



Oud-Beijerland, 20 April 2015

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

**FINANCIAL REPORT**  
**for the financial year**  
**1 March 2014 to 28 February 2015**

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Adopted by the General Meeting of Shareholders held on 20 April 2015

## Directors' report for the financial year 2014/15

We have pleasure in presenting the Financial Report of Südzucker International Finance B.V. ('SZIF', or 'the Company') for the financial year 1 March 2014 up to and including 28 February 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 this year**

The General Assembly decided to fully retain the fiscal year 2013/14 profit of EUR 846,000 and increase the retained earnings to EUR 6,835,000.

In fiscal year 2014/15 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.

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.

Also in January 2015 Standard & Poor's has revised its outlook on Südzucker AG to negative from stable. They did affirm its 'BBB-/A-2' long- and short-term ratings on Südzucker and affirmed its 'BBB' and 'BB' issue ratings on Südzuckers' senior unsecured and hybrid subordinated debt instruments.

### *Facilities*

On 28 February 2015 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 year end.

### *Results*

The net result after tax for the 12-month period ended at 28 February 2015, amounts to EUR 1,828,000 (EUR 846,000). The net result after tax for the fiscal year 2014/15 is in line with the APA. The result in the first half of the year 2014/15 was EUR 933,000 (EUR 43,000).

### *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, 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.

## **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 Dr. Jochen Fenner (chairman), Dr. Hans-Jörg Gebhard, Erwin Hameseder (to 27 January 2015), Veronika Haslinger (since 27 January 2015), Franz-Josef Möllenberg, Franz-Rudolf Vogel and Rolf Wiederhold; the Audit Committee meeting to review the financial statements and management report of SZIF will take place on 11 May 2015.

### **Outlook for the year 2015/16**

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

### **Directors' responsibility statement**

All directors confirm that, to the best of their 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 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*).

### **Events after 28 February 2015**

No events occurred after 28 February 2015, which need to be disclosed in these financial statements.

Oud-Beijerland, 20 April 2015

The Managing Directors:

G.P. Nota

A.J. Dorleijn

## Financial statements

## Balance sheet as at 28 February 2015

(Before profit appropriation of the year)

<b>Assets</b> (in EUR'000)	Notes	28 February 2015	28 February 2014
<b>Current assets</b>			
Receivables from the shareholder	4	231,300	206,550
Receivables from affiliated companies	5	924,919	945,688
Other receivables and prepaid expenses		17	17
Cash at banks	6	98	58
		1,156,334	1,152,313
<b>Total assets</b>		1,156,334	1,152,313

<b>Equity and liabilities (in EUR'000)</b>	Notes	28 February 2015	28 February 2014
<b>Shareholder's equity</b>	7		
Share capital		10,000	10,000
Retained earnings		6,835	5,989
Profit financial year		1,828	846
		18,663	16,835
<b>Long-term provisions</b>			
Deferred tax liabilities	8	77	171
<b>Non-current liabilities</b>			
Bonds	9+10	398,103	397,537
Hybrid bond	9+10	699,298	697,300
		1,097,401	1,094,837
<b>Current liabilities</b>			
Payable to tax authorities		420	693
Other payables	11	39,773	39,777
		40,193	40,470
<b>Total equity and liabilities</b>		1,156,334	1,152,313



## Profit and loss account for the year

<b>(in EUR'000)</b>	Notes	ended 28 February 2015	ended 28 February 2014
<b>Income from financing activities</b>			
Interest income from:			
the shareholder	4	11,025	11,839
affiliated companies	5	49,006	46,982
Other financing income		(5)	-
		60,026	58,821
<b>Expenses from financing activities</b>			
Interest expenses:			
bonds	9	53,230	53,312
Amortisation bonds discount	10	2,564	2,436
Other financing expenses	12	1,594	1,568
		(57,388)	(57,316)
<b>Results from financing activities</b>		2,638	1,505
<b>Other expenses</b>			
Wages and salaries	13	75	75
Social security and pension expenses		21	17
Other operating expenses	14	81	80
		(177)	(172)
<b>Profit before taxation</b>		2,461	1,333
Taxation		(633)	(487)
<b>Net profit</b>		1,828	846

## Cash flow statement

<b>(in EUR'000)</b>	Notes	1 March 2014 - 28 February 2015	1 March 2013 - 28 February 2014
<b>Cash flow from operating activities</b>			
Net profit - profit after tax		1,828	846
Adjustment for movements in deferred tax		(94)	(62)
Amortisation discount	10	2,564	2,436
Other		(278)	116
<b>Net cash (used in)/from operating activities</b>		4,020	3,336
<b>Cash flow from investing activities</b>			
Capital increase	7	-	8,000
Decrease in loans to aff. companies l.t.	4+5	-	30,000
Decrease/(increase) in loans to aff. companies s.t.	4+5	(3,980)	(41,326)
<b>Net cash from/(used in) financing activities</b>		(3,980)	(3,326)
<b>Change in cash</b>		40	10
Cash as at 1 March	6	58	48
Cash as at 28 February		98	58

## Notes

### General

#### 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, Germany. The principal activity of the Company is to facilitate financing of Südzucker AG and group companies.

#### 2. Basis of presentation

These 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 financial statements are expressed 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 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 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 year 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.

- Regarding the issuer call right (first time at 30 June 2015) of the hybrid bond 2005: If the right to call the bond is not exercised on this date the coupon will attract interest at a variable rate. If the hybrid bond cannot be called, this floating rate coupon is applied for the remaining term 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 will then be 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 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 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)	28 February 2015	28 February 2014
Loans	231,300	206,550
	231,300	206,550

The loan is a short-term loan with no fixed maturity which bears interest at 5.17% since 1 July 2013 in accordance with the loan policy. The loan amount can be increased, decreased or totally repaid by the shareholder within two working days . It is expected that the loan will be repaid end re-issued in the next year.

### 5. Receivables from affiliated companies

(in EUR'000)	28 February 2015	28 February 2014
Loans to affiliated companies	924,919	945,688
	924,919	945,688

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

- EUR'000 163,100 short-term loan to Südzucker Polska Sp.z.o.o. and IM Südzucker Moldova S.A. which bears interest at 5.35% since 1 March 2014 in accordance with the loan policy. This includes an additional spread for withholding tax.
- EUR'000 761,819 short-term loans to other affiliated companies which bears interest at 5.17% since 1 July 2013 in accordance with the loan policy.

The loan amount can be increased, decreased or totally repaid by the subsidiaries within two working days. It is expected that the loan will be repaid end re-issued in the next year.

### 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 28 February 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 2014	10,000	5,989	846	16,835
Appropriation of net result 2014/15	-	846	(846)	-
Net result for the year 1 March 2014 - 28 February 2015	-	-	1,828	1,828
Shareholder's equity as at 28 February 2014	10,000	6,835	1,828	18,663

As at 28 February 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 financial statements and the valuation for tax purposes. This liability is of a long-term nature (exceeding one year).

## 9. Long-term liabilities

SZIF has issued the following bonds under the law of the Federal Republic Germany:

- 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 subordinated bond has a fixed coupon of 5.25% p. a. for the first ten years. From 30 June 2015, Südzucker can call the bond for the first time at the nominal value and repay it early (issuer call option). The bond might be called in full and not in instalments. The call option is subject to the condition that Südzucker has issued securities of equal rank and/or subordinated securities with similar features within 12 months of the effective date of the call with proceeds from the issue equalling the amount to be paid for calling the hybrid bond (as per section 6 (5) and (6) of the conditions of issue of the bond). Redemption of the bond – also in instalments – is possible at any time (according to section 6 (7) of the terms and conditions of the bond). If the hybrid bond cannot be called, a floating rate coupon is applied for the remaining term 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.). Coupon payments are payable quarterly in the subsequent quarter. 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 28 February 2015 amounts to 95.52% at Frankfurt Stock Exchange for a total amount of EUR 668.64 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 28 February 2015 amounts to 110.065% at Frankfurt Stock Exchange for a total amount of EUR 440.26 million.

The fair values of these loans are determined by market quotations of these bonds on 28 February 2015.

## 10. Bond discount

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

(in EUR'000)	01 March 2014	Movements	28 February 2015
Bond discount at cost	20,123	-	20,123
Amortisation	(14,960)	(2,564)	(17,524)
	5,163	(2,564)	2,599
Bond discount book value long-term	5,163	(2,564)	2,599

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)	28 February 2015	28 February 2014
Interest accrual on bonds	39,655	39,655
Other payables	118	122
	39,773	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)	ended 28 February 2015	ended 28 February 2014
Commitment fee paid to Südzucker AG for their credit facility	1,115	1,155
Withholding tax Poland and Moldova	404	344
Other financial expenses	75	69
	1,594	1,568

### 13. Wages and salaries

(in EUR'000)	ended 28 February 2015	ended 28 February 2014
Wages (incl. management, holiday pay)	61	61
Bonus	14	14
	75	75

### 14. Other operating expenses

The operating expenses can be split in:

(in EUR'000)	ended 28 February 2015	ended 28 February 2014
Independent audit of the financial statements	29	20
Other non-audit services	7	12
Tax advice	9	(7)
Third-party hired management	15	15
Building rental	6	6
Other expenses	15	34
	81	80

All audit services are provided by Ernst & Young Accountants LLP, the non-audit services by PricewaterhouseCoopers Accountants N.V. and the tax advice PricewaterhouseCoopers Belastingadvies N.V.

**15. Tax**

The company's effective tax rate for the year is 25.7% (2013/14: 36.5%).

**16. Related parties**

Südzucker International Finance BV is a 100% subsidiary of Südzucker AG, Mannheim, 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. The interest and other conditions are determined on arm's length basis.

**17. Employees**

The Company employed 1 person with 0.6 FTE (2013/14: 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. Benefits management board**

The total remuneration of the members of the management board of the Company in the fiscal year 2014/15 has an amount of EUR 26.000 (2013/14: EUR 26.000).

**19. Commitments and contingencies not included in the balance sheet**

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

**20. Events after the balance sheet date**

There are no events after the balance sheet date.

Oud-Beijerland, 20 April 2015

The Managing Directors:

G.P. Nota

A.J. Dorleijn

## Other information

### **Independent auditor's report**

The independent 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.



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## Independent auditor's report

To: the shareholder of Südzucker International Finance B.V.

### Report on the audit of the financial statements 2014/2015

#### Our opinion

We have audited the financial statements 2014/2015 of Südzucker International Finance B.V. (the company), based in Oud Beijerland, the Netherlands.

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 2015, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

- The balance sheet as at 28 February 2015;
- The profit and loss account for the year then ended; and
- The notes comprising a summary of the significant accounting policies and other explanatory information.

#### Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the financial statements" section of our report.

We are independent of Südzucker International Finance B.V. in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA).

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

#### Materiality

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

Based on our professional judgment we determined the materiality for the financial statements as a whole at €5.474 thousand. The materiality is based on 0.5% of the issued bonds. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the Managing Directors that misstatements in excess of €274 thousand, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

#### Our key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the Managing Directors. The key audit matters are not a comprehensive reflection of all matters discussed.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of the outstanding intercompany loans  
The main activity of Südzucker International Finance B.V. is to finance affiliated companies through, among others, the issuance of loans on public markets. The company runs the risk that an affiliated company defaults on meeting its obligations to Südzucker International Finance B.V. The outstanding intercompany loans are significant to Südzucker International Finance B.V. as these represent approximately 100% of the total assets in the financial statements of the company. Therefore we consider this risk as a key audit matter.

We have performed, amongst others, the following procedures with respect to the intercompany loans:

- We challenged the appropriateness of management's assumptions and estimates in relation to the recoverability of the outstanding intercompany loans;
- We performed inspection of the loan agreements;
- We reviewed the agreement with Südzucker AG that limits the economic risks of Südzucker International Finance B.V.;
- We determined that the affiliated companies were able to meet their financial obligations towards Südzucker International Finance B.V. throughout the year.

### **Responsibilities of management for the financial statements**

Management is responsible for the preparation and fair presentation of the financial statements and for the preparation of the management board report, both in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error. As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the financial statements using the going

concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

### **Our responsibilities for the audit of the financial statements**

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all errors and fraud.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtaining an understanding of internal control relevant to the audit 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.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion.

Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company ceasing to continue as a going concern.

Evaluating the overall presentation, structure and content of the financial statements, including the disclosures.

Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Managing Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

We provide the Managing Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Managing Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

## **Report on other legal and regulatory requirements**

### **Report on the directors' report and the other information**

Pursuant to legal requirements of Part 9 of Book 2 of the Dutch Civil Code (concerning our obligation to report about the directors' report and other information):

We have no deficiencies to report as a result of our examination whether the directors' report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of the Dutch Civil Code, and whether the information as required by Part 9 of Book 2 of the Dutch Civil Code has been annexed.

We report that the directors' report, to the extent we can assess, is consistent with the financial statements.

### **Engagement**

We were engaged by the shareholder as auditor of Südzucker International Finance B.V. on 14 January 2015, as of the audit for year ended 28 February 2015.

Amsterdam, 20 April 2015

Ernst & Young Accountants LLP

signed by P.J.A.J. Nijssen