Cereal Division Adjusted EBITDA for the twelve month period ended September 30, 2010 was down 17.1% to € 145.5 million. This € 30.0 million decrease results from :

- Starch & sweeteners business : the consequence of a temporary negative mismatch between selling prices and costs (Energy and grains),
- Ethanol & Alcohol business : the negative impact caused by the tests made in our distillery of Lillebonne (BENP) in the first quarter using barley as an alternative raw material as well as a technical stoppage to address industrial problems.

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## **OPERATING INCOME (before price complements)**

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Operating Income rose 30.7% to € 325.4 million for the twelve months ended September 30, 2010.

The € 76.5 million increase in results from an increase in EBITDA of € 138.2 million (+31.7%) combined with Depreciation and amortization allowance up by € 61.7 million (+32.9%).

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## **NET FINANCIAL EXPENSES**

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Our net financial expenses decreased by €28.2 million, from a loss of €164.3 million for the financial year ended September 30, 2009 to a loss of €136.1 million for the financial year ended September 30, 2010.

The decrease is mainly related to a €16.5 million gain in fair value for the financial year ended September 30, 2010 compared to a €6.3 million loss in 2009.

Please note also that we reduced our net interest costs from €122.83 million to €1101.3 million in spite of the increase of our net financial debt (including related parties) from €1,689.5 million at September 30, 2009 to € 1,952.3 million at September 30, 2010.

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## **NET INCOME & COMPREHENSIVE INCOME (after price complements)**

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In addition to purchasing sugar beets from cooperative member beet growers at the guaranteed minimum price set by the European Commission, we also pay them a price complement based on the amount of beet they provide. This price complement is included in our financial statements as part of "Purchases and changes in inventory" and amounted to €50.2 million for the financial year ended September 30, 2010.

Net Profit after price complements, totalled € 150.3 million for the twelve months ended September 30, 2010 compared with € 75.6 million for the twelve months ended September 30, 2009, an increase of 98.5%.

IFRS now recognize the comprehensive income.

Comprehensive income is the sum of net income and other items that are not included in the income statement because they have not been realized, including items like an unrealized holding gain or loss from available for sale securities and foreign currency translation gains or losses. These items are not part of net income, yet are important enough to be included in comprehensive income, giving the user a more comprehensive picture of the organization as a whole.

After other comprehensive income of €28.6 million (see page 15), Comprehensive income for the financial year ended September 30, 2010 totaled €178.9 million of which €122.0 million attributable to the owners of the parent, compared to a total comprehensive income of €61.6 million at September 30, 2009 (€51.8 attributable to the owners of the parent), an increase of €117.3 million.

## NET DEBT

Our net financial debt (excluding related parties) at the end of September, 2010 was €1,900.9 million compared to € 1,591.3 million at the end of September 2009.

The increase by €309.6 million includes:

- The acquisition of Mandu and Vertente mills in Brazil as well as Petrobras' first investment (capital increase) in Guarani,
- The acquisition of Groupe Quartier Français, in La Réunion (end of September 2010). Core assets have been acquired by Tereos Internacional on July 1<sup>st</sup>, while remaining non core assets will be disposed,
- The impact of the acquisition of the Tereos Participations shares.

At year end, Tereos' cash position was a positive €239.2 million.

The analysis of the net debt could be summarized as follows:

	Short Term	Medium & Long Term	Total	Adj. Fair Value	Cash	Net Debt	oct-10 sept-11	oct-11 sept-12	oct-12 sept-13	oct-13 sept-14	oct-14 sept-15	+
Overdraft	2.4	-	2.4		-13.0	-10.6	2.4	-	-	-	-	-
Revolving Credit facility	50.0	-	50.0		-	50.0	50.0	-	-	-	-	-
Term Loan	95.0	130.0	225.0		-	225.0	95.0	30.0	30.0	70.0	-	-
High Yield Bond	14.6	500.0	514.6		-	514.6	14.6	-	-	500.0	-	-
Debentures Loan	2.0	34.3	36.3		-	36.3	2.0	3.0	2.4	2.7	2.9	23.3
Others Debt	15.9	5.9	21.8	-16.8	-	5.0	15.9	2.5	2.0	1.1	0.1	0.1
<b>Total Tereos France</b>	<b>179.9</b>	<b>670.2</b>	<b>850.1</b>	<b>-16.8</b>	<b>-13.0</b>	<b>820.3</b>	<b>179.9</b>	<b>35.5</b>	<b>34.4</b>	<b>573.8</b>	<b>3.1</b>	<b>23.4</b>
TTD	23.9	7.6	31.5		-3.3	28.2	23.9	7.6	-	-	-	-
Tereos Participations	-	-	-		-1.0	-1.0	-	-	-	-	-	-
Tereos Agro Industrie	-	-	-		-	-	-	-	-	-	-	-
Tereos BENP	-	-	-		-3.9	-3.9	-	-	-	-	-	-
Teros DVO	-	-	-		-	-	-	-	-	-	-	-
Tereos Syral	136.4	25.8	162.2		-18.5	143.6	136.4	16.2	5.1	4.1	0.4	-
Tereos Océan Indien	39.9	25.8	65.8		-26.7	39.0	39.9	12.2	1.4	1.2	9.9	1.0
Guarani (Brazil)	384.7	211.9	596.6	-1.6	-142.9	452.1	384.7	54.3	60.6	34.0	26.5	36.5
Guarani (Mozambique)	36.5	-	36.5		-6.8	29.7	36.5	-	-	-	-	-
Tereos Internacional	16.0	-	16.0		-0.6	15.4	16.0	-	-	-	-	-
Tereos EU	135.2	245.0	380.2	-5.2	-	375.0	135.2	35.0	35.0	35.0	140.0	-
Quartier Français Group	3.7	21.2	25.0		-22.4	2.6	3.7	21.2	-	-	-	-
<b>Total Net Debt</b>	<b>956.2</b>	<b>1,207.5</b>	<b>2,163.7</b>	<b>-23.6</b>	<b>-239.2</b>	<b>1,900.9</b>	<b>956.2</b>	<b>182.0</b>	<b>136.6</b>	<b>648.2</b>	<b>179.8</b>	<b>60.9</b>

Note: €956.2 million with a maturity of less than one year, of which €171.0 million are renewable until 2014 (RCF syndicated facility) and €95 million renewable until August 2011 under the factoring programme for Syral.

Syndicated Loan Draw	Usable	Drawn	Undrawn
Term loan – Tereos	150.0	150.0	-
Term loan – Tereos EU	275.0	275.0	-
Revolving credit facility – Tereos	200.0	50.0	150.0
Revolving credit facility - Tereos Sucres (formerly Commerciale Tereos)	150.0	-	150.0
Revolving credit facility - Tereos Alcools (formerly Brabant)	50.0	-	50.0
Revolving credit facility - Tereos EU	175.0	105.0	70.0
Revolving credit facility – Tereos Internacional	53.0	16.0	37.0
<b>Total</b>	<b>1,053.0</b>	<b>596.0</b>	<b>457.0</b>

At September 30<sup>th</sup> 2010, the €1,053.0 million syndicated credit facilities were drawn for €596.0 million. Therefore €457.0 million remain available under these lines. Additional €124.4 million un-drawn lines were available, in our operating subsidiaries. The unused credit lines cumulated with cash available at year end totalled €820.6 million.

## LEVERAGE (COVENANTS) & FINANCIAL METRICS

In June, 2010 Tereos finalized the refinancing of its debt related to its European assets.

New Euro denominated syndicated facilities are now held at Tereos France level and at Tereos EU (Grains assets and Sugarcane assets in Europe level for €550 million and €450 million respectively. According to their own syndicated facility, both Tereos France and Tereos EU have to meet covenants requirements (leverage and interest coverage ratio).

Covenants at Tereos France level are tested once a year at the end of September.

Covenants at Tereos EU level are tested once a year at the end of March.

Our financial covenants related to the syndicated credit facility are :

	2009-10	2010-11	2011-12	2012-13
<b>Net Financial Debt / EBITDA</b>				
Tereos France – tested end of September	< 4.00	< 3.50	< 3.25	< 3.00
Tereos EU – tested end of March	-	< 2.90	< 2.75	< 2.50
<b>EBITDA / Net financial interests</b>				
Tereos France – tested end of September	> 3.75	> 3.75	> 3.50	> 3.50
Tereos EU – tested end of March	-	> 4.00	> 4.00	> 4.00

Considering Tereos France test, ratios are as follows:

Tereos France 2009-10	Covenant	Expected Ratios	Headroom
Net Financial Debt / EBITDA	< 4.00x	3.49x	12.8%
EBITDA / Net financial interests	>3.75x	4.31x	14.9%

Hereafter the simplified calculation for 2009-10 :

Tereos France 2009-10	Ebitda	Net debt	Net financial interests
€ million	234.6	819.5	-54.4

### Main financial metrics for Tereos Group

2009-10	
<b>Cash From Operations</b> (before price complements)	<b>600.6</b>
Working Capital variance	-140.8
<b>Funds From Operations</b> (before price complements)	<b>459.8</b>
Dividends	-12.4
Price complements	-40.0
<b>Retained Cash Flow</b>	<b>407.4</b>
Capex	-312.5
Proceeds from the disposal of assets	30.5
Acquisition and perimeter impact	-566.1
Financial expenses	-112.0
Capital increase	290.0
<b>Free Cash Flow</b>	<b>-262.8</b>

2009-10	Net Debt/Adjusted EBITDA	FFO/Net Debt	RCF/Net Debt	FCF/Net Debt
<b>Tereos Group</b>	3.28	23.5%	20.9%	-13.5%

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## CONTACTS

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*Tereos is an agro-industrial cooperative group with 14,000 employees that processes sugar beet, sugar cane and grains into sugars and alcohols. We operate 33 industrial facilities in Europe, Brazil and Africa. In 2010, Tereos produced 3.6 million tons of sugar, 1.8 million tons of starch products and 1.8 million of cubic meters of alcohol and ethanol. With revenues of €3,529 million and EBITDA (before price complement) of €596 million for the 2010 financial year, we are one of the leading sugar, starch and ethanol producers in Europe and Brazil.*

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## FINANCIAL CALENDAR

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Q1 2010-2011 (October-December) : Thursday 17<sup>th</sup> February 2011

Q2 2010-2011 (January- March) : Thursday 30<sup>th</sup> June 2011

Q3 2010-2011 (April-June) : Monday 15<sup>th</sup> August 2011

Annual 2010-2011 : Friday 27<sup>th</sup> January 2012

## APPENDICES

### Revenue breakdown

The tables below present our revenues broken down into:

- location of production
- business segments

We have provided revenues under these two methods, however, we track our operating expenses only by the first method: location of production. As a result, we use breakdown by production location of manufacture for our products when discussing our results..

#### *Revenues by location of production*

	Year ended September 30, 2010			
	2010		2009	
	€ million	% Total	€ million	% Total
<b>Sugar &amp; Alcohol in EU</b>	<b>1,842.8</b>	<b>52.2%</b>	<b>1,732.5</b>	<b>52.4%</b>
France	1,587.3	45.0%	1,534.4	46.4%
Czech Republic	160.3	4.5%	154.7	4.7%
Reunion Island	95.2	2.7%	43.4	1.3%
<b>Starch Products in EU</b>	<b>985.5</b>	<b>27.9%</b>	<b>1,123.0</b>	<b>33.9%</b>
<b>Sugar &amp; Alcohol in Brazil</b>	<b>695.4</b>	<b>19.7%</b>	<b>453.7</b>	<b>13.7%</b>
<b>Other</b>	<b>5.6</b>	<b>0.2%</b>	-	-
<b>Total</b>	<b>3,529.3</b>	<b>100.0%</b>	<b>3,309.2</b>	<b>100.0%</b>

#### *Revenues by business segment:*

	Year ended September 30, 2010			
	2010		2009	
	€ million	% Total	€ million	% Total
Sugar from beet	1,154.4	32.7%	1,168.5	35.3%
Sugar from cane	544.3	15.4%	320.0	9.7%
Alcohol & Ethanol	724.9	20.5%	518.5	15.7%
Starch products	603.3	17.1%	706.1	21.3%
By-products and Others	502.4	14.2%	596.1	18.0%
<b>Total</b>	<b>3,529.3</b>	<b>100.0%</b>	<b>3,309.2</b>	<b>100.0%</b>

### EBITDA to Adjusted EBITDA

€ million	EBITDA	Fair-value on biological assets	Fair-value on derivatives	Non-recurring (discontinued activities)	Adjusted EBITDA
<b>Sugarbeet Division</b>	<b>298.8</b>	<b>0.0</b>	<b>-1.2</b>	<b>0.0</b>	<b>+300.0</b>
Western Europe (Tereos France)	259.9	0.0	-1.2	0.0	+261.1
Eastern Europe (TTD)	38.9	0.0	0.0	0.0	+38.9
<b>Cereal Division</b>	<b>141.3</b>	<b>0.0</b>	<b>-2.9</b>	<b>-1.2</b>	<b>145.5</b>
Starch Europe (Syréal)	121.1	0.0	-2.9	-1.2	125.2
Ethanol & Alcohol Europe (BENP-DVO)	20.2	0.0	0.0	0.0	20.2
<b>Sugarcane Division</b>	<b>141.4</b>	<b>-6.2</b>	<b>+6.8</b>	<b>-17.0</b>	<b>157.8</b>
Sugar & Ethanol Brazil (Guarani)	116.9	-9.7	+6.8	-17.0	136.8
Sugar Indian Ocean (Réunion & Sena)	24.5	3.5	0.0	0.0	21.0
<b>Other</b>	<b>-7.2</b>	<b>0.0</b>	<b>0.4</b>	<b>0.0</b>	<b>-7.6</b>
<b>Total</b>	<b>574.3</b>	<b>-6.2</b>	<b>+3.1</b>	<b>-18.2</b>	<b>595.6</b>

## Profit & Loss Account

	Actual 30-sept-10	Actual 30-sept-09
<b>Continuing operations</b>		
<b>Revenues</b>	<b>3 529,3</b>	<b>3 309,2</b>
Purchases and changes in inventory	- 1 894,9	- 1 780,6
Other external charges	- 654,9	- 679,8
Taxes and other levies	- 59,1	- 64,1
Employee-related expenses	- 402,5	- 341,9
Other operating expenses	92,4	32,6
Depreciation and provision	- 36,0	- 39,3
<b>EBITDA (EBITDA before price complements)</b>	<b>574,3</b>	<b>436,1</b>
Depreciation and amortization allowances	- 248,9	- 187,2
<b>Operating Income (before price complements)</b>	<b>325,4</b>	<b>248,9</b>
Non recurring operations	- 46,9	- 15,6
<b>Income before interests (and price complements)</b>	<b>278,5</b>	<b>233,3</b>
Net financial expense	- 136,1	- 164,3
Price complements	- 50,2	- 18,1
Corporate income tax	50,1	20,6
Income from non consolidated compagnies	4,4	4,1
<b>Net income/(loss) from continuing operations</b>	<b>146,8</b>	<b>75,6</b>
<b>Discontinued operations and assets held for sale</b>		
Net income (loss) from discontinued operations and assets held for sale	3,5	-
<b>Net Income</b>	<b>150,3</b>	<b>75,6</b>
<b>Other comprehensive income</b>		
Change in fair value of hedging instruments	- 11,5	- 22,7
Change in unrealised foreign exchange gains and losses	32,4	9,7
Income tax relating to other comprehensive income	7,7	- 1,0
<b>Total comprehensive income</b>	<b>178,9</b>	<b>61,6</b>
<i>Attributable to owners of the parent</i>	<i>122,0</i>	<i>51,8</i>
<i>Minority Interests</i>	<i>56,9</i>	<i>9,9</i>

Note:

(1) EBITDA is defined as operating income before price complements paid to our cooperative members, before depreciation and amortization. Adjusted EBITDA is calculated as EBITDA before impact of fair value on biological assets, fair value on derivatives and non recurring items related to discontinued activities. You should not consider adjusted EBITDA as an alternative to operating profit or net income (as determined in accordance with IFRS), as an indicator of our operating performance, or as an alternative to cash flows from operating activities, investing activities or financing activities (as determined by IFRS), or as a measure of liquidity. We use adjusted EBITDA as a supplemental measure of operating performance, particularly because it is also an internationally recognized measure that is regularly used by securities analysts, rating agencies, investors and other parties to evaluate a company's operating performance. We also believe that adjusted EBITDA is a useful indicator of our ability to service our indebtedness. Adjusted EBITDA is not a measure of performance under IFRS and not all companies calculate adjusted EBITDA or similarly titled financial measures in the same manner. As such, adjusted EBITDA as disclosed by other companies may not be comparable with our use of adjusted EBITDA. Adjusted EBITDA also includes payments that we are required to make to the restructuring fund under the new EU sugar regime.

### **Purchases and changes in inventory**

Purchases and changes in inventory increased by 6.4%, from €1,780.6 million for the financial year ended September 30, 2009 to €1,894.9.1 million for the financial year ended September 30, 2010.

#### *France*

In France, purchases and changes in inventory increased by 5.3% and amounted to €849.0 million for the financial year ended September 30, 2010, compared to €806.4 million for the financial year ended September 30, 2009 representing 44.8% and 45.3% of total purchases and changes in inventory, respectively.

#### *Starch products*

In Syral, total purchases and changes in inventory amounted to €583.7 million for the financial year ended September 30, 2010 and €653.8 million for the financial year ended September 30, 2009, representing 30.8% and 36.7% of total purchases and changes in inventory, respectively. This decrease is primarily related to the 11.8% decrease in grain average prices and to an increase in the stored production.

#### *Czech Republic*

In the Czech Republic, total purchases and changes in inventory amounted to €105.5 million for the financial year ended September 30, 2010 and €89.6 million for the financial year ended September 30, 2009, representing 5.6% and 5.0% of total purchases and changes in inventory, respectively. This decrease is primarily related to the decrease in the sugar beet price.

#### *Réunion Island*

On Réunion Island, total purchases and changes in inventory amounted to €96.9 million for the financial year ended September 30, 2010 and €34.3 million for the financial year ended September 30, 2009, representing 5.1% and 1.9% of total purchases and changes in inventory, respectively. This increase is the cumulated result of the increase in the sugarcane price and the acquisition of Groupe Quartier Français.

#### *Brazil*

In Brazil, purchases and changes in inventory amounted to €259.9 million for the financial year ended September 30, 2010 and €196.5 million for the financial year ended September 30, 2009, representing 13.7% and 11.0% of total purchases and changes in inventory, respectively. Increase in Brazil is primarily due to higher price in the third sugar cane price linked to the Consecana scheme (measured in Reais per ton of TRS sold), cumulated with the perimeter impact related to the consolidation of the new acquired companies, Vertente and Usina Mandu.

Fair Value of biological assets (sugarcane plantation in Brazil and Mozambique) impacted negatively for €9.3 million.

### **Other external charges**

Other external charges slightly decreased by 3.7%, from €679.8 million for the financial year ended September 30, 2009 to €654.9 million for the financial year ended September 30, 2010.

#### *France*

In France, other external charges amounted to €309.8 million for the financial year ended September 30, 2010 and €396.2 million for the financial year ended September 30, 2009, representing 47.3% and 58.3% of total other external charges, respectively. This variance is mainly explained by the new accounting method. In accordance with IAS 16, the Tereos Group now considers intercampaign expenses (maintenance expenses on the production equipment) as an independent component that is booked as a tangible asset and amortized during the following year.

#### *Starch products*

In Syral, other external charges amounted to €165.0 million for the financial year ended September 30, 2010 and €186.5 million for the financial year ended September 30, 2009, representing 25.2% and 27.4% of total other external charges, respectively. This decrease is primarily related to a €29.3 million decrease in the subcontracting expenses, partially offset by a €8.3 million increase in raw material carriage costs.

#### *Czech Republic*

In the Czech Republic, other external charges amounted to €18.0 million for the financial year ended September 30, 2010 and €14.4 million for the financial year ended September 30, 2009, representing 2.7% and 2.1% of total other external charges, respectively. This increase was primarily related to higher raw material carriage costs.

#### *Réunion Island*

On Réunion Island, other external charges amounted to €18.1 million for the financial year ended September 30, 2010 and €7.9 million for the financial year ended September 30, 2009, representing 2.8% and 1.2% of total other external charges, respectively. This increase is the result of the perimeter impact of the acquisition of Groupe Quartier Français cumulated with the increase the raw material transportation cost.

#### *Brazil*

In Brazil, other external charges amounted to €134.9 million for the financial year ended September 30, 2010 and €73.8 million for the financial year ended September 30, 2009, representing 20.6% and 10.8% of total other external charges, respectively. Our other external charges primarily increased due a higher raw material carriage costs by €19.4 million, cumulated with an increase in the subcontracting costs by €19.6 million and a €23.6 million perimeter impact related to the consolidation of the new acquired companies, Vertente and Usina Mandu.

#### **Taxes and other levies**

Taxes and other levies decreased by 7.8%, from €64.1 million for the financial year ended September 30, 2009 to €59.1 million for the financial year ended September 30, 2010. This decrease was mainly due to a decrease by €11.2 million in Syral, partially offset by an increase in France by €2.7 million cumulated with another €2.2 million one in Brazil.

#### **Employee-related expenses**

Employee-related expenses increased by 17.7%, from €341.9 million for the financial year ended September 30, 2009 to €402.5 million for the financial year ended September 30, 2010. This increase is primarily due to our acquisitions in Brazil and La Réunion during the 2009/10 fiscal year.

#### **Other operating expenses**

Our other operating expenses are a profit by €92.4 million for the financial year ended September 30, 2010 and were a profit by €32.6 million for the financial year ended September 30, 2009.

This profit includes subsidies related to the sugarcane activity in La Réunion for €28.2 million and an operating expenses transfer for €28.0 million.

In addition, fair value on derivatives is a profit of €3.1 for the year ended September 30, 2010 and was a loss of €6.7 in 2009.

#### **Fair value on derivatives**

Fair value on derivatives is a gain of €3.1 million for the financial year ended September 30, 2010 and is a loss of €6.7 million for the financial year ended September 30, 2009.

### **Depreciation and amortization allowances and provisions**

Depreciation and amortization allowances and provisions increased by 25.8%, from €226.5 million for the financial year ended September 30, 2009 to €284.9 million for the financial year ended September 30, 2010.

This increase is primarily due to the new accounting method regarding the intercampaign expenses.

### **Non-recurring operations**

Our net non-recurring income, related to discontinued activities, is a loss of €46.9 million for the financial year ended September 30, 2010 and was a loss of €15.6 million for the financial year ended September 30, 2009.

### **Net financial expenses**

Our net financial expense decreased by €28.3 million, from €164.3 million for the financial year ended September 30, 2009 to €136.0 million for the financial year ended September 30, 2010 mainly due to a €16.5 million gain in fair value for the financial year ended September 30, 2010 compared to a €6.3 million loss in 2009.

### **Income tax**

As at September 30, 2010, Income tax is a profit by €50.1 million.

Due to our status as an agricultural cooperative, we do not pay income tax on profits derived from the sale of sugar produced in France from sugar beets purchased from our cooperative members.

### **Share in income of companies accounted for by the equity method**

Our share in the income of companies accounted for by the equity method increased from €4.1 million for the financial year ended September 30, 2009 to €4.4 million for the financial year ended September 30, 2010.

### **Net income from continuing operations**

As a result, Net Income from continuing operations increased by 94.2% from €75.6 for the financial year ended September 30, 2009 to €146.8 million for the financial year ended September 30, 2010.

### **Net income from discontinuing operations**

During the financial year 2009/10, we reclassified the Spirits activity of Groupe Quartier Français as "Assets held to be sold". Net Income from discontinuing operations is a €3.5 million profit for the financial year ended September 30, 2010.

### **Net income**

As a result, Net Income increased by 98.8% from €75.6 for the financial year ended September 30, 2009 to €150.3 million for the financial year ended September 30, 2010.

### **Other comprehensive income**

Other comprehensive income is an IFRS presentation and is the illustration of changes in assets or liabilities that are directly booked in the equity with no P&L impact.

In practice, it comprises the following items:

- Unrealized gains and losses on available for sale securities
- Gains and losses on derivatives held as cash flow hedges
- Gains and losses resulting from translating the financial statements of foreign subsidiaries
- Actuarial gains and losses on defined benefit plans recognized
- Changes in the revaluation surplus

Other comprehensive income are related to the hedging instruments used by the Tereos Group, combined with the changes in Conversion reserves.

Accordingly the global appreciation of the Brazilian currency in 2009/10, combined with the negative impact of the fair value on financial instruments, other comprehensive income is a €28.6 million gain for the financial year ending September, 2010 compared to a loss of €14 million in 2009.

**Total comprehensive income**

Total comprehensive Income increased by €117.3 million from €61.6 for the financial year ended September 30, 2009 to €178.9 million for the financial year ended September 30, 2010.

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## ACQUISITIONS, DISPOSALS AND PARTNERSHIPS

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Our main acquisitions and partnerships during the periods under review include the following:

- In order to accelerate its international development, the Tereos Group initiates a legal reorganization that lead to the creation of 3 new holdings :
  - Tereos Agro Industrie (TAI), owned by Tereos Participations (formerly Berneuil participations) for 76.8%
  - Tereos Internacional (TI), owned by TAI for 82.6%
  - Tereos EU, owned by TI

Following this legal reorganization, TI owned 100% of Tereos EU (European assets dedicated to starch, sugar, alcohol and ethanol production based on grains and sugar cane) and Guarani (Brazilian and Mozambican assets dedicated to sugar and ethanol production based on sugarcane).

As the end of this process, Tereos Internacional was listed on Sao Paulo stocks exchange in August 2010 replacing Guarani.

- In December 2009, Tereos acquired the shares of Tereos Participations.
- In February 2010, we entered into a joint venture with Grupo Humus in Brazil and acquired 50% of Usina Vertente Ltda
- In April 2010, we entered into an agreement with Petrobras in Brazil. Based on this agreement, Petrobras Biocombustivel (subsidiary of Petrobras) will become shareholder of Guarani up to 45.7%.
- In May 2010, Cruz Alta Participações S.A acquired 100.0% of Usina Mandu in Brazil.
- In May 2010, Tereos acquired 67.1% of Société Sucrière du Quartier Français (SSQF) and its subsidiaries (organized in 3 activities, sugar, spirits and development/country planning).
- In October 2010, Tereos concluded a strategic agreement with PureCircle to develop and market sweetening solutions combining sugar and stevia extracts.
- In October 2010, The group entered in a partnership with Danisco who will invest in a new dedicated betaine production facility in the existing bio-ethanol production plant in Origny (France).

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## MANAGEMENT

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### Overview

Tereos' governing bodies are its executive board (*directoire*) and supervisory board (*conseil de surveillance*). The powers of these bodies are governed by the French *Code rural*, Tereos' articles of association and the rules of procedure of the executive board and the supervisory board. The French *Code rural* requires Tereos to have a two-tier management and control system consisting of an executive board and supervisory board. The two boards work independently of one another, and no person may serve as a member of both boards at the same time.

In accordance with the French *Code rural* and Tereos' articles of association, the executive board is responsible for our ongoing management. The executive board possesses significant authority, which it exercises within the scope of our corporate purposes. Certain of its activities require the preliminary approval of the supervisory board. The executive board presents reports, inventory, and financial statements for approval by, and convenes the general meeting of, the cooperative members.

The supervisory board has two primary duties, a permanent control function in relation to the executive board and the approval of certain acts by it. The supervisory board is also responsible for the appointment and revocation of members of the executive board and any issues related to membership, withdrawal, exclusion of members, transfers and reimbursement of membership interests.

### Executive board

The executive board consists of three to five members, under 70 years old, appointed for a four-year term, who must be chosen from outside of the co-operative membership. The members of the executive board can be re-elected. The members of the executive board are appointed by the supervisory board, but may not be included in its membership.

The executive board is convened by its chairman or any of its members, as often as the cooperative's interest requires. The decisions of the executive board require the presence, in person, with no representation by proxy allowed, of at least half of its members. The decisions submitted to the executive board are approved by a simple majority of the attending members.

The executive board is vested with all powers to act on behalf of Tereos in compliance with its purpose and subject to the powers reserved to general meetings of the shareholders and those allotted to the supervisory board.

At least once each quarter, the executive board issues a report to be delivered to the supervisory board.

Within three months of the close of each financial year, the executive board must deliver to the supervisory board the inventory and the annual financial statements for verification and approval. The table below lists the names of the members of the executive board as of the date of this offering memorandum and includes their ages and principle areas of responsibility.

Name	Age	Area of responsibility/activity
Philippe Duval	66	Chief Executive Officer
Etienne Van Dyck	51	General Secretary, General Manager
Alexis Duval	33	Chief Financial Officer, International Director
Yves Belegaud	51	Director of Tereos France
Pierre-Christophe Duprat	47	Director of the Cereal transformation activities

The following is a brief description of the present and past business experience of each of the members of our executive board:

Philippe Duval, Chairman and CEO

A graduate of *HEC*, the French business school, Philippe Duval has been active in the sugar industry for his entire career. He succeeded his father, himself CEO of one of the cooperative members of what is today Tereos (formerly Union SDA). Since 1984, he has directed the establishment and development of the Union SDA cooperative, and overseen Tereos' growth inside and outside France.

Etienne Van Dyck, General Secretary, General Manager

Graduate in Corporate Law, Finance and Fiscal System, Etienne Van Dyck began his career in the French Retail Industry company Carrefour, up to the position of Secretary General. After three years as Project Director in Veolia Environnement from 2006 to 2009, he joined the Tereos Group as Secretary General and General Manager.

Alexis Duval, Chief Financial Officer, International Director

Alexis Duval graduated in business administration from *Hautes Etudes Commerciales* (HEC) in France and is the son of Philippe Duval. He has been working for the Tereos Group since 2002. Alexis Duval is the Chairman of the supervisory board of Guarani in Brazil, and was indicated as CEO of Tereos Internacional.

Yves Belegaud, Director of the French activities

Yves Belegaud began his career as an engineer in different branches of Peugeot and Renault. He joined the Restructuring and Human Resources Department of the Union SDA cooperative in 1994. Since 1999, he has managed the agricultural department, with particular responsibility for the group's beet supply. He was appointed member of the executive board of Tereos in July 2004.

Pierre-Christophe Duprat, Director of the Cereal transformation activities

A graduate of Ecole Centrale, Pierre-Christophe Duprat began his career at Schlumberger. He joined the Tereos Group in 1992 and held different positions as plant manager in the sugar division. Since 2002, he has been Managing Director of Syral and, in October 2007, CEO of the new entity including the starch plants recently acquired from Tate and Lyle as well as the Tereos wheat-based ethanol plants.

**Supervisory board**

The supervisory board consists of at least two members, under 70 years of age, chosen from among the cooperative members by the general shareholders' meeting and appointed for a term of four years. The members of the supervisory board can be re-elected. A physical person cannot be a member of more than eight supervisory boards of co-operative companies or associations having their registered office in France. No member of the supervisory board can be a member of the executive board at the same time. Each member of the supervisory board must hold at least one share of Tereos.

The supervisory board is convened by its chairman or its vice-chairman as often as Tereos' interest requires and at least once every quarter to hear the report of the executive board. The chairman of the supervisory board is required to convene the board within the 15 days following a justified request of a member of the executive board or at least one-third of the members of the supervisory board requesting the board to be convened. If the request remains unsatisfied, the interested members can convene the board themselves by providing the agenda of the meeting.

Except for the exclusion of a co-operative partner, the decisions submitted to the supervisory board require the presence of at least half of its members and the approval of the majority of the attending or represented members. The chairman is entitled to a deciding vote. The exclusion of a co-operative partner requires the presence of at least two-thirds of the members of the supervisory board and the approval of a two-thirds majority vote.

In addition to its specified powers, the supervisory board may, at any time, carry out such verifications and controls as it considers appropriate and may examine any document it considers to be useful to fulfill its mission.

Once each quarter, it receives the report of the executive board. At the close of each financial year, it verifies and approves the inventory and the annual financial statements delivered to it by the executive board. These documents, as well as the report of the executive board and the report issued by the supervisory board, are made available by the supervisory board to the statutory auditors, at least a month before the general meeting is convened. The report of the supervisory board comments on the report issued by the executive board and on the annual financial statements.

The supervisory board can give to one or various of its members special mandates in order to fulfill one or more specific tasks. The supervisory board can decide to create committees, whose composition and authority it determines and whose activities are conducted under its responsibility. However, the supervisory board cannot delegate to a committee its own powers nor it can limit or reduce the powers of the executive board. There are currently no committees of the supervisory board.

The supervisory board has two members, Mr. Thierry Lecomte and Mr. Denis Lecart, who represent, respectively, Union SE and Union BS, the two cooperatives that directly own Tereos. Messrs Lecomte and Lecart have named 17 other representatives (*mandataires*), who attend supervisory board meetings. The table below lists the names of the members of the supervisory board and the other representatives as of this date and companies in which the members held seats on an administrative, management or supervisory body or were partners during the last five years.

<b>Name</b>	<b>Other positions</b>
Thierry Lecomte	President of the SDA cooperative Chairman of the supervisory board of Tereos
Denis Lecart	President of the Marne et Aube cooperative Vice Chairman of the supervisory board of Tereos
G�rard Clay	President of the SDHF cooperative
Yves Chenu	President of the Artenay cooperative
Bertrand Magnien	President of the SBP cooperative
Marc Turpin	President of the Boiry cooperative
Xavier Laude	President of the Escaud�uvres cooperative
Didier Beauvais	Director of the SDA cooperative
Gilles Boll�	President of the Chevi�res cooperative
Christophe Dedours	President of the Marconnelle cooperative
Jacques Rousseau	President of the R�gion de Meaux cooperative
Fran�ois Ringo	Vice President of the SDHF cooperative
Dominique Tr�pant	Director of the SDA cooperative
Philippe Descamps	President of the Abbeville cooperative
Fran�ois Leroux	Director of the SDA cooperative
Jean-Charles Lefebvre	Director of the SDA cooperative
G�rard Grondel	President of the Pont-d'Ardres cooperative
Guillaume Perdereau	Director of the Artenay cooperative

The following is a brief description of the present and past business experience of Messrs. Lecomte and Lecart:

Thierry Lecomte, Chairman of the supervisory board

Mr. Lecomte is Chairman of the supervisory board of Tereos (formerly Union SDA). A sugar beet and cereal grower in Pont- -Bucy (Aisne), he is also on the Board of the CGB and of the Sugar Beet Union in Aisne.

Denis Lecart, Vice Chairman of the supervisory board

Mr. Lecart is Vice Chairman of the supervisory board of Tereos (formerly Union SDA). He was previously the chairman of the supervisory board of Tereos SA (B ghin-Say) from 2003 until its merger with Tereos in October 2004. A sugar beet grower, he is chairman of the Beets Sales Cooperative of Marne and Aube and the Union BS. He is a director of the CGB, a director and bureau member of the Sugar Beet Union of the Northeast and a director of a local branch fund of the *Cr dit Agricole du Nord-Est*.

## Overview

Tereos is a union of agricultural cooperatives (*union de coopératives agricoles*). In France, cooperatives are key components of the agricultural system, as overall approximately 80% of French farms, and 60% of French sugar beet farms, currently maintain membership in an agricultural cooperative. Tereos is the largest French cooperative union in the sugar market.

## Legal structure of cooperative unions in France

The cooperative sector is supervised by French national authorities (the Ministries of Agriculture and Finance).

### ***Establishment of a cooperative union and access to membership***

Cooperative unions are created by the relevant French ministry upon request by the legal or physical persons who seek to combine their activities under this legal structure. In the agricultural sector, the Ministry of Agriculture verifies that the objectives of the proposed cooperative union are strictly limited to the common use by farmers of all means designed to simplify or develop their economic activity and improve the results of such activity (i.e., providing products and services required for their farming business to their members and gathering, stocking, transforming, conditioning and selling products made by their members).

Pursuant to the French *Code rural*, the members of a cooperative union must be either cooperative partners (*associés coopérateurs*)—as in the case of Tereos—or, if the articles of association permit it, non-cooperative partners. Cooperative partners undertake to use the services provided by the cooperative during a certain period, while non-cooperative partners may participate in the activity of the cooperative, but not in the share capital.

During the existence of a cooperative union, entities may be admitted as new partners. A request to join the cooperative union must be approved by a majority of the current partners or as otherwise determined by the cooperative's articles of association.

A legal person must contribute a portion or all of its assets and liabilities to the cooperative union in order to accede to membership in a cooperative. The equity value of this contribution determines the amount of share capital attributed to each partner. In addition to the equity contribution from the partners of the cooperative union, certain cooperative unions may benefit from subsidies, advances and loans from state entities.

### ***Benefits accorded to the cooperative union structure***

Pursuant to French law, the cooperative union structure benefits in certain respects from favorable treatment as compared to other corporate forms. In particular, a cooperative is exempt from paying corporate income tax, except for transactions carried out with third parties. Moreover, a cooperative is assessed the *taxe professionnelle* (French trading tax) on the basis of only 50% of its revenues, as opposed to 100% for other corporate forms.

### ***Payments to partners***

Agricultural cooperative members are paid a fixed price for crops provided at the time of harvest. Thereafter, dependent on the profit recognized by the cooperative union and other factors, the members may receive an additional payment or "price complement" (*complément de prix*) for each year in proportion to the amount of crops provided at harvest. If the cooperative carries on subsidiary businesses outside of the primary activity of the cooperative, earnings from these activities may be distributed to members in the form of dividends, in proportion to the amount of share capital held. Members themselves pay taxes on this income.

## Tereos Group structure

Tereos is composed of two agricultural cooperative unions, Union BS and Union Sucre Ethanol. Within these entities, 12,000 farmers have combined their efforts and are grouped into the following 13 cooperatives:

- SDA (Sucrieries et Distilleries de l'Aisne);
- CBP (Coopérative Betteravière d'Artenay);
- SBP (Société Betteravière de Picardie);
- Société Coopérative Agricole de Vente de Betteraves de la Marne et de l'Aube;
- Société Coopérative Agricole Betteravière de Boiry Sainte Rictrude;
- Société Coopérative Agricole Betteravière de Chevières;
- Société Coopérative Agricole Betteravière d'Escaudoeuvres;
- Société Coopérative Agricole Betteravière de la Région de Meaux;
- Société Coopérative SDHF;
- CBM (Coopérative Betteravière de Marconnelle) ;
- Société Coopérative Betteravière d'Abbeville; and
- Société Coopérative Betteravière de Pont d'Ardres.

In addition to its partners, Tereos operates various subsidiaries which conduct marketing and sales activities in France and in particular abroad. See “Business—Marketing and Sales, Distribution—Marketing and Sales.”

## **CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS**

We engage in related party transactions with our cooperative members in the ordinary course of our business. We purchase sugar beets and cereals from members as raw materials for our business and also sell them sugar beet seeds at preferential rates. Other than as otherwise disclosed elsewhere in this offering memorandum, we have not engaged in material transactions with affiliates during financial year 2009 and did not have such transactions outstanding as of September 30, 2009.