



SÜDZUCKER

Oud-Beijerland, 27 July 2007

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

Financial statements for the financial year  
1 March 2006 to 28 February 2007

## Table of contents

Directors' report for the financial year 2006/2007	2
Balance sheet as at 28 February 2007	4
Profit and loss account for the financial year 2006/2007	5
Cash flow statement	6
Notes	7
Other information	16

Adopted by the General Meeting of Shareholders held on 7 August 2007.

## Directors' report for the financial year 2006/2007

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 2006/2007

The fiscal year 2006-2007 was a normal year without great changes. The new ruling agreement with the Dutch tax authorities is in a final stage, but up till now not finalised. On 1 March 2006 the terms of the short-term loans are changed to the expected new rules.

#### *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 28 February 2007, the Company realized a net profit of EUR 666,142.

### Financial risk management

All proceeds of borrowings are lent to affiliated companies. This poses 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. Part of the proceeds from borrowings is onlent on a short-term basis. To cover the interest exposure existing through this maturity mismatch, the Company uses interest rate swaps that swap the floating interest on the loans to group companies to a fixed interest income. The swaps for a nominal amount of € 800 million are concluded with the parent company, Südzucker AG, Mannheim.

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

### Outlook for fiscal year 2007/2008

In the current fiscal year we expect to finalise a new ruling agreement with the Dutch fiscal authorities. Furthermore we expect virtually no change in the nature and size of the Company's business.

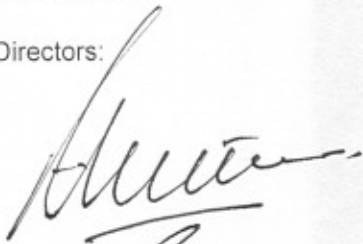
### Events after 28 February 2007

No events, other than the above-mentioned, have occurred after 28 February 2007, which need to be disclosed in these financial statements.

Oud-Beijerland, 27 July 2007

The Managing Directors:

H.H. Scholten



G.P. Nota



Deutsche International Trust Company N.V.



**Balance sheet as at 28 February 2007**

(Before profit appropriation of the year)

<b>Assets</b>	Notes	28 February 2007	28 February 2006
(in EUR)			
<b>Non-current assets</b>			
<i>Fixed assets</i>			
<i>Financial assets</i>			
Loans to affiliated companies	4	936,095,000	936,095,000
<b>Current assets</b>			
Receivables from affiliated companies	5	841,806,109	840,557,347
Receivables from tax authorities	12	258,354	-
Other receivables and prepaid expenses	6	-	8,333
Cash at banks	7	6,999	36,787
		842,071,462	840,602,467
<b>Total assets</b>		<b>1,778,166,462</b>	<b>1,776,697,467</b>
<b>Liabilities</b>			
(in EUR)			
<b>Shareholder's equity</b>			
Share capital	8	2,000,124	2,000,124
Retained earnings		2,938,806	2,554,743
Profit financial year		666,142	1,384,063
		5,605,072	5,938,930
<b>Long-term provisions</b>			
Deferred tax liabilities	9	189,964	100,726
<b>Long-term liabilities</b>			
Bonds	10	800,000,000	800,000,000
Convertible Bond		250,000,000	250,000,000
Hybrid Bond		700,000,000	700,000,000
Bonds discount	11	-17,558,082	-19,633,348
		1,732,441,918	1,730,366,652
<b>Current liabilities</b>			
Payable to tax authorities	12	545	262,496
Other payables	13	39,928,963	40,028,663
		39,929,508	40,291,159
<b>Total equity and liabilities</b>		<b>1,778,166,462</b>	<b>1,776,697,467</b>

## Profit and loss account for the financial year 2006/2007

	Notes	Financial Year 2006/2007	Financial Year 2005/2006
(in EUR)			
<b>Income from financing activities</b>			
Interest income affiliated companies		74,522,848	52,348,931
Interest income swap	14	19,898,597	27,258,372
Interest income bank account		824,866	58,888
Other income	15	<u>1,275,473</u>	<u>3,453,018</u>
		96,521,784	83,119,209
<b>Expenses from financing activities</b>			
Interest expenses Bonds		91,760,351	77,992,466
Amortization Bond discount		2,075,266	1,543,705
Other expenses	16	<u>1,776,837</u>	<u>1,543,204</u>
		95,612,454	81,079,375
<b>Results from financing activities</b>		909,330	2,039,834
<b>Other expenses</b>			
Wages and salaries	17	68,254	67,835
Social security and pension expenses		12,407	12,377
Other operating expenses	18	<u>43,453</u>	<u>68,477</u>
		-124,114	-148,689
<b>Profit before taxation</b>		785,216	1,891,145
Taxation	19	-119,074	-507,082
<b>Net profit</b>		<u>666,142</u>	<u>1,384,063</u>

## Cash flow statement

	2006/2007	2005/2006
(in EUR)		
<b>Cash flow from operating activities</b>		
Interest income	97,097,549	79,902,915
Other income	1,283,805	3,453,018
Interest expense	-91,750,000	-53,676,712
Other expenses	-1,785,499	-1,543,204
General and administrative expenses	-232,295	-136,741
Taxes	-543,348	-324,657
<b>Net cash used in operating activities</b>	<b>4,070,212</b>	<b>27,674,619</b>
<b>Cash flow from financing activities</b>		
Proceeds from issuance of Bonds	-	683,961,435
Increase in loans to group companies	-3,100,000	-711,595,000
Dividends paid	-1,000,000	-
<b>Net cash used in financing activities</b>	<b>-4,100,000</b>	<b>-27,633,565</b>
<b>Change in cash and cash equivalents</b>	<b>-29,788</b>	<b>41,054</b>
Cash and cash equivalents as at 1 March	36,787	-4,267
Cash and cash equivalents as at 28 February	6,999	36,787

## 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 2006/2007 and 2005/2006 all transactions were concluded in EUR. 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. The deferred part is included in current assets and liabilities.

##### ***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 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 euros. 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.
- *Cash flow and fair value interest rate risk*

The Company's income and operating cash flows are dependent on changes in market interest rates for EURIBOR. The interest rates of the loans to Group entities are set at EURIBOR plus a fixed margin. These loans expose the Company to cash flow interest rate risk. Borrowings that are issued at fixed rates expose the Company to fair value interest rate risk.

The Company manages its cash flow and fair value interest rate risk by using floating-to-fixed interest rate swaps concluded with Südzucker AG.

## Balance sheet

### 4 Fixed assets - Loans to affiliated companies

	28 February 2007	28 February 2006
(in EUR)		
Loans to affiliated companies	936,095,000	936,095,000
	<u>936,095,000</u>	<u>936,095,000</u>

The long-term 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. If there is a (partial) conversion, this loan will be deducted equally.
- EUR 444,095,000. A long-term loan with a maximum of EUR 700,000,000, an amount drawn as at 28 February 2007 of EUR 444,095,000 at an interest rate of 5.61% p.a.; it expires on 30 June 2015.
- EUR 20,000,000. A long-term loan with a maximum of EUR 50,000,000, an amount drawn as at 28 February 2007 of EUR 20,000,000 at an interest rate of 5.59% p.a.; it expires on 27 October 2015.
- EUR 100,000,000. A long-term loan expiring on 27 February 2015 with an interest rate of 5.67% p.a.
- EUR 122,000,000. A long-term loan expiring on 27 February 2015 with an interest rate of 5.67% p.a.

### 5 Receivables from affiliated companies

	28 February 2007	28 February 2006
(in EUR)		
Loans to affiliated companies	808,000,000	804,900,000
Interest receivable on loans	1,790,329	2,010,647
Interest receivable swap (fixed part)	37,101,333	37,025,917
Interest payable swap (variable part)	-5,085,553	-3,379,217
	<u>841,806,109</u>	<u>840,557,347</u>

The loans to affiliated companies consist of:

- EUR 745,000,000 which bears interest at 4.032% and expires on 13 March 2007.
- EUR 50,000,000 which bears interest at 4.293% and expires on 31 May 2007.
- EUR 13,000,000 which bears interest at 4.032% and expires on 13 March 2007.

The interest receivable and payable (swap) relate to two inter-group swap agreements:

- Effective as of 21 July 2000 for a 10-year period, SZIF B.V. receives 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. The fair value of this swap amounts to EUR 18.2 million.
- Effective as of 13 March 2002 for a 10-year period, SZIF B.V. receives 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. The fair value of this swap amounts to EUR 30.9 million.

The fair values of the swaps have been determined using present value calculations. Taking into account the interest swap long-term and short-term interest effects of the basic transaction have been matched.

## 6 Other receivables and prepaid expenses

	28 February 2007	28 February 2006
(in EUR)		
Conversion fee convertible Bond	-	8,333
	-	8,333

## 7 Cash at banks

Cash at banks consists of a current account held with Deutsche Bank AG, Amsterdam and ING Bank, Amsterdam.

## 8 Shareholder's equity

	Paid-up and issued capital	Retained earnings	Profit financial year	Total
(in EUR)				
Shareholder's equity as at 1 March 2006	2,000,124	2,554,743	1,384,063	5,938,930
Dividend payment			-1,000,000	-1,000,000
Appropriation of net result 2005/2006	-	384,063	-384,063	-
Net result for the year 2006/2007	-	-	666,142	666,142
Shareholder's equity as at 28 February 2007	2,000,124	2,938,806	666,142	5,605,072

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 2007 44,075 shares have been issued and fully paid in cash. The retained earnings represent the withheld profits of prior financial years.

## 9 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).

**10 Long-term liabilities**

SZIF B.V. has issued the following bonds:

- As at 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 28 February 2007 amounts to 105.85%.
- As at 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 28 February 2007 amounts to 106.48%.
- As at 8 December 2003 SZIF B.V. issued a 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 28 February 2007 amounts to 106.05%.
- As 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 28 February 2007 amounts to 95.15%.

The fair values of these loans are determined by market quotations of these loans on 28 February 2007.

**11 Bonds discount**

	2006/2007
(in EUR)	
<b>Balance as at 1 March 2006:</b>	
Bond discount at cost	24,683,565
Cumulative amortisation	-5,050,217
Bond discount book value	<u>19,633,348</u>
<b>Movements:</b>	
Amortisation 2006/2007	<u>-2,075,266</u>
<b>Balance as at 28 February 2007:</b>	
Bond discount at cost	24,683,565
Cumulative amortisation	-7,125,483
Bond discount book value	<u>17,558,082</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.

## 12 Payable to tax authorities

	28 February 2007	28 February 2006
(in EUR)		
Corporate tax for the financial year	227,262	594,690
Prepaid	-392,716	-335,595
Deferred tax	-101,395	-100,726
	-266,849	158,369
Corporate tax relating to prior years	8,495	103,315
	-258,354	261,684
Classified as receivable	258,354	-
Other	545	812
	545	262,496

## 13 Other payables

	28 February 2007	28 February 2006
(in EUR)		
Accruals for holiday allowance	2,645	2,372
Accruals for holidays	6,956	6,570
Accrual for bonus	13,000	13,000
Advisory fee tax	50,340	42,000
Auditors' fee	1,785	6,360
Commitment fee 'Plazeuren'	-	7,889
Administration fee Bonds	8,500	5,000
Conversion fee convertible Bond	1,667	-
Interest payable Bonds	39,843,151	39,843,151
Creditors	66	100,059
Social security	574	1,984
Others	279	278
	39,928,963	40,028,663

## Profit and loss account

### 14 Interest income swap

The interest income swap can be specified as follows:

	2006/2007	2005/2006
(in EUR)		
Interest income swap (fixed part)	45,120,000	44,994,667
Interest expenses swap (variable part)	-25,221,403	-17,736,295
	<u>19,898,597</u>	<u>27,258,372</u>

There are two swap agreements:

- Effective as of 21 July 2000 for a 10-year period 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 for a 10-year period 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.

### 15 Other income financing activities

This item represents the commitment fees received from affiliated companies for their credit facilities.

### 16 Other expenses financing activities

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

### 17 Wages and salaries

	2006/2007	2005/2006
(in EUR)		
Wages (incl. management, holiday pay)	55,254	53,666
Bonus	13,000	14,169
	<u>68,254</u>	<u>67,835</u>

**18 Other operating expenses**

	2006/2007	2005/2006
(in EUR)		
Administration fee	1,607	1,874
Tax advisory fee	15,292	32,721
Auditors' fee	12,995	16,348
Office expenses	9,892	8,207
Travelling expenses	664	2,425
BaFin fee	969	1,637
Other costs	2,034	5,265
	43,453	68,477

The management fee is taken up under wages and salaries.

**19 Taxation**

	2006/2007	2005/2006
(in EUR)		
Corporate tax for the financial year	227,262	594,690
Reducing deferred tax to the lower tax rate	-12,157	
Corporate tax relating to prior years	-96,031	-87,608
	119,074	507,082

The normal tax rate is based on ten months tariff of 2006 and two months tariff of 2007.

The tax rate of 2007 is 20.0% for the first EUR 25,000, 23.5% for the next EUR 35,000 and 25.5% for the remaining balance. The tax rate of 2006 is 25.5% for the first EUR 22,689 and 31.5% for the remaining balance.

**20 Employees**

The company employed 1.5 FTE.

**21 Remuneration directors**

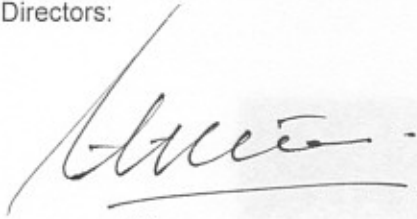
The remuneration (incl. bonus) for the directors amounts to EUR 22,798 (financial year 2005/2006: EUR 22,289).

**22 Related parties**

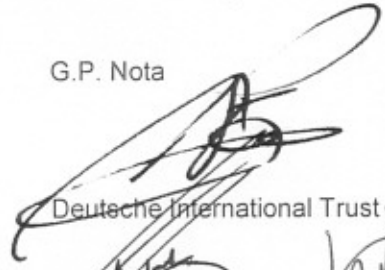
Südzucker International Finance B.V. is a 100% subsidiary of Südzucker AG, Mannheim/Ochsenfurt, Germany. SZIF B.V. supplies short-term and long-term financing to Südzucker AG and other companies in the Südzucker AG group. During the year the company concluded several short-term financing transactions with its parent and affiliated companies. Refer to Notes 4 and 5.

Oud-Beijerland, 27 July 2007  
The Managing Directors:

H.H. Scholten



G.P. Nota



Deutsche International Trust Company N.V.





## Other information

### **Auditors' report**

The auditors' report follows on the next 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.

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

## Auditors' report

### Report on the financial statements

We have audited the accompanying financial statements for the year ended 28 February 2007 of Südzucker International Finance B.V., Oud-Beijerland, as set out on pages 4 to 15 which comprise the balance sheet as at 28 February 2007, the profit and loss account, the statement of cash flows for the year then ended 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 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 2007, and of its result for the year ended 28 February 2007 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 directors' report is consistent with the financial statements as required by 2:391 sub 4 of the Netherlands Civil Code.

Rotterdam, 27 July 2007

PricewaterhouseCoopers Accountants N.V.

  
J.G. Bod RA