



Oud-Beijerland, 26 September 2018

Südzucker International Finance B.V.

FINANCIAL REPORT
for the six-month period
1 March 2018 to 31 August 2018

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Interim report of the directors

We have pleasure in presenting the Financial Report of Südzucker International Finance B.V. ('SZIF', or 'the Company') for the six-month period from 1 March 2018 up to and including 31 August 2018.

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, within the Südzucker AG group structure, though, 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.

Business review and activities during the first half of the financial year

On 29 March 2018 the bond of EUR 400 million has been redeemed at their principal amount. In the first half year of the financial year 2018/19 SZIF did not conclude any new capital market transaction due to the continued strong liquidity position of the Südzucker Group. Additionally, SZIF continues to be a potential issuer under the EUR 600 million commercial paper program. During the first half year of the financial year 2018/19 no drawings were made on behalf of SZIF. Nevertheless, SZIF continued to be an important liquidity provider within Südzucker Group.

The interest rate for the loans to affiliated companies is disclosed 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.

At the annual General Meeting of the Company held on 2 May 2018 the general assembly has been decided upon the allocation of the results of the financial year 2017/18 to pay a dividend of EUR 1 million on 4 May 2018.

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.

Südzucker AG continues to have credit ratings assigned from both Moody's Investors Service and Standard & Poor's Global Ratings.

Moody's current rating for Südzucker is Baa2/P-2 with a negative outlook (April 2018). The Moody's rating for the hybrid bond is Ba3 (July 2018).

Standard & Poor's current rating for Südzucker is BBB-/A-2 with a negative outlook Standard & Poor's rating for the hybrid bond is BB (May 2018).

Facilities

On 31 August 2018 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. On the 31 August 2018 the interest rate applied 2.776 % p.a. for the period from 29 June 2018 to 28 September 2018 exclusively (91 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.

- On 22 November 2017 a 1.25% bond issued and paid on 29 November 2017 to an amount of EUR 300 million for a 7-years period. The Notes shall be redeemed at their principal amount on 29 November 2023 (maturity date).
- On 21 November 2017 a 1.00% bond was issued and paid on 28 November 2017 to an amount of EUR 500 million for a 8-years period. The Notes shall be redeemed at their principal amount on 28 November 2025 (maturity date).
- 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 result for the first half of the financial year ended at 31 August 2018, amounts to EUR 670,000 (same period prior year: EUR 595,000). The net result after tax is in line with the Advance Pricing Agreement with the tax authorities (APA).

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

The risk appetite of the Company is limited. This is also embedded in the structure of the Company, in which external financing is applied only for internal financing purposes with very limited risks. Reference is also made to disclosures below on separate risks. As part of the applicable tax ruling (APA) a fixed spread is set on the interest expenses resulting in a higher interest income on the intercompany loan receivable. The Company has designed and implemented control measures in order to mitigate risks. These control measures are both automated and manual. Amongst others the control measures are monitoring, reviewing, 4-eye principles and authorization matrices within Südzucker group.

SZIF's financing needs are directly related to funding requests of other Südzucker Group companies. The Company's activities might expose it to a variety of financial risks: market risk (including fair value interest rate risk), credit risk, liquidity risk and cash flow interest rate risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

The risk profile is not significant changed in comparison with the last fiscal years.

Market risk

Market risk is defined as the risk of a loss due to a change of market prices. The Company's market risk is limited to the bonds issued by the Company. These amounts are secured by Südzucker AG and on-lent within the Group. 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.

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 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. Südzucker AG, Mannheim, which has issued an unconditional and irrevocable guarantee in relation to every single bond and the Commercial Paper Program, presently has a short-term A-2 rating by Standard & Poor's and a P-2 rating by Moody's. Credit ratings have a stable respectively positive outlook. The associated expenses are charged on to the lending companies through an additional risk premium on top of the base rate.

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 loans 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 to option on a short term deposits available with Südzucker AG, but also continues to be an issuer under the EUR 600 million Commercial Paper program.

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). 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 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 the Company. These intercompany interest rates are based on the average interest expenses for the Company, including a spread. As such, the Company's cash flow interest rate risk is limited.

Governance

Based on Article 1, par. 1, sub 1 in the Audit Firms Supervision Act (*Wet toezicht accountantsorganisaties*) the Company is considered as a public interest entity (*Organisatie van*

openbaar belang) and following the Royal Decree of 26 July 2008, concerning the implementation of Article 41 of EC directive 2006/43 the Management of the Company assigned the Audit Committee tasks to the Audit Committee of Südzucker on 10 September 2012.

The members of Südzucker Audit Committee are Helmut Friedl (chairman), Dr. Hans-Jörg Gebhard, Veronika Haslinger, Franz-Josef Möllenberg, Franz-Rudolf Vogel and Rolf Wiederhold; the Audit Committee meeting to review the financial statements and management report of SZIF 2017/18 took place on 8 May 2018.

Outlook for the second half of the financial year 2018/19

The Company's management expects for the fiscal year 2018/19 a profit which is in line with 2017/18 and the APA.

Directors' responsibility statement

All directors confirm that, to the best of 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 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, 26 September 2018

The Managing Directors:

G.P. Nota

A.J. Dorleijn

Interim financial statements

Balance sheet as at 31 August 2018

Assets (in € thousand)	Notes	31 August 2018	28 February 2018
Non-current assets			
Receivables from the shareholder	4	216,100	649,900
Receivables from affiliated companies	5	1,305,975	1,281,990
		1,522,075	1,931,890
Current assets			
Other receivables and prepaid expenses		41	2
Receivables from tax authorities	6	18	-
Cash at banks	7	164	208
		223	210
Total assets		1,522,298	1,932,100

Equity and liabilities (in € thousand)	Notes	31 August 2018	28 February 2018
Shareholder's equity	8		
Share capital		10,000	10,000
Retained earnings		7,246	6,961
Profit financial period		670	1,285
		17,916	18,246
Long-term liabilities			
Bond €300 million	9+10	298,249	298,081
Bond €500 million	9+10	495,260	494,930
Hybrid bond € 700 million	9+10	700,000	700,000
		1,493,509	1,493,011
Provisions			
Deffered tax liabilities		-	1
Short term liabilities			
Bond €400 million		-	399,949
Liabilities to the shareholder	11	767	-
Liabilities to affiliated companies		-	1
Payable to tax authorities	12	4	58
Other payables	13	10,102	20,834
		10,873	420,842
Total equity and liabilities		1,522,298	1,932,100

Profit and loss account for the six-month period

(in € thousand)	Notes	1 March 2018 - 31 August 2018	1 March 2017 - 31 August 2017
Financial income or interest and similar income			
Interest income from:			
the shareholder		2,939	8,909
affiliated companies		15,059	13,511
		17,998	22,420
Financial expenses or interest and similar expenses			
Interest expenses:			
bonds		15,642	20,124
Amortisation bonds discount	10	549	492
Other financing expenses	14	918	898
		(17,109)	(21,514)
Results from financing activities		889	906
Other income			
Income from group management fees		23	-
Other expenses			
Wages and salaries	15	61	39
Social security and pension expenses		15	11
Other operating expenses	16	42	45
		(118)	(95)
Profit before taxation		794	811
Taxation	17	(124)	(216)
Net profit		670	595

Cash flow statement

(in € thousand)	Notes	1 March 2018 - 31 August 2018	1 March 2017 - 31 August 2017
Cash flow from operating activities			
Result before taxation		794	811
Adjustment for:			
Movements in liab. to the shareholder	11	767	716
Movements in deferred tax		(1)	(10)
Amortisation discount on bonds issued	10	549	492
Other		(180)	(253)
Net cash (used in)/from operating activities		1,929	1,756
Changes in working capital:			
Movements interest receivables		-	(836)
Movements interest payable	13	(10,664)	(6,198)
Cash flow generated from operating activities		(10,664)	(7,034)
Income tax paid	17	(124)	(216)
Net cash generated from operating activities		(8,859)	(5,494)
Cash flows used in investment activities			
Decrease/(increase) in loans to aff. companies l.t.	4+5	409,815	5,573
Net cash used in investment activities		409,815	5,573
Cash flows generated from financing activities			
Redeem long-term bond		(400,000)	-
Dividend payment for prior year	8	(1,000)	(1,000)
Net cash generated from financing activities		(401,000)	(1,000)
Change in cash		(44)	(921)
Cash as at 1 March	7	208	134
Cash as at 31 August	7	164	(787)

Notes

1 Group affiliation and principal activity

Südzucker International Finance B.V. ('SZIF', or 'the Company'), a private company with limited liability incorporated under the laws of The Netherlands on 13 January 1994, having its corporate seat in Oud-Beijerland, the Netherlands and its registered office at Laurens Jzn. Costerstraat 12, 3261 LH Oud-Beijerland, the Netherlands and registered with the Dutch Chamber of Commerce under 33255988.

All shares were issued to Südzucker AG, Mannheim, 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 thousand Euro.

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 the 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 applicable 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 (APA).

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 profit and loss statement. 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 profit and loss statement.

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 three 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, applying 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. Interest paid and 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), credit risk, liquidity risk and cash flow interest rate risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

- *Market risk*
Market risk is defined as the risk of a loss due to a change of market prices. The Company's market risk is limited to the bonds issued by the Company. These amounts are secured by Südzucker AG and on-lent within the Group. 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.

- *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. In cooperation with Südzucker AG headquarters, assessments of credit risk are made. The maximum credit risk exposure is EUR 1.5 billion (2017/18: EUR 1.9 billion). 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. Südzucker AG, Mannheim, which has issued an unconditional and irrevocable guarantee in relation to every single bond and the Commercial Paper Program, presently has a short-term A-2 rating by Standard & Poor's and a P-2 rating by Moody's. Credit ratings have a stable respectively positive outlook. The associated expenses are charged on to the lending companies through an additional risk premium on top of the base rate.

- *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 loans 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 the option on a short term deposits readily available with Südzucker AG, but also continues to be an issuer under the EUR 600 million Commercial Paper Programme. The Company has various possibilities for liquidity facilities. A concentration of liquidity risk has not been identified.

- *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). 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 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 the Company. These intercompany interest rates are based on the average interest expenses for the Company, including a spread. The interest rates and interest conditions on the issued bonds are equal to these on the loans to affiliated companies. Therefore the Company is not exposed to variability of cash flows due to market developments in interest rates.

Balance sheet

4 Receivables from the shareholder

(in EUR'000)	31 August 2018	28 February 2018
Loans	216,100	649,900
	216,100	649,900

The loan to the shareholder is a long-term loan with no scaled maturity which bears interest at 2.12% since 29 March 2018 in accordance with the loan policy.

The interest is variable and will change every calendar quarter end depending on the interest rate of the hybrid bond. Due to the quarterly interest rates revisions the interest rate is assumed to be equal to the effective interest rate. The decrease of the loan reflects the repayment of the EUR 400 million bond in March 2018.

The fair value of the loans does not differ materially from the recorded amount in the balance sheet due to the variable interest on the loans.

5 Receivables from affiliated companies

(in € thousand)	31 August 2018	28 February 2018
Loans to affiliated companies	1,305,975	1,281,990
	1,305,975	1,281,990

The loans to affiliated companies consist of:

- EUR 119,100,000 long-term loan to Südzucker Polska Sp.z.o.o. and Südzucker Moldova S.A. which bears interest at 2.31% since 29 March 2018 in accordance with the loan policy. This includes an additional spread for withholding tax.
- EUR 1,186,875,000 long-term loans to other affiliated companies which bear interest at 2.12% since 29 March 2018 in accordance with the loan policy.

The interest is variable and will change every calendar quarter end depending on the interest rate of the hybrid bond. Due to the quarterly interest rates revisions the interest rate is assumed to be equal to the effective interest rate.

The fair value of the loans does not differ materially from the recorded amount in the balance sheet due to the variable interest on the loans.

6 Receivables from tax authorities

The expected corporate tax for this first half year minus the prepayments to the Dutch tax authorities.

7 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 2018.

8 Shareholder's equity

(in € thousand)	Paid-up and issued capital	Retained earnings	Profit financial year	Total
Shareholder's equity as at 1 March 2017	10,000	6,899	1,062	17,961
Appropriation of net result 2016/17	-	62	(62)	-
Dividend payment	-	-	(1,000)	(1,000)
Net result for the year 1 March 2017 - 28 February 2018	-	-	1,285	1,285
Shareholder's equity as at 28 February 2018	10,000	6,961	1,285	18,246
Appropriation of net result 2017/18	-	285	(285)	-
Dividend payment	-	-	(1,000)	(1,000)
Net result for the period 1 March 2018 - 31 August 2018	-	-	670	670
Shareholder's equity as at 31 August 2018	10,000	7,246	670	17,916

As at 31 August 2018 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.

9 Long-term 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 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. The interest rate was set at 2.776% p.a. for the period from 29 June 2018 to 28 September 2018 exclusively.

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. A limited buyback by Südzucker AG has been performed in the past to a current maximum of around 4% of nominal face value.

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 on 31 August 2018 is determined by market quotation to 91.00% (28 February 2018: 99.57%) at Frankfurt Stock Exchange for a total amount of EUR 637 million.

- On 22 November 2016 the Company placed a 1,25% bond with a payment date of 29 November 2016 at the Luxembourg Stock Exchange. The bond has been issued against a rate of 99.687%. Redemption of the EUR 300 million takes place on 29 November 2023.

This bond is guaranteed by Südzucker AG, Mannheim.

The fair value of this bond on 31 August 2018 is determined by market quotation to 101.89% (28 February 2018: 102.09%) at the Frankfurt Stock Exchange for a total amount of EUR 305.670 million.

- On 21 November 2017 the Company issued a 1,00% bond for an amount of EUR 500 million with a payment date of 28 November 2017 at the Luxembourg Stock Exchange. The bond has been issued against a rate of 99.367%. Redemption of the EUR 500 million takes place on 28 November 2025.

This bond is guaranteed by Südzucker AG, Mannheim.

The fair value of this bond on 31 August 2018 is determined by market quotation to 95.53% (28 February 2018: 97.76%) at the Frankfurt Stock Exchange for a total amount of EUR 477.650 million.

10 Bond discount

All the bonds will be amortised over the term of these loans.

(in € thousand)	Bond discount at cost	New bond € 500 million	Repayment € 400 million bond	Amortisation	Bond discount book value
1 March 2017	22,459			(19,513)	2,946
FY 2017/18		5,235		(1,141)	4,094
Bond discount as at 28 February 2018					7,040
Repayment 29 March 2018			(3,985)	3,985	-
Period 1 March - 31 August 2018				(549)	(549)
31 August 2018	22,459	5,235	(3,985)	(17,218)	6,491

11 Liabilities to the shareholder

(in € thousand)	31 August 2018	28 February 2018
Commitment fee to pay	767	-
	767	-

12 Payable to tax authorities

(in € thousand)	31 August 2018	28 February 2018
Corporate tax	-	47
Income tax	2	1
VAT	2	10
	4	58

13 Other payables

(in € thousand)	31 August 2018	28 February 2018
Interest accrual on bonds	10,007	20,671
Other payables	95	163
	10,102	20,834

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

Profit and loss account

14 Other financing expenses

(in € thousand)	1 March 2018 - 31 August 2018	1 March 2017 - 31 August 2017
Commitment fee paid to Südzucker AG	799	716
Withholding tax Poland and Moldova:		
deductable at Dutch income tax	19	53
non-deductable	55	71
Other financial expenses	45	58
	918	898

15 Wages and salaries

(in € thousand)	1 March 2018 - 31 August 2018	1 March 2017 - 31 August 2017
Wages (incl. social security, holiday pay)	61	32
Bonus	-	7
	61	39

A part of the personal costs are recharged as management fee to other Südzucker Group companies.

16 Other operating expenses

The operating expenses can be split in:

(in EUR'000)	1 March 2018 - 31 August 2018	1 March 2017 - 31 August 2017
Independent audit of the financial statements	10	9
Other non-audit services	6	6
Tax advice	8	9
Legal advice	1	5
Third-party hired management	8	7
Building rental	3	3
IT	3	3
Other expenses	3	3
	42	45

The audit services are provided by Ernst & Young Nederland LLP, Amsterdam. The tax advice services are provided by KPMG Meijburg & Co., Rotterdam.

17 Tax

(in € thousand)	1 March 2018 - 31 August 2018	1 March 2017 - 31 August 2017
Income taxes relating to current year	193	216
Income taxes relating to previous year(s)	(69)	-
	124	216
Taxable amount	871	884
Tax expenses based on nominal tax rate	193	216
Nominal tax rate	22.2%	24.4%
Effective tax rate	15.7%	26.6%

18 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.

19 Employees

The Company employed 2 persons with 0.7 FTE (2017/18: 0.6 FTE) in the Netherlands. There are no employees abroad.

One person of the management is hired externally.

20 Commitments and contingencies not included in the balance sheet

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

21 Events after the balance sheet date

There are no events after the balance sheet date.

22 Auditor's report

This interim financial report is unaudited.

Südzucker International Finance B.V., Oud-Beijerland

Oud-Beijerland, 26 September 2018
The Managing Directors:

G.P. Nota

A.J. Dorleijn