SÜDZUCKER

Oud-Beijerland, 2 October 2012

Südzucker International Finance B.V.

FINANCIAL REPORT
for the six-month period
1 March 2012 to 31 August 2012

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Interim report of the directors

We have pleasure in presenting the interim report of Südzucker International Finance B.V. (‘SZIF’ or ‘the Company’) for the six-month period from 1 March 2012 up to and including 31 August 2012.

Group structure

SZIF was incorporated on 13 January 1994. The Company is a wholly-owned subsidiary of Südzucker AG, Mannheim/Ochsenfurt, Germany.

The Company’s purpose is to finance affiliated companies through, among others, the issuance of public loans.

Activities during the first half of the financial year

The Company continues to be a issuer under the EUR 600 million commercial paper programme dated 8 February 2006. As at 31 August 2012 the Company had nominal EUR 75 million notes outstanding (2011: EUR 0 million).

In June 2012 Standard & Poor’s raised Südzucker’s long-term credit rating from BBB flat to BBB+ with a stable outlook. In August 2012 Moody’s confirmed Südzucker’s long-term credit rating of Baa1 and raised the outlook from stable to positive. Südzucker presently has a short-term rating of A2 by Standard & Poor’s and a P-2 rating by Moody’s. As all bonds issued are guaranteed by Südzucker AG, the ratings continue to be a significant support for the issue of commercial papers and further access of SZIF to capital markets.

Facilities

To facilitate the loans to Südzucker group companies, the Company has the following facilities at its disposal on 31 August 2012:

- On 30 June/15 August 2005 a 5.25% perpetual hybrid bond was issued to a total amount of EUR 700 million.

- On 30 June 2009 a 2.5% convertible bond was issued to a total amount of EUR 283 million with a final maturity on 30 June 2016. Within the conversion period from 10 August 2009 till 20 June 2016 the bond can be converted when meeting the conversion conditions into ordinary bearer shares with par value of Südzucker AG.
  In July 2012 the conversion notice for a nominal amount of EUR 300,000 of the convertible bond has been received and was settled in the course of August into 17,617 Südzucker AG shares with a market value of EUR 491,296 (EUR 27.89 per share). Thus the nominal amount of the convertible bond is reduced by EUR 300.000 in this interim report compared to last year end report. This leads to a corresponding reduction of the loan issued to the shareholders Südzucker AG of EUR'000 300. The transaction costs of the convertible bond charged to SZIF were originally meant to be compensated by the income from the 7 years maturity loan issued to Südzucker AG. As this loan has now been reduced by EUR 300,000, the outstanding transaction costs charges for this nominal loan amount of EUR 2,747 have been compensated in a one off payment by Südzucker AG to the Company.

- On 29 March 2011 a 4.125% bond was issued to an amount of EUR 400 million for a 7-year period.

- EUR 75 million short-term commercial paper facilities.

Results

The net results for the first half of the financial year ended 31 August 2012 after taxation, amounts to, EUR'000 794 (same period prior year: EUR'000 1,246).

Management

In this half year the management of the Company has been changed.
By way of a shareholder's resolution dated 5 March 2012 the resignation of Mr Herman Hein Scholten was accepted with effect from 31 March 2012. In the same resolution Mr Adrianus Jacobus Dorleijn was appointed managing director with effect from 5 March 2012.
By way of a shareholder's resolution dated 16 April 2012 the resignation of Deutsche International Trust Company was accepted.

Tax

The ruling with the local tax authorities about the transfer pricing has been ended rotationally after a 5 years period on 29th February 2012. The renewal of the ruling is currently under examination of the tax authorities.

Financial risk management

All proceeds of borrowings are lent to affiliated companies. This poses a significant concentration risk to the Company, which is inherent to the Company's activities. Südzucker AG, Mannheim, has guaranteed the above-mentioned facilities. Südzucker AG and Südzucker International Finance B.V. have entered into a limitation of risk agreement dated 24 May 2012.

The Company's borrowings are of long-term and partially of short-term nature. The proceeds from borrowings are on lent to affiliated companies as agreed in Credit Facility Agreements applying a loan Pricing Policy to recover the borrowing costs of SZIF. The proceeds of the convertible bond where lent to Südzucker AG, the obligor of shares in the case of conversion. Consequently the maturity dates and interest percentages of this loan was matched, taking into account a spread of 0.4% for SZIF. The Company is not exposed to currency risk, as all its activities are denominated in Euro.

Outlook for the second half of the financial year 2012/13

The Company's management anticipates a lower income for the second half of the financial year 2012/13 like in the previous years.

The expectation for the second half of the financial year is that we do not expect additions or changes in the normal processes.

Directors' responsibility statement

All directors confirm that, to the best of his or her knowledge:

- the financial statements which have been prepared in accordance with Part 9 of Book 2 of the Dutch Civil Code, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company;

- the Directors' report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties they face as required pursuant to section 5:25d(8)/(9) of the Dutch Financial Markets Supervision Act ("*Wet op het financieel toezicht*").

Oud-Beijerland, 2 October 2012

The Managing Directors:

G.P. Nota

A.J. Dorleijn

Financial statements

Balance sheet as at 31 August 2012

Assets (in EUR'000)	Notes	31 August 2012		29 February 2012	
Non-current assets					
Loans to the shareholder	*4*	283,150		283,450	
Loans to affiliated companies	*5*	30,000		30,000	
			313,150		313,450
Current assets					
Receivables from the shareholder	*6*	266,396		217,030	
Receivables from affiliated companies	*7*	889,295		991,891	
Other receivables and prepaid expenses		50		16	
Cash at banks	*8*	221		50	
			1,155,962		1,208,987
Total assets			1,469,112		1,522,437

(Before appropriation of profit for the period)

Equity and liabilities (in EUR'000)	Notes	31 August 2012		29 February 2012	
Shareholder’s equity	*9*				
Share capital		2,000		2,000	
Retained earnings		3,566		3,560	
Profit financial period		794		1,406	
			6,360		6,966
Long-term provisions					
Deferred tax liabilities	*10*		274		343
Non-current liabilities					
Bonds	*11*	400,000		400,000	
Discount at bond	*12*	(3,263)		(3,525)	
Hybrid bond	*11*	700,000		700,000	
Discount at hybrid bond	*12*	(5,483)		(6,387)	
Convertible bond	*11*	283,150		283,450	
Discount at convertible bond	*12*	(2,539)		(2,856)	
			1,371,865		1,370,682
Current liabilities					
Commercial paper	*13*	74,994		99,823	
Liabilities to the shareholder		802		-	
Payable to tax authorities		282		114	
Other payables	*14*	14,535		44,509	
			90,613		144,446
Total equity and liabilities			1,469,112		1,522,437

Profit and loss account for the six-month period

(in EUR'000)	Notes	1 March 2012 - 31 August 2012		1 March 2011 - 31 August 2011	
Income from financing activities					
Interest income from:					
the shareholder		10,991		22,195	
affiliated companies		23,586		25,853	
Other financing income		3		-	
			34,580		48,048
Expenses from financing activities					
Interest expenses:					
bonds		30,939		43,559	
Amortisation bond discount		1,483		1,556	
Other financing expenses	*15*	1,018		1,184	
			(33,440)		(46,299)
Results from financing activities			1,140		1,749
Other expenses					
Wages and salaries	*16*	36		41	
Social security and pension expenses		10		6	
Other operating expenses	*17*	41		44	
			(87)		(91)
Profit before taxation			1,053		1,658
Taxation			(259)		(412)
Net profit			794		1,246

Cash flow statement

(in EUR'000)	Notes	1 March 2012 - 31 August 2012		1 March 2011 - 31 August 2011	
Cash flow from operating activities					
Profit after tax		794		1,246	
Adjustment for movements in deferred tax		(54)		6	
			740		1,252
Changes in working capital:					
Provisions short-term liabilities		(33)		74	
Liabilities for income tax		141		238	
Interest receivables		3,149		3,145	
Interest liabilities		(29,162)		653	
Decrease in loans to aff. companies l.t.	4	300		-	
Decrease in loans to aff. companies s.t.	6	50,082		(401,540)	
			24,477		(397,430)
Net cash from/(used in) operating activities			25,217		(396,178)
Cash flow from financing activities					
Dividend paid	9	(1,400)		(1,300)	
Cash inflow/outflow of financial liabilities:					
Proceeds from issuance of bonds	11	-		396,013	
Payment from redemption of bond	11	(300)		-	
Amortisation discount	12	1,483		1,556	
Commercial paper	13	(24,829)		-	
Net cash (used in)/from financing activities			(25,046)		396,269
Change in cash and cash equivalents			171		91
Cash and cash equivalents as at 1 March			50		35
Cash and cash equivalents as at 31 August			221		126

Notes

General

1 Group affiliation and principal activity

Südzucker International Finance B.V. (‘SZIF’, or ‘the Company’) with the statutory seat in Amsterdam, the Netherlands and its principal office in Laurens Jzn. Costerstraat 12, Oud-Beijerland, the Netherlands was incorporated under Dutch law on 13 January 1994. All shares were issued to Südzucker AG, Mannheim/Ochsenfurt, Germany. The principal activity of the Company is to facilitate the financing of Südzucker AG and group companies.

2 Basis of presentation

These financial statements have been prepared in accordance with the provisions of the Dutch Civil Code, Book 2, Part 9 and the accounting principles generally accepted in the Netherlands.

The accounting policies have been consistently applied and are equal to those of the financial statements for the year ended 29 February 2012. The 29 February 2012 figures were derived from the audited statutory financial statements for the year then ended.

The financial statements are prepared in EUR’000.

3 Significant accounting policies

3.1 General

In general, assets and liabilities are stated at the amounts at which they were acquired or incurred, if not specially stated otherwise. The balance sheet and income statement include references to the notes.

3.2 Foreign currencies

Transactions, receivables and payables

Transactions denominated in foreign currencies during the reporting period are recognised in the financial statements at the exchange rate ruling at the transaction date.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange prevailing at the balance sheet date. Exchange differences resulting from settlement and translation are charged or credited to the profit and loss account.

However, during the reporting period, no transactions, assets or liabilities were denominated in foreign currencies.

3.3 Loans to shareholder and loans to affiliated companies

Loans to group companies included in financial assets are stated at initial costs.

The interest rate charged on loans to group companies has been set in conformity with the tax ruling obtained from the local tax authorities.

3.4 Receivables
Trade receivables are recognised initially at fair value and subsequently measured at amortised cost. When a trade receivable is not collectible, it is written off against the allowance for trade receivables.

3.5 Cash and cash equivalents
Cash and cash equivalents consist of cash at banks and deposits with a maturity of less than twelve months. Current account liabilities at banks are recognised under bank overdrafts forming part of current liabilities. The cash and cash equivalents are in nominal values.

3.6 Equity
The Company has no statutory or mandatory reserves.

3.7 Non-current liabilities
Bonds included in non-current liabilities are stated at amortised costs.

Deferred premiums and discounts on bonds are amortised over the term of the bonds. The deferred part of the premiums and discounts is included under the receivables and current liabilities.

3.8 Other payables
Other payables include short-term liabilities relating to unpaid interest on the bonds. These are stated at amortised cost.

3.9 Deferred tax liabilities
Deferred tax liabilities are recognised to provide for timing differences between the value of the assets and liabilities for financial reporting purposes on the one hand and for tax purposes on the other. Deferred tax liabilities are calculated based on the tax rate prevailing on the balance sheet date or the rates that will apply in the future, insofar as these have been set by law.

Accounting policies for the profit and loss account

3.10 General
Results on transactions are recognised in the year in which they are realised; losses are accrued as soon as they are foreseeable.

Income and expenses are recognised on an accrual basis in accordance with the substance of the relevant agreements.

Salaries and social security contributions are taken to the income statement based on the terms of employment, where they are due to employees.
SZIF has applied a defined contribution method for pension plans. The premiums payable for the financial year are charged to the result.

Premiums and discounts on loans are amortised over the term of the loans in accordance with the effective interest method.

Interest paid and received is recognised on a time-weighted basis, taking account of the effective interest rate of the assets and liabilities concerned. When recognising interest paid, allowance is made for transaction costs on loans received.

3.11 Interest income and expense
Income from financing activities is determined as interest income received from intercompany financing activities. Interest income and expense are time apportioned.

3.12 Taxation
Corporate income tax is calculated on the profit/loss before taxation in the profit and loss account, taking into account tax-exempt items and non-deductible expenses, and using current tax rates.

3.13 Cash flow statement
The cash flow statement has been prepared using the indirect method. The cash items disclosed in the cash flow statement are comprised of cash and cash equivalents.

Interest paid and received and income taxes are included in cash from operating activities. Dividends paid are recognised as cash used in financing activities.
There are no cash flows from investing activities recognised.

Transactions not resulting in inflow or outflow of cash are not recognised in the cash flow statement.

3.14 Financial risk factors
The Company's activities might expose it to a variety of financial risks: market risk (including fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

- *Market risk*
  a. Foreign exchange risk
     The Company is not exposed to foreign currency risk. All its assets and liabilities are denominated in euro and no transactions in foreign currency were performed during the reporting period.

  b. Price risk
     The Company's price risk is limited to the bonds issued by the Company. These amounts are secured by Südzucker AG and on-lent within the Group. The price risk is therefore limited. There is a difference in maturity of the bonds and the amounts lent. This mismatch is managed by updates of the Südzucker International Finance Loan Pricing Policy. In this policy actual interest costs are evaluated and used as a basis for the intercompany interest rates. These intercompany interest rates are based on the average interest expenses for the Company, including a spread. The Company is not exposed to equity or commodity price risk.

- *Credit risk*
  The Company has significant concentrations of credit risk. All of the proceeds of borrowings are lent to affiliated companies. All these proceeds are guaranteed by Südzucker AG.

- *Liquidity risk*
  Prudent liquidity risk management implies maintaining sufficient cash in order to ensure payment of short-term liabilities.

- *Cash flow interest rate risk*
  The Company's external borrowings are all at a fixed interest rate until the maturity of these borrowings. The loans are lent to the parent company and affiliated companies. Interest rates applied for intercompany loans under the SZIF Loan Pricing Policy are continuously adopted to the actual interest cost situation of SZIF. These intercompany interest rates are based on the average interest expenses for the Company, including a spread. As such, the Company's interest rate risk is limited.

Balance sheet

4 Loans to the shareholder > 1 year

The loans to the shareholder started at 1 March 2012 with an amount of EUR‘000 283,450 which bears interest at 2.90% and is linked to the convertible bond with a final maturity on 30 June 2016. In August a partial conversion of the convertible bond took place for an amount of EUR’000 300, this loan decreased accordingly.
The interest will be paid annually on the 30^{th} of June.

5 Loans to affiliated companies > 1 year

The loans to affiliated companies consist of a loan of EUR‘000 30,000 loan with a maturity date of 22 April 2014 which bear interest at 6.10%.
The interest has to be paid at year-end (28/29 February) and at the end of the loan.

6 Receivables from the shareholder

(in EUR'000)	31 August 2012	29 February 2012
Loans	265,000	211,550
Interest receivable on loans	1,396	5,480
	266,396	217,030

The loan is a short-term loan with no scaled maturity which bears interest at 4.52% as of 1 March 2012.

7 Receivables from affiliated companies

(in EUR'000)	31 August 2012	29 February 2012
Loans to affiliated companies	888,360	991,891
Interest receivable on loans	935	-
	889,295	991,891

The loans to affiliated companies are presented as short term receivables as there is no scaled maturity agreed; they consist of:

- EUR’000 134,100 short-term loan to Südzucker Polska which bears interest at 4.57% as of 1 March 2012 including a specific withholding tax element.
- EUR’000 754,260 short-term loans to other affiliated companies which bear interest at 4.52% as of 1 March 2012.

8 Cash at banks

The current accounts are held with Deutsche Bank AG, Amsterdam and ING Bank, Amsterdam. None of this cash is restricted as at 31 August 2012.

9 Shareholder's equity

(in EUR'000)	Paid-up and issued capital	Retained earnings	Profit financial period / year	Total
Shareholder's equity as at 1 March 2012	2,000	3,560	1,406	6,966
Appropriation of net result 2011/12		1,406	(1,406)	-
Dividend payment to the shareholder		(1,400)		(1,400)
Net result for the period 1 March 2012 - 31 August 2012			794	794
Shareholder's equity as at 31 August 2012	2,000	3,566	794	6,360

Referring to article 178c part 1 of the Dutch Civil Code it should be noted that the authorised share capital of the Company consists of 50,000 common shares of EUR 45.38 each.

As at 31 August 2012 44,075 shares have been issued and fully paid in cash.
The retained earnings represent the withheld profits of prior financial years.

10 Deferred tax liabilities

The deferred tax liabilities are recognised in respect of timing differences between the valuation of the bond discounts in these financial statements and the valuation for tax purposes. This liability is of a long-term nature (exceeding one year).

11 Non-current liabilities

SZIF has issued the following bonds:

- On 30 June 2005 the Company issued a perpetual subordinated bond to an amount of EUR 500 million at a rate of 98.669%. This amount was increased on 15 August 2005 by an amount of EUR 200 million at a rate of 99.113%. All in a nominal value of EUR 1,000.
  During the period from the issue date through 30 June 2015 the bond pays an interest of 5.25%. After this period the bond pays a floating interest and can be repaid subject to the decision of the Company. This hybrid bond is guaranteed by Südzucker AG, Mannheim. The fair value of this loan as at 31 August 2012 amounts to 103.00% at Frankfurt Stock Exchange.

- On 30 June 2009 the Company issued a 2.5% EUR 283 million convertible bond with a final maturity on 30 June 2016 at a rate of 100% in a nominal value of EUR 50,000. Within a conversion period from 10 August 2009 through 20 June 2016 the bond can be converted by reaching the conversion right into ordinary bearer shares with par value of Südzucker AG. The bond is unconditionally and irrevocably guaranteed by Südzucker AG, Mannheim.
  The Company has an option of early redemption on or after 10 July 2013, if the Xetra-Quotation on at least 20 of the 30 trading days immediately preceding the publication of the redemption notice exceeds 130% of the then applicable conversion price.
  The bondholder has the option to redeem its bonds on 30 June 2014.
  The fair value of this convertible bond as at 31 August 2012 amounts to 159.69% at Frankfurt Stock Exchange.

- On 29 March 2011 the Company issued a 4.125% bond for an amount of EUR 400 million with a nominal value of EUR 1,000 for a 7-year period.
  The bond has been issued against a rate of 99.54% and cannot be redeemed before the expiry date. Südzucker AG, Mannheim guarantees the bond. The fair value of this loan as at 31 August 2012 amounts to 114.07% at Frankfurt Stock Exchange.

The fair values of these loans are determined by market quotations of these bonds on 31 August 2012.

12 Bond discount

(in EUR'000)	01 March 2012	Movements	31 August 2012
Bond discount at cost	33,126		33,126
Amortisation	(20,358)	(1,480)	(21,838)
Extra amortisation by the partial conversion of convertible bond		(3)	(3)
Bond discount book value long-term	12,768	(1,483)	11,285

All the bonds will be amortised over the term of these loans in accordance with the effective interest method.

13 Commercial paper

On 31 August the Company has issued commercial paper for a total amount of EUR 75 million.

The commercial papers have the following characteristics:

- A commercial paper of EUR 25 million 0.13% (yield) commenced on 16 August 2012 and has a maturity date of 17 September 2012 with a value of EUR'000 24.998 on 31 August 2012.
- Commercial papers of EUR 50 million 0.13% (yield) commenced on 27 August 2012 and has a maturity date of 24 September 2012 with a value of EUR'000 49.996 on 31 August 2012.

14 Other payables

(in EUR'000)	31 August 2012	29 February 2012
Interest accrual on bonds	14,453	44,417
Other payables	82	92
	14,535	44,509

The remaining term of all other payables is less than one year.

Profit and loss account

15 Other financing expenses

(in EUR'000)	1 March 2012 - 31 August 2012	1 March 2011 - 31 August 2011
Commitment fee paid to Südzucker AG for their credit facility	802	930
Withholding tax Poland	178	219
Other financial expenses	38	35
	1,018	1,184

16 Wages and salaries

(in EUR'000)	1 March 2012 - 31 August 2012	1 March 2011 - 31 August 2011
Wages (incl. management, holiday pay)	29	34
Bonus	7	7
	36	41

17 Other operating expenses

The operating expenses can be split in:

(in EUR'000)	1 March 2012 - 31 August 2012	1 March 2011 - 31 August 2011
Audit of the financial statements	9	10
Other non-audit services	5	4
Tax advice	7	21
Other expenses	20	9
	41	44

All audit, non-audit and tax advice services are provided by PricewaterhouseCoopers Accountants N.V. or PricewaterhouseCoopers Belastingadviseurs N.V.

18 Employees

The Company employed 1.5 FTE in the Netherlands. There are no employees abroad.

19 Commitments and contingencies not included in the balance sheet

There are no commitments and contingencies, which are not included in the balance sheet.

20 Related parties

SZIF is a 100% subsidiary of Südzucker AG, Mannheim/Ochsenfurt, Germany. SZIF supplies short-term and long-term financing to Südzucker AG and other companies in the Südzucker AG group. During the period the Company concluded several short-term financing transactions with its parent and affiliated companies. Refer to note 4-7.

19 Events after the balance sheet data

There are no events after the balance sheet date.

20 Auditor’s report

This interim financial report is unaudited.

Oud-Beijerland, 2 October 2012
The Managing Directors:

G.P. Nota

A.J. Dorleijn