



SÜDZUCKER

Oud-Beijerland, 19 May 2010

## **Südzucker International Finance B.V.**

FINANCIAL REPORT  
for the financial year  
1 March 2009 to 28 February 2010

## Table of contents

Directors' report for the financial year 2009/10	2
Financial statements	5
Balance sheet as at 28 February 2010	6
Profit and loss account for the period	8
Cash flow statement	9
Notes	10
Other information	18

Adopted by the General Meeting of Shareholders held on 26 May 2010.

## Directors' report for the financial year 2009/10

We have pleasure in presenting the Annual Report of Südzucker International Finance B.V. ('SZIF', also 'the Company') for the financial year 1 March 2009 up to and including 28 February 2010.

### 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 this year

On 30 June 2009 the Company has issued a new 2.5% EUR 283 million convertible bond with a final maturity on 30 June 2016. Within a conversion period from 10 August 2009 till 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

#### *Facilities*

To facilitate the loans to Südzucker group companies, SZIF has the following facilities at its disposal:

- On 8 June 2000 the Company issued a 6.25% bond with Deutsche Bank AG to an amount of EUR 300 million for a 10-year period.
- On 27 February 2002 a 5.75% bond was issued with Deutsche Bank AG to an amount of EUR 500 million for a 10-year period.
- 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.

#### *Results*

The net results for the 12-month period ended at 28 February 2010 after taxation, amounts to EUR 861,206 (same period 2008/2009: EUR 3,803,105). In 2008/2009 we had a better performance in the mismatch of the incoming and outstanding facilities.

The result in the first half of the period was EUR 1,373,212. In the second half of the period we realised a loss as a result of more deposits with a very low interest rate.

### 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.

All the Company's borrowings are of a long-term nature. The proceeds from borrowings are on lent on a short-term basis. To cover the interest exposure arising on this maturity mismatch the short-term loans

have a fixed interest rate. In the loan policy agreement the companies have decided, that they have the intention to use the total amount of the proceeds for a significant period of the year. The Company is not exposed to currency risk, as all its activities are denominated in euro or fully hedged with currency forwards or currency swaps.

## **Governance**

Based on Article 1, par. 1, sub 1 "Wet toezicht accountantsorganisaties" the Company is considered as an "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 A.G. on 16 April 2010. The shareholders appointed Ludwig Eidmann (Vorsitzender), Manfred Fischer, Dr. Hans-Jörg Gebhard, Erwin Hameseder, Franz-Josef Möllenberg and Roland Werner as members of the Audit Committee.

## **Outlook for the year 2010/11**

The Company's management expects a result on the same level as in the year 2009/10.

On the 8<sup>th</sup> of June 2010 the 6.25% bond of EUR 300 million will be repaid. At this moment we do not expect that it is necessary to replace this loan by another one.

## **Directors' responsibility statement**

Each of the Directors confirms 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 Netherlands Civil Code, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company;
- the director's 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 the Company faces.

## **Events after 28 February 2010**

No events have occurred after 28 February 2010, which need to be disclosed in these financial statements.

Oud-Beijerland, 19 May 2010

The Managing Directors:

H.H. Scholten

G.P. Nota

Südzucker International Finance B.V., Oud-Beijerland

Deutsche International Trust Company N.V.

## **Financial statements**

**Balance sheet as at 28 February 2010**  
**(Before profit appropriation of the year)**

<b>Assets</b> <b>(in EUR'000)</b>	Notes	28 February 2010	28 February 2009
<b>Fixed Assets</b>			
Loans to the shareholder	4	283,450	-
Loans to affiliated companies	5	30,000	-
		313,450	-
<b>Current assets</b>			
Receivables from the shareholder	6	585,472	882,850
Receivables from affiliated companies	7	802,565	652,078
Other receivables and prepaid expenses		427	-
<b>Cash at banks</b>	8	145,299	28
		1,533,763	1,534,956
<b>Total assets</b>		1,847,213	1,534,956

<b>Equity and liabilities</b> <b>(in EUR'000)</b>	Notes	28 February 2010	28 February 2009
<b>Shareholder's equity</b>	9		
Share capital		2,000	2,000
Retained earnings		3,538	3,535
Profit financial year		862	3,803
		6,400	9,338
<b>Long-term provisions</b>			
Deferred tax liabilities	10	323	299
<b>Long-term liabilities</b>			
Bonds	11	500,000	800,000
Discount at Bonds	12	(708)	(1,818)
Hybrid Bond	11	700,000	700,000
Discount at Hybrid Bond	12	(9,695)	(11,220)
Convertible Bond	11	283,450	-
Discount at Convertible Bond	12	(4,067)	-
		1,468,980	1,486,962
<b>Current liabilities</b>			
Bonds	11	300,000	
Bond discount	12	(176)	-
Payable to tax authorities		1	128
Other payables	13	71,685	38,229
		371,510	38,357
<b>Total equity and liabilities</b>		1,847,213	1,534,956



## Profit and loss account for the period

(in EUR'000)	Notes	ending 28 February 2010	ending 28 February 2009
<b>Income from financing activities</b>			
Interest income from:			
the shareholder		46,276	62,502
affiliated companies		48,292	36,182
Interest income bank account		880	2,815
Other income		-	1,269
		95,448	102,768
<b>Expenses from financing activities</b>			
Interest expenses:			
bonds		88,968	89,923
affiliated companies		-	2,876
Amortisation bond discount		2,849	2,324
Other financing expenses	14	2,147	2,086
		(93,964)	(97,209)
<b>Results from financing activities</b>			
		1,484	5,559
<b>Other expenses</b>			
Wages and salaries	15	85	77
Social security and pension expenses		15	15
Other operating expenses	16	116	141
		(216)	(233)
<b>Profit before taxation</b>			
		1,268	5,326
Taxation		(406)	(1,523)
<b>Net profit</b>			
		862	3,803

## Cash flow statement

<b>(in EUR'000)</b>	1 March 2009 - 28 February 2010	1 March 2008 - 28 February 2009
<b>Cash flow from operating activities</b>		
Profit after tax	862	3,803
Adjustment for movements in deferred tax	23	38
	885	3,841
<i>Changes in working capital:</i>		
Provisions short term and liabilities	(24)	23
Liabilities for income tax	(539)	605
Interest receivables	(5,475)	1,911
Interest liabilities	33,468	(1,879)
De- / Increase in loans to aff. companies I.t	(313,450)	-
De- / Increase in loans to aff. companies s.t.	152,364	243,188
	(133,656)	243,848
<b>Net cash from operating activities</b>	(132,771)	247,689
<b>Cash flow from financing activities</b>		
Dividend paid	(3,800)	-
Cash inflow / outflow of financial liabilities:		
Proceeds from issuance of Bonds	278,993	-
Payment from redemption of Convertible Bond	-	(250,000)
Amortisation disagio	2,849	2,324
<b>Net cash used in financing activities</b>	278,042	(247,676)
<b>Change in cash and cash equivalents</b>	145,271	13
Cash and cash equivalents as at 1 March	28	15
Cash and cash equivalents as at 28 February	145,299	28

## Notes

### General

#### 1 Group affiliation and principal activity

Südzucker International Finance B.V. ('SZIF', or the 'Company') 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 acting as a finance company.

#### 2 Basis of presentation

These financial statements have been prepared in accordance with the provisions of the Netherlands Civil Code, Book 2, Part 9, RJ 394 and the accounting principles generally accepted in the Netherlands.

The financial statements are prepared in thousands of EUR.

#### 3 Significant accounting policies

##### ***Foreign currencies***

The Company is not exposed to currency risk, as all its activities are denominated in euro or fully hedged with currency forwards or currency swaps.

##### ***Recognition of income***

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.

##### ***Assets and liabilities***

In general, assets and liabilities (except for group equity) are stated at the amounts at which they were acquired or incurred, or fair value. If not specifically stated otherwise, they are recognised at the amounts at which they were acquired or incurred. The balance sheet and profit and loss account include references to the notes.

##### ***Financial instruments***

Securities included in financial and current assets, are carried at (amortised) cost, which usually equals face value, unless stated otherwise.

##### ***Equity***

The Company has no statutory or mandatory reserves.

### ***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.

### ***Taxation***

The taxation charge for which the Company is liable is based on the actual corporate income tax percentage applicable in the Netherlands.

### ***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.

### ***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. SZIF uses derivative financial instruments to cover certain risk exposures.

- *Market risk*
  - a. Foreign exchange risk  
The Company is not exposed to foreign currency risk. All its assets and liabilities are denominated in euro.
  - b. Price risk  
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.
- *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 have a fixed interest rate. As such, the Company's interest rate risk is limited.

## Balance sheet

### 4 Loans to the shareholder > 1 year

(in EUR'000)	
Loans at 28 February 2009	-
Issued	283,450
Loans at 28 February 2010	283,450

This relates to a loan of EUR'000 283,450 which bear interest at 2.90% and is linked to the convertible bond with a final maturity on 30 June 2016. When there is a (partial) conversion this loan will decrease accordingly.

The interest will be paid yearly on the 30<sup>th</sup> of June.

### 5 Loans to affiliated companies > 1 year

(in EUR'000)	
Loans at 28 February 2009	-
Issued	30,000
Loans at 28 February 2010	30,000

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 28/29 February annually and at the end of the loan.

### 6 Receivables from the shareholder

(in EUR'000)	28 February 2010	28 February 2009
Loans	580,000	882,850
Interest receivable on loans	5,472	-
	585,472	882,850

The loan is a short-term loan on notice, which bears interest at 6.10%.

**7 Receivables from affiliated companies**

(in EUR'000)	28 February 2010	28 February 2009
Loans to affiliated companies	802,565	652,078
Interest receivable on loans	-	-
	802,565	652,078

The loans to affiliated companies consist of:

- EUR'000 648,465 short-term loans on notice, which bears interest at 6.10%.
- EUR'000 154,100 short-term loans on notice, which bears interest at 6.15%.

**8 Cash at banks**

(in EUR'000)	28 February 2010	28 February 2009
Deposits	145,200	-
Current account	99	28
	145,299	28

The deposits are:

- EUR'000 28,700 short-term deposit with a maturity date of 1 March 2010, which bears interest at 0.26% per year.
- EUR'000 116.500 short-term deposit with a maturity date of 15 March 2010, which bears interest at 0.30% per year.

The current accounts are held with Deutsche Bank AG, Amsterdam and ING Bank, Amsterdam. None of this cash is restricted as at 28 February 2010.

**9 Shareholder's equity**

(in EUR'000)	Paid-up and issued capital	Retained earnings	Profit financial year	Total
Shareholders' equity as at 1 March 2009	2,000	3,535	3,803	9,338
Appropriation of net result 2008/09		3,803	(3,803)	-
Dividend payment to the shareholders		(3,800)		(3,800)
Net result for the year 2009/10			862	862
Shareholders' equity as at 28 February 2010	2,000	3,538	862	6,400

Referring to article 178c part 1 of the Netherlands 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 28 February 2010 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 provision for deferred tax liabilities is recognised in respect of timing differences between the valuation of the bond discounts in these financial statements and the valuation for tax purposes. This provision is of a long-term nature (exceeding one year).

## 11 Long-term liabilities

SZIF has issued the following bonds:

- On 8 June 2000 a 6.25% bond with Deutsche Bank AG, Frankfurt am Main, for an amount of EUR 300 million with a principal amount of EUR 1,000 for a 10-year period. This bond has been issued against a rate of 98.185% and cannot be redeemed before the expiry date. Südzucker AG, Mannheim guarantees the bond. The fair value of this loan as at 28 February 2010 amounts to 101.25%.
- On 27 February 2002 a 5.75% bond with Deutsche Bank AG, Frankfurt am Main, for an amount of EUR 500 million with a principal amount of EUR 1,000 for a 10-year period. The bond has been issued against a rate of 99.38% and cannot be redeemed before the expiry date. Südzucker AG, Mannheim guarantees the bond. The fair value of this loan as at 28 February 2010 amounts to 107.05%.
- 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 denomination of EUR 1,000. During the period from the issue date till 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 SZIF. This hybrid bond is guaranteed by Südzucker AG, Mannheim. The fair value of this loan as at 28 February 2010 amounts to 91.20%.
- 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 denomination of EUR 50,000. Within a conversion period from 10 August 2009 till 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 28 February 2010 amounts to 117.00%.

The fair values of these loans are determined by market quotations of these bonds on 28 February 2010.

**12 Bond discount**

(in EUR'000)	01 March 2009	Movements	28 February 2010
Bond discount at cost	24,684		24,684
Bond discount of the new convertible Bond		4,457	4,457
Amortisation	(11,646)	(2,849)	(14,495)
Bond EUR 300 Mio classified as short-term		(176)	(176)
Bond discount book value long-term	<u>13,038</u>	<u>1,432</u>	<u>14,470</u>

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

**13 Other payables**

(in EUR'000)	28 February 2010	28 February 2009
Interest accrual on bonds	71,626	38,158
Other payables	59	71
	<u>71,685</u>	<u>38,229</u>

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



## Profit and loss account

### 14 Other expenses financing activities

This item mainly represents the annual commitment fee paid to Südzucker AG for their credit facility.

### 15 Wages and salaries

(in EUR'000)	ending 28 February 2010	ending 28 February 2009
Wages (incl. management, holiday pay)	72	64
Bonus	13	13
	<hr/> 85	<hr/> 77

### 16 Other operating expenses

The operating expenses can be split in:

(in EUR'000)	ending 28 February 2010	ending 28 February 2009
Audit of the financial statements	19	27
Other non-audit services	18	-
Tax advice	57	102
Other expenses	22	12
	<hr/> 116	<hr/> 141

### 17 Employees

The Company employed 1.5 FTE.

### 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 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 year the Company concluded several short-term financing transactions with its parent and affiliated companies. Refer to note 4 and 5.

## **20 Events after the balance sheet data**

There are no events after the balance sheet data.

Oud-Beijerland, 19 May 2010

The Managing Directors:

H.H. Scholten

G.P. Nota

Deutsche International Trust Company N.V.

## **Other information**

### **Auditor's report**

The auditor's report is taken up on the following page.

### **Profit appropriation**

In accordance with article 18 of the articles of association, the net result for the year is at the disposal of the General Meeting of Shareholders.

To: the General Meeting of Shareholders of  
Südzucker International Finance B.V.

**PricewaterhouseCoopers  
Accountants N.V.**  
Fascinatio Boulevard 350  
3065 WB Rotterdam  
P.O. Box 8800  
3009 AV Rotterdam  
The Netherlands  
Telephone +31 (0) 10 407 55 00  
Facsimile +31 (0) 10 456 43 33  
[www.pwc.com/nl](http://www.pwc.com/nl)

## Auditor's report

### Report on the financial statements

We have audited the accompanying financial statements for the period 1 March 2009 to 28 February 2010 of Südzucker International Finance B.V., Oud-Beijerland as set out on pages 5 to 17 which comprise the balance sheet as at 28 February 2010, the profit and loss account for the period from 1 March 2009 to 28 February 2010 and the notes.

#### Directors' responsibility

The directors of the company are responsible for the preparation and fair presentation of the financial statements and for the preparation of the directors' report, both in accordance with Part 9 of Book 2 of the Netherlands Civil Code. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Dutch law. This law requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements give a true and fair view of the financial position of Südzucker International Finance B.V. as at 28 February 2010, and of its result for the period from 1 March 2009 to 28 February 2010 in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

**Report on other legal and regulatory requirements**

Pursuant to the legal requirement under 2:393 sub 5 part f of the Netherlands Civil Code, we report, to the extent of our competence, that the directors' report is consistent with the financial statements as required by 2:391 sub 4 of the Netherlands Civil Code.

Rotterdam, 19 May 2010

PricewaterhouseCoopers Accountants N.V.

Originally signed by J.G. Bod RA