



Oud-Beijerland, 30 September 2014

Südzucker International Finance B.V.

FINANCIAL REPORT
for the six-month period
1 March 2014 to 31 August 2014

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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 2014 up to and including 31 August 2014.

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

During the first half year of the fiscal year 2014/15 SZIF proved to be an active participant in the debt capital markets as well as an important liquidity provider within Südzucker Group.

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.

On 17 June 2014 Moody's Investors Service has downgraded the issuer long-term ratings of Südzucker AG to Baa2 from Baa1 and assigned a Baa2 backed issuer rating to its wholly owned subsidiary SZIF. Moody's has also downgraded to Ba2 from Ba1 SZIF's junior subordinated rating. Concurrently, Moody's has affirmed the Prime-2 (P-2) short-term commercial paper rating of Südzucker and SZIF. The outlook on all the ratings is stable. On 20 June 2014 Standard & Poor's Ratings Services lowered its long-term corporate credit rating on Südzucker AG, to 'BBB' from 'BBB+'. The outlook is stable. At the same time the 'A-2' short-term corporate credit rating was affirmed. Standard & Poor's also lowered the issue rating on the subordinated notes to 'BB' from 'BB+'. The credit ratings do not affect the agreements of the outstanding bonds and continue to be a significant support of the bond business of SZIF.

As all bonds issued 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.

Facilities

On 31 August 2014 the Company has the following facilities at its disposal:

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

Results

The net results for the first half of the financial year ended 31 August 2014 after taxation, amounts to EUR 933,000 (same period prior year: EUR 43,000). This result is in line with the prior years (except last year due to an effect in Commercial Paper transactions).

Composition of the board

The board consists of two male members. Given the size of the board and the nature of the Company we do not expect that female members will be added to the board in the near future.

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 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 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 2014/15

The Company's management expects for the financial year 2014/15 a normalized after tax profit above the EUR 1,000,000 (same period prior year: EUR 846,000).

Directors' responsibility statement

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

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- 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 2014

The Managing Directors:

G.P. Nota

A.J. Dorleijn

Interim financial statements

Balance sheet as at 31 August 2014

Assets (in EUR'000)	Notes	31 August 2014	28 February 2014
Current assets			
Receivables from the shareholder	4	212,600	206,550
Receivables from affiliated companies	5	915,450	945,688
Other receivables and prepaid expenses		52	17
Cash at banks	6	59	58
		1,128,161	1,152,313
Total assets		1,128,161	1,152,313

(Before appropriation of profit for the period)

Equity and liabilities (in EUR'000)	Notes	31 August 2014	28 February 2014
Shareholder's equity	7		
Share capital		10,000	10,000
Retained earnings		6,835	5,989
Profit financial period		933	846
		17,768	16,835
Long-term provisions			
Deferred tax liabilities	8	124	171
Non-current liabilities			
Bonds	9+10	397,822	397,537
Hybrid bond	9+10	698,307	697,300
		1,096,129	1,094,837
Current liabilities			
Liabilities to the shareholder		562	-
Payable to tax authorities		226	693
Other payables	11	13,352	39,777
		14,140	40,470
Total equity and liabilities		1,128,161	1,152,313

Profit and loss account for the six-month period

(in EUR'000)	Notes	1 March 2014 - 31 August 2014	1 March 2013 - 31 August 2013
Income from financing activities			
Interest income from:			
the shareholder		4,513	5,905
affiliated companies		25,741	23,239
		30,254	29,144
Expenses from financing activities			
Interest expenses:			
bonds		26,844	26,900
Amortisation bond discount	10	1,292	1,227
Other financing expenses	12	799	798
		(28,935)	(28,925)
Results from financing activities		1,319	219
Other expenses			
Wages and salaries	13	39	39
Social security and pension expenses		11	9
Other operating expenses	14	43	49
		(93)	(97)
Profit before taxation		1,226	122
Taxation		(293)	(79)
Net profit		933	43

Cash flow statement

(in EUR'000)	Notes	1 March 2014 - 31 August 2014	1 March 2013 - 31 August 2013
Cash flow from operating activities			
Net profit - profit after tax		933	43
Adjustment for movements in deferred tax		(48)	(31)
		885	12
<i>Changes in working capital:</i>			
Provisions short-term liabilities		(41)	(64)
Liabilities for income tax		(479)	(80)
Interest receivables		-	(935)
Interest liabilities		(25,844)	(25,844)
Decrease in loans to aff. companies l.t.		-	30,000
Decrease/(increase) in loans to aff. companies s.t.	4+5	24,188	(12,311)
		(2,176)	(9,234)
Net cash (used in)/from operating activities		(1,291)	(9,222)
Cash flow from financing activities			
Capital increase		-	8,000
Amortisation discount	10	1,292	1,228
Net cash from/(used in) financing activities		1,292	9,228
Change in cash and cash equivalents		1	6
Cash and cash equivalents as at 1 March		58	48
Cash and cash equivalents as at 31 August		59	54

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 accounting policies have been consistently applied and are equal to those of the financial statements for the year ended 28 February 2014. The 28 February 2014 figures were derived from the audited statutory financial statements for the year then ended.

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 for the purposes of providing the view required under Section 362(1), Book 2, of the Netherlands Civil Code, 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.

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. Cash and cash equivalents 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. Deferred tax liabilities are measured applying discounted cash flow methods.

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.

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.

3.9 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 pertain.

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

3.13 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.

3.14 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.

3.15 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 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.

3.16 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. 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 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 Receivables from the shareholder

(in EUR'000)	31 August 2014	28 February 2014
Loans	212,600	206,550
	212,600	206,550

The loan to the shareholder is a short-term loan with no scaled maturity which bears interest at 5.17% since 1 July 2013 in accordance with the loan policy.

5 Receivables from affiliated companies

(in EUR'000)	31 August 2014	28 February 2014
Loans to affiliated companies	915,450	945,688
	915,450	945,688

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

- EUR'000 144,100 short-term loan to Südzucker Polska Sp.z.o.o. and Südzucker Moldova S.A. which bears interest at 5.22% since 1 July 2013 in accordance with the loan policy. This includes an additional spread for withholding tax.
- EUR'000 771,350 short-term loans to other affiliated companies which bear interest at 5.17% since 1 July 2013 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 2014.

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 2014	10,000	5,989	846	16,835
Appropriation of net result 2013/14		846	(846)	-
Net result for the period 1 March 2014 - 31 August 2014			933	933
Shareholder's equity as at 31 August 2014	10,000	6,835	933	17,768

In the new articles of association there is no longer a limit on the maximum amount on the issued capital.

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. The bond can be called from 30 June 2015 otherwise perpetual. 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 at 3-months-Euribor plus 3.10% p.a. The issuer may call and redeem the bonds (in whole but not in part) on 30 June 2015 or on any floating remuneration payment date thereafter subject to § 6(6) of the terms & conditions: the exercise by the issuer of this call right is subject to either the guarantor or any of the group entities having issued, within the twelve month preceding the redemption becoming effective, parity securities and/or junior securities under terms and conditions (especially in relation to the provisions on the deferral or mandatory non-payment of remunerations, on replacements, and the Step-up) similar to those of the bonds and/or shares against issue proceeds at least equal to the amounts payable upon redemption. This hybrid bond is guaranteed by Südzucker AG, Mannheim. The fair value of this loan as at 31 August 2014 amounts to 99.85% at Frankfurt Stock Exchange for a total amount of EUR 699 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 2014 amounts to 110.41% at Frankfurt Stock Exchange for a total amount of EUR 442 million.

The fair values of these loans are determined by market quotations of these bonds on 31 August 2014.

10 Bond discount

(in EUR'000)	01 March 2014	Movements	31 August 2014
Bond discount at cost	20,123		20,123
Amortisation	(14,960)	(1,292)	(16,252)
	5,163	(1,292)	3,871
Bond discount book value long-term	5,163	(2,985)	2,178
Bond discount book value short-term	-	1,693	1,693

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

11 Other payables

(in EUR'000)	31 August 2014	28 February 2014
Interest accrual on bonds	13,249	39,655
Other payables	103	122
	13,352	39,777

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 2014 - 31 August 2014	1 March 2013 - 31 August 2013
Commitment fee paid to Südzucker AG for their credit facility	562	602
Withholding tax Poland	197	163
Other financial expenses	40	33
	799	798

13 Wages and salaries

(in EUR'000)	1 March 2014 - 31 August 2014	1 March 2013 - 31 August 2013
Wages (incl. holiday pay)	32	30
Bonus	7	9
	39	39

14 Other operating expenses

The operating expenses can be split in:

(in EUR'000)	1 March 2014 - 31 August 2014	1 March 2013 - 31 August 2013
Independent audit of the financial statements	10	10
Other non-audit services	6	6
Tax advice	8	8
Third-party hired management	8	8
Building rental	4	4
Other expenses	7	13
	43	49

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

17 Employees

The Company employed 0.5 FTE (2013/14: 0.5 FTE) in the Netherlands. There are no employees abroad.

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 2014

The Managing Directors:

G.P. Nota

A.J. Dorleijn