



SÜDZUCKER

Oud-Beijerland, 25 August 2008

Südzucker International Finance B.V.

Financial report for the financial year
1 March 2007 to 29 February 2008

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Adopted by the General Meeting of Shareholders held on 26 August 2008.

Directors' report for the financial year 2007/2008

Südzucker International Finance B.V. ('SZIF B.V.', also 'the Company') was incorporated on 13 January 1994. The Company's purpose is to finance affiliated companies through, among others, the issuance of public loans.

Activities during the financial year 2007/2008

On 1 February 2008 we implemented a new loan policy for all the loans to the affiliated companies. All long-term loans, swaps and short-term loans to affiliated companies are replaced by short-term loans on notice. The loans can be repaid with a two working days notice period. All short-term loans on notice have a fixed interest rate of 6.1% (for Poland 6.15% due to the non-deductible withholding tax).

Facilities

To facilitate the loans to Südzucker group companies, SZIF B.V. 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 8 December 2003 a 3.00% convertible bond was issued with Deutsche Bank AG to an amount of EUR 250 million for a maximum period of 5 years. The bond is convertible into ordinary bearer shares without par value of Südzucker AG, Mannheim/Ochsenfurt.
- On 30 June/15 August 2005 a 5.25% perpetual hybrid bond was issued to a total amount of EUR 700 million.

Results

During the year ended 29 February 2008, the Company realised a net profit of EUR 530,392. This profit is lower than expected. The new loan policy was introduced later than expected, which gives a non-recurrent mismatch between the received interest rate on the short-term loans and the paid interest by the swap. Also the advisory costs were much higher than usual.

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 activities of the Company. 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 existing through 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 to total amount of the proceeds. For the short-term disadvantage a margin is calculated in the interest rate of 12 bps.

At 8 December 2008 the convertible bond will be converted or repaid. At the same time the loan with Südzucker AG will be reduced by the same amount.

The Company is not exposed to currency risk, as all its activities are denominated in euro.

Outlook for fiscal year 2008/2009

We expect that SZIF B.V. to have a higher profit due to the new loan policy.

Events after 29 February 2008


No events, other than the above-mentioned, have occurred after 29 February 2008, which need to be disclosed in these financial statements.

Oud-Beijerland, 25 August 2008

The Managing Directors:



H.H. Scholten



G.P. Nofa



Deutsche International Trust Company N.V.

Financial statements

Balance sheet as at 29 February 2008

(Before profit appropriation of the year)

Assets	Notes	29 February 2008	28 February 2007
(in EUR)			
Non-current assets			
<i>Financial fixed assets</i>			
Loans to affiliated companies		-	936,095,000
Current assets			
Receivables from affiliated companies	4	1,830,027,469	841,806,109
Receivables from tax authorities	5	479,886	258,354
Other receivables and prepaid expenses		44,033	-
Cash at banks	6	15,220	6,999
		1,830,566,608	842,071,462
Total assets		1,830,566,608	1,778,166,462
<hr/>			
Liabilities	Notes	29 February 2008	28 February 2007
(in EUR)			
Shareholder's equity	7		
Share capital		2,000,124	2,000,124
Retained earnings		3,004,948	2,938,806
Profit financial year		530,392	666,142
		5,535,464	5,605,072
Long-term provisions			
Deferred tax liabilities	8	260,567	189,964
Long-term liabilities	9		
Bonds		800,000,000	800,000,000
Convertible bond		-	250,000,000
Hybrid bond		700,000,000	700,000,000
Bond discount	10	(15,362,065)	(17,558,082)
		1,484,637,935	1,732,441,918
Current liabilities			
Convertible bond	11	250,000,000	-
Liabilities to affiliated companies	12	50,051,920	-
Payable to tax authorities	5	1,346	545
Other payables	13	40,079,376	39,928,963
		340,132,642	39,929,508
Total equity and liabilities		1,830,566,608	1,778,166,462

Profit and loss account for the financial year 2007/2008

	Notes	Financial year 2007/2008	Financial year 2006/2007
(in EUR)			
Income from financing activities			
Interest income affiliated companies		84,672,684	74,522,848
Interest income swap	14	9,290,936	19,898,597
Interest income bank account		1,801,038	824,866
Other financing income	15	<u>1,181,123</u>	<u>1,275,473</u>
		96,945,781	96,521,784
Expenses from financing activities			
Interest expenses bonds		91,891,822	91,760,351
Interest expenses affiliated companies		103,920	-
Amortisation bond discount		2,196,017	2,075,266
Other financing expenses	16	<u>1,829,499</u>	<u>1,776,837</u>
		<u>96,021,258</u>	<u>95,612,454</u>
Results from financing activities		924,523	909,330
Other expenses			
Wages and salaries	17	74,282	68,254
Social security and pension expenses		12,291	12,407
Other operating expenses		<u>57,327</u>	<u>43,453</u>
		<u>(143,900)</u>	<u>(124,114)</u>
Profit before taxation		780,623	785,216
Taxation	18	<u>(250,231)</u>	<u>(119,074)</u>
Net profit		<u>530,392</u>	<u>666,142</u>

Cash flow statement

	2007/2008	2006/2007
(in EUR)		
Cash flow from operating activities		
Interest income	127,659,981	97,097,549
Other income	1,122,207	1,283,805
Interest expense	(91,802,000)	(91,750,000)
Other expenses	(1,843,859)	(1,785,499)
General and administrative expenses	(136,202)	(232,295)
Taxes	(370,222)	(543,348)
Net cash from operating activities	34,629,905	4,070,212
Cash flow from financing activities		
Proceeds from issuance of bonds	-	-
Increase in loans to group companies	(34,021,684)	(3,100,000)
Dividends paid	(600,000)	(1,000,000)
Net cash used in financing activities	(34,621,684)	(4,100,000)
Change in cash and cash equivalents	8,221	(29,788)
Cash and cash equivalents as at 1 March	6,999	36,787
Cash and cash equivalents as at 29/28 February	15,220	6,999

Notes

General

1 **Group affiliation and principal activity**

Südzucker International Finance B.V. ('SZIF B.V.', or the 'Company') was incorporated under Dutch law on 13 January 1994. All shares were issued to Südzucker AG, Mannheim/Ochsenfurt. 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 and the accounting principles generally accepted in the Netherlands.

3 **Significant accounting policies**

Foreign currencies

In the financial year 2007/2008 and 2006/2007 all transactions were concluded in euro. Therefore, no translation differences have occurred.

Recognition of income

Income and expenses are recognised on an accrual basis.

Premiums and discounts on loans are amortised over the term of the loans in accordance with the effective interest method.

Derivative financial instruments

Gains and losses realised with derivative financial instruments (swaps), utilised exclusively to hedge interest rate exposure, are recognised in the same period as the gain or loss on the underlying transactions. Generally, interest risks are mitigated by the fact that conditions of intercompany loans granted to affiliated companies match the conditions of the funding received by SZIF B.V. regarding the timing and interest rates. In the case that the conditions of loans granted and funding received do not match, the Company uses interest swaps to mitigate the interest risk.

Financial fixed assets

The financial fixed assets are stated at cost.

Assets and liabilities

Assets and liabilities, other than those for which the basis of valuation is indicated on the balance sheet or notes thereon, are shown at nominal value.

Taxation

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

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 B.V. 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. During the year, the Company has not entered into any foreign currency transactions.

- 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.

At 8 December 2008 the convertible bond will be converted or repaid. At the same time the loan with Südzucker AG will be reduced by an equal amount.

- *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 Receivables from affiliated companies

	29 February 2008	28 February 2007
(in EUR)		
Loans to affiliated companies	1,828,116,684	808,000,000
Interest receivable on loans	1,910,785	1,790,329
Interest receivable swap (fixed part)	-	37,101,333
Interest payable swap (variable part)	-	(5,085,553)
	<u>1,830,027,469</u>	<u>841,806,109</u>

The loans to affiliated companies consist of:

- EUR 250,000,000. The proceeds of the convertible bond are lent to Südzucker AG at an interest rate of 3.16% on the same terms as the convertible bond (maturing 8 December 2008). If there is a (partial) conversion, this loan will be deducted equally.
- EUR 1,407,016,684 short-term loans on notice, which bear interest at 6.1%.
- EUR 121,100,000 short-term loans on notice, which bear interest at 6.15%.
- EUR 30,000,000, which bears interest at 4.436% and expires on 3 March 2008.
- EUR 20,000,000, which bears interest at 4.480% and expires on 17 March 2008.

The interest rate swap agreements with the parent company have all been unwound. Under the new loan policy SZIF B.V. receives a fixed interest of 6.1% and 6.15% on its outstanding loans. Its interest rate risk is therefore very limited and therefore no interest rate swaps are needed anymore. In prior years these swaps were used to fix the floating rate income on outstanding loans.

5 Receivables from and payables to tax authorities

	29 February 2008	28 February 2007
(in EUR)		
Corporate tax charge for the financial year	(270,271)	(227,262)
Paid to Dutch tax authorities for the financial year	368,099	392,716
Deductible withholding tax Poland	14,360	-
Changes in deferred taxes	<u>70,603</u>	<u>101,395</u>
	182,791	266,849
Corporate tax relating to prior years (including accrued interest relating to prior year tax receivable)	<u>295,402</u>	<u>(8,495)</u>
Classified as receivable	478,193	258,354
Other: prepaid expenses BaFin	1,693	-
Total receivable from tax authorities	<u>479,886</u>	<u>258,354</u>
Total payable to tax authorities	<u>1,346</u>	<u>545</u>

6 Cash at banks

Cash at banks consists of a current account held with Deutsche Bank AG, Amsterdam and ING Bank, Amsterdam. None of this cash is restricted as at 29 February 2008.

7 Shareholder's equity

	Paid-up and issued capital	Retained earnings	Profit financial year	Total
(in EUR)				
Shareholder's equity as at 1 March 2007	2,000,124	2,938,806	666,142	5,605,072
Dividend payment		(600,000)		(600,000)
Appropriation of net result 2006/2007	-	666,142	(666,142)	-
Net result for the year 2007/2008	-	-	530,392	530,392
Shareholder's equity as at 29 February 2008	2,000,124	3,004,948	530,392	5,535,464

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 29 February 2008 44,075 shares have been issued and fully paid in cash.

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

8 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).

9 Long-term liabilities

SZIF B.V. 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 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 29 February 2008 amounts to 103.20%.
- On 27 February 2002 a 5.75% bond with Deutsche Bank AG, Frankfurt am Main, for an amount of EUR 500 million 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 29 February 2008 amounts to 102.20%.
- On at 30 June 2005 SZIF B.V. 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%. 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 B.V. This hybrid bond is guaranteed by Südzucker AG, Mannheim. The fair value of this loan as at 29 February 2008 amounts to 78.25%.

The fair values of these loans are determined by market quotations of these loans on 29 February 2008.

10 Bond discount

	2007/2008
(in EUR)	
Balance as at 1 March 2007:	
Bond discount at cost	24,683,565
Cumulative amortisation	(7,125,483)
Bond discount book value	<u>17,558,082</u>
Movements:	
Amortisation 2007/2008	<u>(2,196,017)</u>
Balance as at 29 February 2008:	
Bond discount at cost	24,683,565
Cumulative amortisation	(9,321,500)
Bond discount book value	<u>15,362,065</u>

The bond discounts relate to the 6.25% bond issued 8 June 2000, the 5.75% bond issued 27 February 2002 and the 5.25% bond issued on 30 June 2005 and 15 August 2005 and will be amortised over the life of these loans in accordance with the effective interest method.

11 Convertible bond

This relates to a EUR 250 million, 3.00% convertible bond with Deutsche Bank AG, Frankfurt am Main, for an amount of EUR 250 million for a maximum period of 5 years. The bond is convertible into ordinary bearer shares without par value of Südzucker AG, Mannheim/Ochsenfurt. The conversion option, under certain conditions, gives the right to purchase shares in Südzucker AG against a conversion price of EUR 20.53 per share under conditions described in the listing prospectus dated 8 December 2003. This convertible bond is also guaranteed by Südzucker AG, Mannheim. The fair value of this loan as at 29 February 2008 amounts to 99.00%.

12 Short-term loans and liabilities to affiliated companies

	29 February 2008	28 February 2007
(in EUR)		
Loans from affiliated companies	50,000,000	-
Interest payable on loans from affiliated companies	51,920	-
	<u>50,051,920</u>	<u>-</u>

These loans consist of:

- EUR 30 million, which bears interest at 4.160% and expires on 3 March 2008.
- EUR 20 million, which bears interest at 4.180% and expires on 17 March 2008.

13 Other payables

	29 February 2008	28 February 2007
(in EUR)		
Interest payable on bonds	39,984,973	39,843,151
Other payables	<u>94,403</u>	<u>85,812</u>
	<u>40,079,376</u>	<u>39,928,963</u>

Profit and loss account

14 Interest income swap

The interest income swap can be specified as follows:

	2007/2008	2006/2007
(in EUR)		
Interest income swap (fixed part)	41,485,333	45,120,000
Interest expenses swap (variable part)	(32,194,397)	(25,221,403)
	<u>9,290,936</u>	<u>19,898,597</u>

There are two swap agreements:

- Effective as of 21 July 2000 between a group company and SZIF B.V.; the group company pays a fixed interest rate of 5.99% a year on EUR 300 million, in exchange for a variable rate of interest of 3 months EURIBOR on EUR 300 million paid by SZIF B.V.
- Effective as of 13 March 2002 between a group company and SZIF B.V.; the group company pays a fixed interest rate of 5.43% a year on EUR 500 million, in exchange for a variable rate of interest of 3 months EURIBOR on EUR 500 million paid by SZIF B.V.

At 1 February 2008 these interest rate swaps with the parent company were unwound (see note 4).

15 Other income financing activities

This item represents the commitment fees received from affiliated companies for their credit facilities. As of 1 February 2008, no commitment fees are charged anymore.

16 Other expenses financing activities

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

17 Wages and salaries

	2007/2008	2006/2007
(in EUR)		
Wages (incl. management, holiday pay)	59,782	55,254
Bonus	14,500	13,000
	<u>74,282</u>	<u>68,254</u>

18 Taxation

	2007/2008	2006/2007
(in EUR)		
Corporate tax for the financial year	270,271	227,262
Reducing deferred tax to the lower tax rate	-	(12,157)
Corporate tax relating to prior years	(20,040)	(96,031)
	<u>250,231</u>	<u>119,074</u>

The tax charge is based on ten months at the 2007 rate and two months at the 2008 rate. The 2008 tax rate is 20.0% for the first EUR 40,000, 23.5% for the next EUR 120,000 and 25.5% for the remaining balance. The 2007 tax rate is 20.0% for the first EUR 25,000, 23.5% for the next EUR 35,000 and 25.5% for the remaining balance.

19 Employees

The Company employed 1.5 FTE.

20 Remuneration directors

The remuneration (incl. bonus) for the directors amounts to EUR 22,798 (financial year 2006/2007: EUR 22,798).

21 Related parties

SZIF B.V. is a 100% subsidiary of Südzucker AG, Mannheim/Ochsenfurt, Germany. SZIF B.V. 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 Notes 4 and 12.

Oud-Beijerland, 25 August 2008


The Managing Directors:



H.H. Scholten



G.P. Notar



Deutsche International Trust Company N.V.

Other information

Auditors' report

The auditors' 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 disposition of the General Meeting of Shareholders.

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

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Auditor's report

Report on the financial statements

We have audited the accompanying financial statements for the period from 1 March 2007 to 29 February 2008 of Südzucker International Finance B.V., Oud-Beijerland as set out on pages 5 to 15 which comprise the balance sheet as at 29 February 2008, the profit and loss account and the cash flow statement for the period from 1 March 2007 to 29 February 2008 and the notes.

The 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 management board 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 29 February 2008, and of its result for the period from 1 March 2007 to 29 February 2008 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 e of the Netherlands Civil Code, we report, to the extent of our competence, that the management board report is consistent with the financial statements as required by 2:391 sub 4 of the Netherlands Civil Code.

Rotterdam, 26 August 2008

PricewaterhouseCoopers Accountants N.V.

J.G. Bod RA

