



Oud-Beijerland, 30 September 2015

Südzucker International Finance B.V.

FINANCIAL REPORT
for the six-month period
1 March 2015 to 31 August 2015

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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 2015 up to and including 31 August 2015.

Group structure

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

The Company's purpose is to finance affiliated companies through, among others, the issuance of loans listed on public markets. The loans currently issued are listed on the Frankfurt Stock Exchange and the Luxembourg Stock Exchange.

Activities during the first half of the financial year

During the first half year of the fiscal year 2015/16 SZIF proved to be an important liquidity provider within Südzucker Group throughout the year.

The interest rate for the loans to affiliated companies is laid down in the Loan Pricing Policy of the Company. The interest rate on the credit facilities is based on the weighted average yield of all funds drawn from the financial market. The costs related to the bonds (i.e. guarantee fee, the annualized bank costs, annualized discount and the required spread for the Company's financing activities) are added to the weighted average yield.

As all bonds are issued by the Company and are guaranteed by Südzucker AG, the ratings continue to be a significant support of the bond business of SZIF as well as the issue of commercial papers.

At the annual General Meeting of the Company held on 20 April 2015 the general assembly has been decided upon the allocation of the results of the financial year 2014/15 to pay a dividend of EUR 1.8 million on 8 May 2015.

In January 2015 Moody's Investors Service has changed the outlook on the Baa2 long-term issuer ratings of Südzucker AG from stable to negative. Moody's has affirmed the senior unsecured long-term issuer rating Baa2 and the short-term Prime-2 ratings of Südzucker AG and SZIF. Additionally Moody's has downgraded SZIF's junior subordinated rating to Ba3 from Ba2.

On June 15, 2015, Standard & Poor's Ratings Services lowered to 'BBB-/A-3' from 'BBB/A-2' its long- and short-term corporate credit ratings on Südzucker AG. The outlook is stable. At the same time, they lowered the issue ratings on Südzucker's senior unsecured debt to 'BBB-' from 'BBB', the short-term issue rating on the commercial paper program to 'A-3' from 'A-2', and the issue ratings on the subordinated hybrid debt instrument to 'B' from 'BB'.

Facilities

On 31 August 2015 the Company has the following facilities at its disposal:

- On 30 June/15 August 2005 a fixed-rate coupon of 5.25% perpetual hybrid bond was issued to a

total amount of EUR 700 million. Since 30 June 2015 the subordinated bond has a variable coupon of the 3 month Euribor interest rate plus 3.10 % p.a. effective 30 June 2015. The interest rate was set at 3.085 % p.a. for the period from 30 June 2015 to 30 September 2015 exclusively (92 days).

Südzucker currently does not meet the requisite conditions for termination and repayment of the bond. Neither does Südzucker currently intend to take any action, such as increase capital for cash or issue a new hybrid bond to fulfil the conditions for termination nor make a public offer to buy back any bonds by way of meeting a capital market compliant procedure, since this could negatively impact the rating agencies' assessment of the company's equity credit. Still, a limited buyback – maximum 5 – 10 % of nominal face value – is an option.

- On 29 March 2011 a 4.125% bond was issued to an amount of EUR 400 million for a 7-years period.
- A EUR 600 million short term commercial paper facility together with Südzucker AG, which was not used by SZIF at half-year end.

Results

The net results for the first half of the financial year ended 31 August 2015 after taxation, amounts to EUR 844,000 (same period prior year: EUR 933,000). This result is in line with the prior year.

Composition of the board

The size and composition of the Board of Management and the combined experience and expertise should reflect the best fit for the profile and strategy of the Company. Currently the Board consists of two male board members. The Company is aware that the gender diversity is below the goals as set out in article 2.276 section 2 of the Dutch Civil Code and the Company will pay close attention to gender diversity in the process of future recruiting and appointing new managing directors.

Financial risk management

All proceeds of borrowings are lent on to affiliated companies. This poses a significant concentration of risk to the Company, which is inherent to the Company's activities. Südzucker AG, Mannheim, has guaranteed the above-mentioned facilities. Südzucker AG, Mannheim and SZIF have entered into a limitation of risk agreement dated 24 May 2012, which was adjusted and confirmed on 26 February 2014. It was agreed that the shareholder uses their influence in such manner that the borrowers will be able to run their business in such a way to meet their obligations towards Südzucker International Finance B.V. in connection with the above mentioned financing liabilities of Südzucker group's affiliated companies. To maintain their currently existing interest in these borrowers (and its subsidiaries, as the case may be) at least for the term of the above mentioned financing liabilities to Südzucker International Finance B.V. As such the concentration risk for the Company is mitigated.

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. Consequently the maturity dates and interest percentages of these loans were matched. The Company is not exposed to currency risk, as all its activities are denominated in euro. As interest and currency are matched the Company does not use other financial instruments such as derivatives to mitigate risks.

Outlook for the second half of the financial year 2015/16

The Company's management expects for the financial year 2015/16 a profit which is in the same range as in FY 2014/15 and in line with the APA.

Directors' responsibility statement

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

- the interim financial statements which have been prepared in accordance with Part 9 of Book 2 of the Netherlands Civil Code, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company;
- the interim 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, 30 September 2015

The Managing Directors:

G.P. Nota

A.J. Dorleijn

Interim financial statements

Balance sheet as at 31 August 2015

Assets				
(in EUR'000)	Notes	31 August 2015	28 February 2015	
Non-current assets				
Receivables from the shareholder	4	267,600	231,300	
Receivables from affiliated companies	5	860,128	924,919	
		1,127,728	1,156,219	
Current assets				
Other receivables and prepaid expenses		1	17	
Cash at banks	6	71	98	
		72	115	
Total assets		1,127,800	1,156,334	

(Before appropriation of profit for the period)

Equity and liabilities (in EUR'000)	Notes	31 August 2015	28 February 2015
Shareholder's equity	7		
Share capital		10,000	10,000
Retained earnings		6,863	6,835
Profit financial period		844	1,828
		17,707	18,663
Long-term provisions			
Deferred tax liabilities	8	33	77
Non-current liabilities			
Bonds	9+10	398,398	398,103
Hybrid bond	9+10	700,000	699,298
		1,098,398	1,097,401
Current liabilities			
Liabilities to the shareholder		562	-
Payable to tax authorities		274	420
Other payables	11	10,826	39,773
		11,662	40,193
Total equity and liabilities		1,127,800	1,156,334

Profit and loss account for the six-month period

(in EUR'000)	Notes	1 March 2015 - 31 August 2015	1 March 2014 - 31 August 2014
Income from financing activities			
Interest income from:			
the shareholder		4,179	4,513
affiliated companies		23,185	25,741
		27,364	30,254
Expenses from financing activities			
Interest expenses:			
bonds		24,301	26,844
Amortisation bonds discount	10	997	1,292
Other financing expenses	12	803	799
		(26,101)	(28,935)
Results from financing activities			
		1,263	1,319
Other expenses			
Wages and salaries	13	40	39
Social security and pension expenses		11	11
Other operating expenses	14	41	43
		(92)	(93)
Profit before taxation			
		1,171	1,226
Taxation		(327)	(293)
Net profit			
		844	933

Cash flow statement

(in EUR'000)	Notes	1 March 2015 - 31 August 2015	1 March 2014 - 31 August 2014
Cash flow from operating activities			
Net profit - profit after tax		844	933
Adjustment for movements in deferred tax		(44)	(48)
Amortisation discount	10	997	1,292
Other		(128)	(520)
Net cash (used in)/from operating activities		1,669	1,657
Cash flow from financing activities			
Dividend payment		(1,800)	-
<i>Changes in working capital:</i>			
Interest liabilities		(28,386)	(25,844)
Decrease/(increase) in loans to aff. companies l.t.	4+5	28,490	24,188
Net cash from/(used in) financing activities		(1,696)	(1,656)
Change in cash and cash equivalents		(27)	1
Cash as at 1 March	6	98	58
Cash as at 31 August		71	59

Notes

1 Group affiliation and principal activity

Südzucker International Finance B.V. ('SZIF', or 'the Company') with the statutory seat in Oud-Beijerland, 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 financing of Südzucker AG and group companies.

2 Basis of presentation

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

The interim 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 profit and loss account include references to the notes.

3.2 Estimates

The preparation of (interim) financial statements in conformity with the relevant rules requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. If necessary the nature of these estimates and judgements, including the related assumptions, is disclosed in the notes to the financial statement items in question.

3.3 Loans to shareholder and loans to affiliated companies

Loans to group companies included in financial assets are initially measured at fair value, and subsequently carried at amortised cost.

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

The Company assesses at the reporting date whether there is any objective evidence that a financial asset or group of financial assets is impaired. A financial asset is considered impaired if, and only if, there is objective evidence of impairment as a result of one or more loss events that occurred after the initial recognition of the asset and prior to the statement of financial position date, and that loss event has had an impact on the estimated future cash flows of the financial asset that can be reliably estimated.

For loans and receivables, the amount of impairment loss is measured as the difference between the assets carrying amount and the present value of expected future cash flows discounted at the assets original effective interest rate. The amount of the loss is included in the statement of comprehensive income. If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed in the statement of comprehensive income.

3.4 Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost with use of the effective interest rate method. When a trade receivable is not collectible, it is written off against the allowance for trade receivables.

3.5 Cash

Cash 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. Cash are stated at nominal value.

3.6 Equity

The Company has no statutory or mandatory reserves.

3.7 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.

3.8 Non-current liabilities

Bonds included in non-current liabilities are initially measured at fair value net of transaction costs and subsequently valued at amortised costs.

3.9 Other payables

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

Accounting policies for the profit and loss account

3.10 General

Results on transactions are recognised in the period in which they are realised; losses are recognized in the period in which they pertain.

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

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.

3.11 Employee related costs

Short term employee benefits

Salaries, wages and social security contributions are taken to the income statement based on the terms of employment, where they are due to employees.

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 Related-party transactions

All legal entities that can be controlled, jointly controlled or significantly influenced are considered to be a related party. Also entities which can control the Company are considered a related party. In addition, statutory directors, other key management of SZIF or Südzucker AG and close relatives are regarded as related parties.

3.14 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 except for deposits with a maturity over three months. Interest paid and received, dividends received and income taxes are included in cash from operating activities. Transactions not resulting in inflow or outflow cash are not recognized in the cash flow statements.

3.15 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*

- 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 including a spread. The Company is not exposed to equity or commodity price risk.

- At 30 June 2015 the hybrid bond 2005 is applied into the floating rate coupon based on the offer rate in the interbank market in the euro zone for three-month deposits plus 3.10% (three-month Euribor plus 3.10% p. a.). The right to call the bond is available every quarter on the due date for interest payment.

- *Credit risk*

- Credit risk is the risk of loss due to a counterparty's non-payment of a loan or other receivable. Following the purpose of the Company, its main counterparties for loans and receivables are all

related parties and hence members of the Südzucker Group. These companies have a long and proven track record of being reliable creditors, and their suitability for future credit is monitored on an ongoing basis. Therefore the company's exposure to credit risk is influenced mainly by the characteristics of Südzucker Group related default risk. In case of a non-payment of a loan or other receivable the risk is limited at 1% of the outstanding amount with a maximum of EUR 10 million.

- *Liquidity risk*

Prudent liquidity risk management implies maintaining sufficient cash in order to ensure payment of short-term liabilities. Liquidity risk is the risk that liabilities cannot be met when they fall due. Also a substantial and / or a simultaneous withdrawal of deposits fall into such risks. The Company addresses such risk by matching the cash flows resulting from assets and liabilities wherever economically viable but also by maintaining a range of financing possibilities. As such the Company has short term deposits readily available with Südzucker AG, but also continues to be an issuer under the EUR 600 million Commercial Paper Programme.

- *Interest rate risk*

The Company's interest rate risk arises from assets and liabilities having either a different interest rate base (fixed vs. variable) or different tenures (short term vs. long term). Bonds issued at fixed rates expose the Company to fair value interest rate risk. However, depending on the transaction as well as on its individual market assessment the Company may also be prepared to accept interest rate risks. Any such remaining interest rate risks are monitored closely and steered actively. The Company's external borrowings are at a fixed interest rate until the maturity of these borrowings and at quarter based variable interest rate.

The loans 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 the Company. 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 Receivables from the shareholder

(in EUR'000)	31 August 2015	28 February 2015
Loans	267,600	231,300
	267,600	231,300

The loan to the shareholder is a long-term loan with no scaled maturity which bears interest at 3.65% since 30 June 2015 in accordance with the loan policy.

5 Receivables from affiliated companies

(in EUR'000)	31 August 2015	28 February 2015
Loans to affiliated companies	860,128	924,919
	860,128	924,919

The loans to affiliated companies consist of:

- EUR'000 152,300 long-term loan to Südzucker Polska Sp.z.o.o. and Südzucker Moldova S.A. which bears interest at 3.84% since 30 June 2015 in accordance with the loan policy. This includes an additional spread for withholding tax.
- EUR'000 707,828 long-term loans to other affiliated companies which bear interest at 3.65% since 30 June 2015 in accordance with the loan policy.

6 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 2015.

7 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 2015	10,000	6,835	1,828	18,663
Appropriation of net result 2014/15		28	(28)	-
Dividend payment			(1,800)	(1,800)
Net result for the period 1 March 2015 - 31 August 2015			844	844
Shareholder's equity as at 31 August 2015	10,000	6,863	844	17,707

As at 31 August 2015 220,365 ordinary shares have been issued and fully paid of EUR 45.38 each for a total of EUR 10,000,163.70.

The retained earnings represent the withheld profits of prior financial years.

8 Deferred tax liabilities

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

9 Non-current liabilities

SZIF has issued the following bonds:

- On 30 June 2005 the Company issued a hybrid 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%. The hybrid bond is divided into a nominal value of EUR 1,000 each. In the first period of ten years till 30 June 2015 the subordinated bond has a fixed coupon of 5.25%. Since 30 June 2015 the subordinated bond has a variable coupon of the 3 month Euribor interest rate plus 3.10 % p.a. effective 30 June 2015. The interest rate was set at 3.085 % p.a. for the period from 30 June 2015 to 30 September 2015 exclusively (92 days).

Südzucker currently does not meet the requisite conditions for termination and repayment of the bond. Neither does Südzucker currently intend to take any action, such as increase capital for cash or issue a new hybrid bond to fulfil the conditions for termination nor make a public offer to buy back any bonds by way of meeting a capital market compliant procedure, since this could negatively impact the rating agencies' assessment of the company's equity credit. Still, a limited buyback – maximum 5 – 10 % of nominal face value – is an option. Südzucker has the necessary cash on hand to proceed with such a kind of buyback.

Furthermore, the terms and conditions of the bond provide Südzucker, in the event of a dividend event, with the option 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. In the event of a cash flow event, Südzucker is obliged to suspend the interest coupon payment. A mandatory coupon suspension can be triggered when consolidated gross cash flow from operating activities falls below 5% of the group's consolidated revenues.

This hybrid bond is guaranteed by Südzucker AG, Mannheim.

The fair value of this loan as at 31 August 2015 amounts to 91.0% at Frankfurt Stock Exchange for a total amount of EUR 637 million.

- On 29 March 2011 the Company issued a 4.125% bond for an amount of EUR 400 million, all bonds have 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 2015 amounts to 107.735% at Frankfurt Stock Exchange for a total amount of EUR 431 million.

The fair values of these loans are determined by market quotations of these bonds on 31 August 2015.

10 Bond discount

(in EUR'000)	01 March 2015	Movements	31 August 2015
Bond discount at cost	20,123	(16,138)	3,985
Amortisation	(17,524)	15,141	(2,383)
	2,599	(997)	1,602
Bond discount book value long-term	2,599	(997)	1,602

With the ending of the fixed interest period of the hybrid bond at 30 June 2015 the bond discount of the hybrid bond is equal to zero and cancelled.

The EUR 400 million bonds will be amortised over the term of this loan in accordance with the effective interest method.

11 Other payables

(in EUR'000)	31 August 2015	28 February 2015
Interest accrual on bonds	10,707	39,655
Other payables	119	118
	10,826	39,773

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

Profit and loss account

12 Other financing expenses

(in EUR'000)	1 March 2015 - 31 August 2015	1 March 2014 - 31 August 2014
Commitment fee paid to Südzucker AG for their credit facility	562	562
Withholding tax Poland and Moldova	198	197
Other financial expenses	43	40
	803	799

13 Wages and salaries

(in EUR'000)	1 March 2015 - 31 August 2015	1 March 2014 - 31 August 2014
Wages (incl. holiday pay)	33	32
Bonus	7	7
	40	39

14 Other operating expenses

The operating expenses can be split in:

(in EUR'000)	1 March 2015 - 31 August 2015	1 March 2014 - 31 August 2014
Independent audit of the financial statements	9	10
Other non-audit services	6	6
Tax advice	9	8
Third-party hired management	7	8
Building rental	5	4
Other expenses	5	7
	41	43

The audit and non-audit services are provided by Ernst & Young Nederland LLP. The tax advice services are provided by PricewaterhouseCoopers Belastingadvies N.V.

15 Tax

In accordance with the advance pricing agreement with the local tax authorities on transfer pricing the Company has to pay a minimum spread.

16 Related parties

SZIF is a 100% subsidiary of Südzucker AG, Mannheim, Germany. SZIF supplies financing facilities exclusively to Südzucker AG and other companies in the Südzucker AG group. During the period the Company concluded several financing transactions with its parent and affiliated companies. The interest and other conditions are determined on arm's length basis.

17 Employees

The Company employed 1 person with 0.6 FTE (2014/15: 0.6 FTE) in the Netherlands. There are no employees abroad.

The management of 2 persons is hired from other group company and externally.

18 Commitments and contingencies not included in the balance sheet

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

19 Events after the balance sheet date

There are no events after the balance sheet date.

20 Auditor's report

This interim financial report is unaudited.

Oud-Beijerland, 30 September 2015

The Managing Directors:

G.P. Nota

A.J. Dorleijn