NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

GENERAL REMARKS

1. ACCOUNTING PRINCIPLES

The consolidated financial statements as of 28 February 2014 for Nordzucker AG (Küchenstrasse 9, 38100 Braunschweig, Germany) have been prepared in accordance with Sec. 315a HGB (German Commercial Code) in accordance with the International Financial Reporting Standards (IFRS) adopted and published by the International Accounting Standards Board (IASB) or the IFRS Interpretations Committee (IFRS IC) as applicable in the European Union (EU-IFRS) and with supplementary provisions of German commercial law. The financial statements comply fully with EU-IFRS and give a true and fair view of the net assets, financial and earnings position of Nordzucker AG and its consolidated subsidiaries, associated companies and joint ventures (hereinafter known as 'Nordzucker Group' or 'Group').

As the parent company of the Group, Nordzucker AG is entered in the commercial register at Braunschweig Local Court (HRB 2936).

The consolidated financial statements of Nordzucker AG, audited by Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, and issued with an unqualified opinion, are published in the German Federal Gazette. The annual report can be viewed on the Nordzucker AG website (www.nordzucker.de).

The reporting currency is the Euro, with amounts reported in thousands of Euros (in EUR thousands).

The consolidated financial statements of Nordzucker AG will be released by the Board of Management via passing it to the Supervisory Board on 22 May 2014.

2. CONSOLIDATION AND ACQUISITIONS

2.1. Principles of consolidation

Subsidiaries

In addition to Nordzucker AG as the parent company, the Nordzucker consolidated financial statements also include the domestic and foreign subsidiaries in which Nordzucker AG has direct or indirect control of financial and operating policy.

Subsidiaries are fully consolidated from the acquisition date, i.e. the date on which the Group obtains control. Consolidation ends once the parent company no longer exercises control. The financial statements of the subsidiaries are prepared for the same reporting period as the financial statements for the parent company using uniform accounting methods. Intra-group transactions between companies in the Group are eliminated in full.

Associated companies and joint ventures

Associated companies and joint ventures are accounted for in the consolidated financial statements using the equity method. Associated companies are defined as companies in which the Nordzucker Group has a significant influence over financial and operating policy. Joint ventures are companies which are jointly controlled in cooperation with other companies. In applying the equity method, the IFRS financial statements of these companies are used. Losses from associated companies which exceed the carrying amount or other non-current receivables from financing these companies are not recognised unless there is an obligation to provide further capital.

2.2. Acquisitions

No acquisitions were made in the reporting period or comparative period.

For the accounting principles relating to acquisitions, please see Note 3.16.

2.3. Group of consolidated companies

The consolidated companies in the Nordzucker Group are as follows:

GROUP OF CONSOLIDATED COMPANIES

	28/2/2014	28/2/2013
Fully consolidated subsidiaries		
Domestic	3	4
Foreign	14	19
Companies accounted for using the equity method		
Domestic	2	2
Foreign	2	2

In the reporting period, the Group of consolidated companies was reduced by six subsidiaries. In Germany, fuel 21 GmbH & Co. KG was merged with Nordzucker AG. Outside of Germany, Nordzucker Eastern Europe GmbH (Vienna, Austria) and SugarPartners Holdings Limited (Dublin, Ireland) were liquidated and therefore deconsolidated. In addition, Nordic Sugar UAB (Vilnius, Lithuania), SIA Nordic Sugar (Riga, Latvia) and Ingolf Wesenberg & Co. AS (Oslo, Norway) were also deconsolidated due to lack of significance. The carrying amounts for these three companies are listed in the item 'Other financial investments'.

The list of shareholdings can be found in the Nordzucker AG annual report and is published in the German Federal Gazette.

All the companies included in the consolidated financial statements have 28 February 2014 as their reporting date.

2.4. Significant subsidiaries and joint ventures

The significant subsidiaries of the Nordzucker Group are listed in the table below:

SIGNIFICANT SUBSIDIARIES

	Group stake
Central Europe region	
NORDZUCKER GmbH & Co. KG, Braunschweig, Germany	100%
Norddeutsche Flüssigzucker GmbH & Co. KG, Braunschweig, Germany	70%
Northern Europe region	
Nordic Sugar A/S, Copenhagen, Denmark	100%
Nordic Sugar AB, Malmö, Sweden	100%
Suomen Sokeri Oy, Kantvik, Finland	80%
Sucros Oy, Säkylä, Finland	80%
AB Nordic Sugar Kèdainiai, Kèdainiai, Lithuania	70.6%
Nordzucker Ireland Limited, Dublin, Ireland	100%
Eastern Europe region	
Považský cukor a.s., Trenčianska Teplá , Slovakia	96.798%
Nordzucker Polska S.A., Opalenica, Poland	99.87%

The following trading companies structured as limited partnerships (GmbH & Co. KG)

> NORDZUCKER GmbH & Co. KG, Braunschweig, Germany

> Norddeutsche Flüssigzucker GmbH & Co. KG, Braunschweig, Germany

are exempt from the obligation to prepare annual financial statements in accordance with the regulations applicable to companies with limited liability pursuant to Sec. 264b German Commercial Code (HGB).

Significant joint ventures of the Nordzucker Group that are accounted for under the equity method are listed below:

SIGNIFICANT JOINT VENTURES

	Group stake
Central Europe region	
MEF Melasse-Extraktion Frellstedt GmbH, Frellstedt	50%
Northern Europe region	
NP Sweet A/S, Copenhagen, Denmark	50%

2.5. Conversion of financial statements in foreign currencies

Assets and liabilities of subsidiaries whose functional currency is not the Euro are converted at the exchange rate applicable on the balance sheet date. The functional currency is the currency of the primary economic environment in which the subsidiary operates. Items in the income statement are converted at the weighted average rate for the relevant reporting period. Equity components of subsidiaries are converted at the historical rate for the date first recognised. The currency differences resulting from conversions are included in other comprehensive income (i.e. in the statement of comprehensive income and not in the income statement).

The rates for the conversion of key financial statements in foreign currencies into Euros have changed as follows:

EXCHANGE RATES OF FOREIGN CURRENCIES

for EUR 1.00	Average rate		Spot rate	
	2013/2014	2012/2013	**28/2/2014**	28/2/2013
Polish Zloty (PLN)	4.20104	4.16353	4.16760	4.15150
Hungarian Forint (HUF)	298.97255	288.25639	310.45000	295.80000
Danish Crown (DKK)	7.45811	7.44799	7.46250	7.45600
Swedish Crown (SEK)	8.69838	8.65947	8.85250	8.44750
Lithuanian Litas (LTL)	3.45280	3.45280	3.45280	3.45280

3. EXPLANATION OF ACCOUNTING POLICIES

3.1. General principles

The valuation of the items in the consolidated financial statements is primarily at amortised cost. Derivative financial instruments and actuarial reserves for pension obligations in the form of plan assets, in particular, are recognised at fair value.

Individual line items of the income statement and the balance sheet have been aggregated to improve readability. These items are listed in the notes.

The income statement has been prepared using the cost of sales method. As such, the revenues recognised in the reporting period are compared with the costs incurred to achieve these revenues, categorised by the functional areas of production, sales and administration.

In the balance sheet, assets and liabilities are categorised as non-current (with maturities of more than one year) or current.

3.2. Recognition of income and expense

Revenues are recognised in accordance with IAS 18 when the goods or services are delivered if the amount of revenue can be estimated reliably and the flow of economic benefit is probable. Revenues are reduced by sales discounts.

Operating expenses are recognised when the service is used or as of the date they arise.

Interest is recognised as an expense or as income in the period in which it arises. Interest expense arising in connection with the purchase or production of certain assets is only capitalised if they are qualifying assets in accordance with IAS 23.

Dividends are recognised in profit or loss when the legal entitlement is vested.

3.3. Intangible assets including goodwill

This item primarily refers to acquired intangible assets, internally generated intangible assets and goodwill.

Acquired intangible assets (purchased rights and licences) are valued initially at cost (purchase price, directly attributable costs). Assets related to acquisitions (see also Note 3.6), such as contractual customer relationships, trademark rights and no-competition clauses, are recognised as acquired intangible assets, provided that the criteria of IFRS 3 and IAS 38 are fulfilled, and valued initially at fair value.

Internally generated intangible assets (such as internally generated software) are recognised provided that they fulfil the capitalisation criteria of IAS 38 (in particular with regard to demonstration of technical feasibility, of the intention and ability to use the asset, as well as of its reliable valuation). Production costs include the costs directly attributable to the development phase, as well as borrowing costs insofar as they can be capitalised under IAS 23. Research costs are recognised as an expense.

Acquired and internally generated intangible assets with finite lives are subject to scheduled amortisation after initial recognition. This is done on a straight-line basis under the assumption of the following useful lives:

INTANGIBLE ASSETS

	Useful life in years
Production quotas acquired against payment	10
ERP licences	20
Other software	3 – 15

Useful lives are reviewed regularly to ensure they are appropriate. If necessary they are adjusted accordingly. If there is reason for an impairment on intangible assets with finite useful lives in accordance with IAS 36 and the recoverable amount is less than the amortised cost, impairment losses are recognised on these items (see also Note 3.6). If the reasons for the impairment losses are no longer valid, the relevant reversals of impairments are to be made.

Goodwill arises in conjunction with an acquisition (see also Note 3.16) if the total consideration transferred to the seller (purchase price and any future contingent considerations) exceeds the net amount of the identifiable assets acquired and the liabilities assumed. The positive difference is capitalised under IFRS 3.

Acquired and internally generated intangible assets with indefinite useful lives, as well as goodwill, are not subject to scheduled amortisation, but must be tested for impairment at least once a year in accordance with IAS 36 (see also Note 3.6). The impairment test for goodwill takes place at the level of the cash-generating unit to which the item was attributed upon initial recognition. Goodwill is assigned to the cash-generating unit that stands to benefit from the synergies of the business combination. According to IAS 36, a cash-generating unit is the smallest identifiable group of assets with cash inflow that is largely independent of cash inflow from other assets. Within the Nordzucker Group, the lowest possible level is deemed the one within the entity at which goodwill is monitored for internal management purposes. An impairment loss is recognised on goodwill when the recoverable amount attributed to the cash-generating unit for this item is less than the carrying amount of this cash-generating unit; goodwill must then be written down by the amount of this difference. The basis for calculating the recoverable amount is the value in use of the cash-generating unit. The cash-generating unit determines a present value model taking into account cash flows that are based on internal targets. Reversals of the impairment or increases in the carrying amount of goodwill cannot be carried out later.

Gains or losses resulting from the disposal or impairment of intangible assets are recorded on the income statement under ‘Other income’ or ‘Other expenses’.

3.4. Property, plant and equipment

In accordance with IAS 16, property, plant and equipment is initially recognised at cost and subsequently depreciated on a straight-line basis over their expected useful lives. Costs include the purchase price, all directly attributable costs, estimated costs for future decommissioning and restoration obligations, as well as borrowing costs insofar as they can be capitalised under IAS 23.

The following useful lives are assumed for depreciation:

PROPERTY, PLANT AND EQUIPMENT

	Useful life in years
Buildings	20–60
Technical plant and machinery	4–60
Railway tracks	70
Vehicles	4–15
Trailers and rolling stock	25
Other operating and office equipment	3–25

Useful lives are reviewed regularly to ensure they are appropriate. If necessary they are adjusted accordingly. Depreciation starts from the time at which the asset in question becomes ready for use. Production-related technical plant and machinery only used during the campaign are depreciated for the full year. If there is reason for an impairment in accordance with IAS 36 and the recoverable amount is less than the amortised cost, impairment losses are recognised on these items (see also Note 3.6). If the reasons for the impairment losses are no longer valid, the relevant reversals of impairments are to be made.

If the major opportunities and risks associated with ownership of rented or leased items of property, plant and equipment are borne by the tenant or lessee, then the items are to be recognised as an asset under IAS 17 on the lessee's balance sheet. The asset is initially valued at the present value of the minimum lease payments, or at fair value for the leased item – whichever is lower. In exchange, a liability is to be recognised at an appropriate amount for the finance lease. The leased item is reduced by scheduled depreciation or impairment. If it is not sufficiently clear at the start of the lease whether or not ownership will be transferred to the lessee, the scheduled depreciation takes place either over the term of the leasing arrangement or the useful life – whichever is shorter. If this is not the case, the leased item must be depreciated over its useful life.

Gains or losses resulting from the disposal or impairment of items of property, plant and equipment are recorded on the income statement under 'Other income' or 'Other expenses'.

3.5. Investment property

Property intended to be let to third parties is initially recognised at cost under IAS 40. For subsequent measurement, the Nordzucker Group consistently exercises the option of measuring investment property at cost, minus scheduled and unscheduled depreciation. Depreciation takes place on a straight-line basis over the useful life of 20 to 60 years. If there is reason for an impairment in accordance with IAS 36 and the recoverable amount is less than amortised cost, an impairment is recognised (see also Note 3.6), which is reversed if the reason for the impairment no longer exists in subsequent periods.

3.6. Impairment of intangible assets (including goodwill), property, plant and equipment as well as investment property

Under IAS 36, impairment losses are calculated by comparing the carrying amount with the recoverable amount. This impairment test is applied at the level of individual assets, provided that it is possible to estimate the recoverable amount for the individual asset. If this is not the case, the impairment test must be applied at the level of the cash-generating unit. The cash-generating unit is the smallest possible group of assets that generate largely independent cash inflows.

On each reporting date, a review is conducted to assess whether any indications for the impairment of assets exist. If such an indication exists, the recoverable amount of the asset or cash-generating unit must be determined and compared with the carrying amount. Impairment testing is carried out once a year for goodwill, other intangible assets with indefinite useful lives and for intangible assets not yet available for use – regardless of whether or not indications for impairment exist.

The recoverable amount of an asset or cash-generating unit equates to the higher of fair value less costs of disposal and value in use. For cash-generating units, the recoverable amount is generally calculated using the discounted cash flow method, taking into account cash flows based on internal targets. The cash flows are discounted at a rate which reflects current market assessments of the time value of money and the specific risks of the cash-generating unit.

An impairment is applied if the recoverable amount of the asset or cash-generating unit is lower than the corresponding carrying amount. For cash-generating units, any goodwill must first be reduced or eliminated. If the carrying amount is insufficient, other assets belonging to the cash-generating unit must be reduced proportionally.

With the exception of goodwill, a review must be conducted on each end of the reporting period to assess whether there are any reasons for whether a previously recognised impairment no longer exists or has been reduced. If this is the case, the carrying amount of the asset or cash-generating unit must be increased to its recoverable amount. As such, assets may not be attributed in excess of the amortised carrying amount as would have been determined in the absence of any prior impairment.

3.7. Investment subsidies

Government grants representing grants for assets under IAS 20 (i.e. being investment subsidies) are only recorded if there is sufficient reason to believe that a company within the Nordzucker Group is likely to fulfil the associated conditions and the grant will be received. Subsidies are not subtracted from the corresponding asset but are considered as deferred income under 'Other liabilities'. The deferred income is subsequently released to profit or loss (i.e. via the income statement) over the useful life or depreciation period of the corresponding item of property, plant and equipment.

3.8. Financial instruments

Financial instruments are defined in IAS 32; the relevant accounting and disclosure principles can be found in IAS 39 and IFRS 7. The term financial instruments covers both financial assets and financial liabilities. Financial assets include cash and cash equivalents, contractual rights to receive cash or other financial assets such as trade receivables, derivative financial instruments with positive fair value and equity instruments of another company. Financial liabilities include contractual obligations to deliver cash and cash equivalents or other financial assets. These include, for example, borrowings, current loans, trade payables and derivative financial instruments with negative fair value.

Only financial assets are included under 'Other financial investments', 'Financial assets', 'Trade receivables', 'Receivables from related parties' and 'Cash and cash equivalents'. The items 'Financial liabilities', 'Trade payables', 'Liabilities towards related parties' and 'Other financial liabilities' only comprise financial liabilities.

For the initial recognition, financial instruments must be assigned to measurement categories as listed in IAS 39. The subsequent valuation of the items is determined by the measurement category. There are four measurement categories for financial assets ('Financial assets at fair value through profit or loss', 'Held-to-maturity investments', 'Loans and receivables', 'Available-for-sale financial assets'). Financial liabilities may be assigned to two measurement categories ('Financial liabilities at fair value through profit or loss', 'Financial liabilities measured at amortised cost'). In the reporting period and comparative period, no financial assets were assigned to the measurement category 'Held-to-maturity investments'. In addition, there were no reclassifications from one measurement category to another.

Financial assets and liabilities must be recognised as soon as a company becomes a party to the contractual provisions of the financial instrument. Within the Nordzucker Group, regular purchases and sales are recognised on the settlement date (the day on which the asset is supplied to or by the company). Initial recognition is at fair value. The principles of IFRS 13 are applied to determine fair value. For items not measured at fair value through profit or loss, transaction costs must be taken into account in the initial carrying amount.

The Nordzucker Group has not used the voluntary option of designating financial assets or financial liabilities upon initial recognition as at fair value through profit or loss (fair value option).

After initial recognition, financial instruments in the category 'Financial assets/liabilities at fair value through profit or loss' are to be recognised at fair value. This includes derivative financial instruments that are not part of an effective hedging relationship as set out in IAS 39 (see also Note 3.14). Changes in value are recognised through profit or loss (i.e. in the income statement). The subsequent measurement of items in the measurement category 'Available-for-sale financial assets' is also at fair value. However, having considered for the effects of tax, changes in fair value are recognised without effect on profit or loss in other comprehensive income (i.e. in the statement of comprehensive income and not in the income statement). If fair value for items in the measurement category 'Available-for-sale financial assets' cannot be reliably determined, the items are to be valued at cost.

For derivative financial instruments that are part of an effective hedging relationship as set out in IAS 39 (see also Note 3.14), no measurement category is assigned. The instruments are also recognised at fair value. However, value changes are recognised also in other comprehensive income (i.e. in the statement of comprehensive income) depending on the type of hedging relationship.

Following initial recognition at amortised cost, financial assets in the measurement category 'Loans and receivables' and financial liabilities in the measurement category 'Financial liabilities measured at amortised cost' are measured using the effective interest method.

Within the Nordzucker Group, the financial assets included under the item 'Cash and cash equivalents' are assigned to the measurement category 'Loans and receivables'. This includes bank balances, cash in hand and current balances with banks which have an initial remaining term of up to three months. Amortised cost is frequently the same as the nominal value.

On each end of the reporting period, it must be identified whether an impairment of a financial asset or a group of assets exists according to IAS 39. There must be objective indications of a loss event (e.g. severe financial difficulties of the issuer or debtor, breach of contract, concessions made to debtors for economic or legal reasons in connection with the debtor's financial difficulties, an increased probability of insolvency, a significant or prolonged decline in the fair value below its cost), and this must have a reliably estemated effect on expected future cash flows. For financial assets in the measurement categories 'Held-to-maturity investments' and 'Loans and receivables', any impairment amount is calculated by comparing the carrying amount with the present value of the expected future cash flows (discounted using the effective interest rate). For items in the measurement category 'Available-for-sale financial assets', a comparison must be made between acquisition cost and fair value.

3.9. Assets held for sale

Under IFRS 5, items classed as 'Assets held for sale' include non-current assets and disposal groups classified as 'held for sale'. This classification applies if the relevant carrying amount will be recovered principally through a sales transaction rather than through continuing use. In addition, the items must be available for immediate sale in its present condition and the sale must be deemed highly probable, and expected to occur within one year.

Non-current assets are not subject to depreciation, provided that they are categorised as 'held for sale' or belong to a disposal group categorised as 'held for sale'. Non-current assets or disposal groups that are classified as 'held for sale' must be measured immediately after being classified as such, as well as before subsequent ends of reporting periods, at either the carrying amount or fair value less costs to sell, whichever is lower.

If a non-current asset is no longer classified as 'held for sale' or no longer belongs to a disposal group classified as 'held for sale', and if it is again presented as a non-current item and is at the time of the decision not to sell, it is measured either at the recoverable amount or – if this is lower – at the carrying amount prior to classification, adjusted for all depreciation or revaluations that would have been recorded in the absence of classification.

3.10. Inventories

Under IAS 2, inventories are measured at the lower of cost and net realisable value. The cost of inventories include all costs of acquisition and production, as well as any costs incurred in transferring inventories to their current location and in their current condition. Costs are determined using weighted averages. Costs include all direct costs attributable to producing the asset as well as indirect costs attributable to production. Borrowing costs are not included in costs as the Group's products are not qualifying assets under IAS 23.

The net realisable value is the estimated selling price in the ordinary course of business less estimated costs to completion and estimated costs to sell. The net realisable value of work in progress is inferred from the net realisable value of finished goods and services less the outstanding costs of completion. Semi-finished goods from production processes are measured using their respective full cost approach. Indirect costs are allocated according to production volume and the amount of production work carried out in-house. If the recognised amounts for finished products and goods are higher than fair value as of the end of the reporting period, the inventories are written down to net realisable value. Sugar stocks from internal production presented under finished products are recognised at cost, unless they are recognised at lower net realisable value in view of sales opportunities. Costs include production costs, indirect costs attributable to the production department and straight-line depreciation for wear and tear. The production costs of quota sugar also include the plant portion of the production levy of EUR 6.00 per tonne.

An impairment loss for inventories to the net realisable value is reversed if the reasons for recognising the loss no longer exist.

3.11. Provisions for pensions

Under IAS 19, provisions must be made for pension commitments in the form of defined benefit plans where the company primarily bears the actuarial risk (that the benefits will result in higher costs than expected) and the investment risk (that the assets invested will not be sufficient to provide the benefits expected). Provisions are presented as a net liability, i.e. the capital accrued to finance the pension payments (actuarial reserves) is offset against the defined benefit obligation (reflecting the future pension payments to the employee) if the actuarial reserves shows the defining characteristics of plan assets.

The valuation of the defined benefit obligation is made using actuarial methods (projected unit credit method). This method assumes that each period of service gives rise to an additional unit of benefit entitlement; as such, the defined benefit obligation increases successively until the employee retires. Future payouts are subject to a discount rate, which is calculated on each end of the reporting period based on market returns on high-quality corporate bonds. The method takes into account both actuarial and demographic assumptions (such as expected mortality, fluctuations, early retirement, for example), as well as financial assumptions (such as discount rates and future salary trends, for example).

Cost components with a bearing on pension provisions include service cost, net interest (interest expense, interest income), actuarial gains or losses, return on plan assets. In the income statement, the service cost (i.e. the increase in the present value of a defined benefit obligation arising from a service provided during the reporting period) is recorded in the items 'Production costs', 'Distribution costs' and 'Administrative expenses', while the net interest is recorded under 'Financial expenses'. Net interest is calculated by multiplying the net liability with the discount rate of the defined benefit obligation. Actuarial gains or losses andreturn on plan assets are recognised without effect on profit or loss in other comprehensive income (i.e. in the statement of comprehensive income and not in the income statement). Actuarial gains and losses are defined as changes in the present value of the defined benefit obligation as a result of experience adjustments (effects of variations in past actuarial assumptions and actual developments) and effects of changes in actuarial assumptions. Return on plan assets is the variation between the actual rate for the plan asset and the interest based on the discount rate for the defined benefit obligation.

3.12. Other provisions

The item ‘Other provisions’ includes personnel-related provisions for anniversaries, partial early retirement, early retirement and severance pay obligations, as well as obligations for profit-sharing, bonuses and other gratuities. Under IAS 19, these are recognised depending on the characteristics of the obligation – either according to the rules for short-term employee benefits, the rules for other (i.e. not considered as pension benefits) long-term employee benefits, or according to the rules for long-term employee benefits resulting from the termination of an employment relationship (termination benefits).

The item ‘Other provisions’ also includes recultivation obligations and other provisions (e.g. for onerous contracts or imminent losses). Under IAS 37, these kinds of provisions are recognised if a present (legal or factual) obligation has arisen as a result of a past event, which will probably result in an outflow of resources and if the extent of the provisions can be reliably estimated. The measurement is based on the best-possible estimate of the expenses required to fulfil the obligation before the end of the reporting period. Long-term provisions must be discounted with an interest rate commensurate to the risk.

Other provisions take into account all recognisable legal and factual obligations of the Nordzucker Group towards third parties.

3.13. Deferred taxes

Under IAS 12, deferred taxes are recognised for future tax assets and liabilities resulting from temporary differences between the value of assets and liabilities for tax purposes and their carrying amount in the IFRS financial statements, and for tax loss carry-forwards. Deferred taxes are measured on the basis of the fiscal legislation enacted at the end of each reporting period for the reporting periods in which the differences are expected to reverse or in which it is likely that tax loss carry-forwards will be used. Deferred tax assets for tax loss carry-forwards are only recognised if it is sufficiently likely that they will be realised in the near future. Deferred tax assets are only offset against deferred tax liabilities if specific conditions are fulfilled.

The offsetting entry of deferred taxes is made within the income statement under the item ‘Income taxes’ – unless the tax results from a transaction or event that is recognised directly in equity during the same period or another period either under other comprehensive income (i.e. in the statement of comprehensive income) or in any other place.

3.14. Derivative financial instruments and hedge accounting

Due to the nature of its business, the Nordzucker Group is exposed to interest rate, exchange rate and other market risks. Derivative financial instruments are used as a means of managing these risks.

Accounting of derivative financial instruments is governed by the principles set out in IAS 39. Derivative financial instruments are either accounted for separately or they are part of an effective hedging relationship (‘hedge accounting’). Hedge accounting means addressing hedged items and hedging instruments that are documented as being linked from a financial point of view in such a way that the compensatory effects on the income statement resulting from changes in market prices occur in the same period. If a hedging relationship is designated, recognition of gains and losses from hedged items and hedging instruments is based on special hedge accounting rules. There is a hedge accounting option for every scenario. However, the application of hedge accounting rules is tied to certain conditions. For one thing, the hedging relationship must be documented. In addition, the hedge must be effective, i.e. the fair value or cash flow changes of hedged items and hedging instruments must be offset within a specific range.

The value measure for the initial and subsequent recognition of derivative financial instruments is fair value. The fair value of certain derivatives may be both positive or negative; depending on that they are either financial assets or financial liabilities. Fair value must be determined in accordance with the principles set out in IFRS 13. If no market prices for active markets are available, fair value is determined using the present value or option pricing models, whose significant input factors (e.g. market prices, interest rates) are derived from price quotations or other directly or indirectly observable input factors.

Stand-alone derivative financial instruments, i.e. those that are not part of an effective hedging relationship according to IAS 39, are always assigned to the measurement categories 'Financial assets/liabilities at fair value through profit or loss'. Value changes are recognised in the income statement under either 'Financial income' or 'Financial expenses'.

For derivative financial instruments in an effective hedging relationship no measurement category is assigned. They are also recognised at fair value, although their recognition depends on the type of hedge (fair-value hedge, cash flow hedge) or on the characteristics of the hedge as either with an effect on profit or loss (i.e. in the income statement) or with no effect on profit or loss under other comprehensive income (i.e. in the statement of comprehensive income).

Within the Nordzucker Group, interest rate derivatives are always integrated into hedging relationships as cash flow hedges. Stand-alone derivatives are also used to hedge currency and market risks.

3.15. Transactions and items in foreign currencies

Under IAS 21, a foreign currency transaction is a transaction that is denominated or requires settlement in a foreign currency. A foreign currency is defined as any currency other than the functional currency of the company. Foreign currency transactions are business transactions for the acquisition or sale of goods or services in a foreign currency, borrowing activity or leases in a foreign currency, or acquisitions or sales of assets or debt in a foreign currency by any other means. Foreign currency items are balance sheet items that are received or borrowed in foreign currency (and which were related with foreign currency transactions before initial recognition).

Foreign currency transactions or foreign currency items are translated into the functional currency initially at the spot exchange rate valid on the day of the transaction.

Subsequent recognition of foreign currency items depends on whether they are monetary or non-monetary items. Monetary items in a foreign currency are to be translated into the functional currency by each end of the reporting period using the closing rate (i.e. the spot exchange rate at the end of the reporting period); exchange differences must generally be recognised through profit or loss (i.e. in the income statement). Non-monetary items – provided that they are recognised at cost – are to be translated into the functional currency using the exchange rate on the day of their initial recognition. Non-monetary items recognised at fair value must be translated using the exchange rate that was valid on the day of their recognition (i.e. generally using the closing rate). Exchange differences from non-monetary items should be treated like all other gains or losses, i.e. they are either recognised with an effect on profit or loss or with no effect on profit or loss under other comprehensive income (i.e. in the statement of comprehensive income).

3.16. Acquisitions

Business combinations are presented using the purchase method in accordance with IFRS 3. The acquisition costs of a business combination are defined as the total consideration paid, measured at fair value as of the acquisition date and the non-controlling interests in the acquired entity. For every business combination the acquirer measures the non-controlling interests in the acquired entity either at fair value or at their pro rata share of the identified net assets of the acquired entity. Costs incurred in the course of the business combination are recognised as expenses in profit or loss.

If the Group acquires an entity it determines the appropriate classification and designation of the financial assets and liabilities assumed in accordance with the terms of the contract, economic circumstances and the conditions at the acquisition date. This also includes separating embedded derivative financial instruments from their host contract.

For business combinations in stages, the fair value of the equity interest held by the purchaser in the acquired entity is measured as of each acquisition date and the resulting gain or loss is recognised in the income statement.

The agreed contingent consideration is recognised at fair value as of the acquisition date. Subsequent changes in the fair value of a contingent consideration that constitutes an asset or a liability are generally recognised either in the income statement or in other comprehensive income in accordance with IAS 39. Contingent consideration that is classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

Goodwill is initially recognised at cost, which is defined as the excess of total consideration transferred and the amount of any non-controlling interest over the identifiable assets acquired and the liabilities assumed. If this consideration is below the fair value of the net assets of the company, the difference is recognised in the income statement.

After initial recognition, goodwill is not subject to scheduled amortisation, but is tested at least once a year for impairment under IAS 36 (see also Notes 3.3 and 3.6).

4. DISCRETIONARY DECISIONS AND ESTIMATION UNCERTAINTY

The presentation of the net assets, financial and earnings position, as well as the accounting policies, are influenced by estimations and assumptions. Estimated values and actual amounts may vary – sometimes significantly.

In particular, key estimates and assumptions have been made in defining uniform periods of depreciation and amortisation for the Group, the amount of impairments on receivables, as well as determining the actuarial assumptions for measuring pension provisions. At the same time, it is also highly necessary to make estimates and assumptions to account for provisions or disclose contingent liabilities – particularly with regard to related or potential legal disputes or other pending claims. Estimates, for example, must be made regarding the likelihood of a pending case being ruled in the claimant's favour, and regarding any payment obligations arising as arecognition the ruling. There is also estimation uncertainty in the recognition of provisions for onerous contracts or imminent losses with regard to whether a loss is likely, and whether it is possible to estimate this loss reliably. For deferred tax assets, the main estimates relate to the taxable profits that will be generated in future. Other significant estimations are made with regard to the issue of whether there are reasons for an impairment of assets or a cash-generating unit, as well as in the implementation of the impairment testing in accordance with IAS 36 with regard to determining the cash flows in the forecast period and the selection of a suitable capitalisation rate. We refer to the corresponding notes to the consolidated balance sheet for the carrying amounts of balance sheet items affected by significant estimates.

5. ACCOUNTING STANDARDS TO BE APPLIED FOR THE FIRST TIME

The Nordzucker Group applied the following pronouncements or amendments to existing pronouncements of the IASB or IFRS IC for the first time during the reporting period:

> Amendment to IAS 1 Presentation of Financial Statements;

> Amendment to IAS 19 Employee Benefits;

> IFRS 13 Fair Value Measurement;

> Amendment to IFRS 7 (designation of the amendment: Disclosures – Offsetting Financial Assets and Financial Liabilities);

> Improvements to International Financial Reporting Standards (published 2012);

> Amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards (designation of the amendment: Government Loans);

> IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine.

The amendment to IAS 1 contains new guidelines for the structure of the statement of comprehensive income. The items listed under other comprehensive income on the statement of comprehensive income must now be divided into two groups, depending on whether or not they will be reclassified to the income statement in the future.

The amended of IAS 19 has resulted in significant changes to the accounting policies used by the Nordzucker Group. Note 7 goes into more detail regarding the changes to the regulations and the effects associated with them.

IFRS 13 contains general and overarching regulations with regard to the definition and determination of fair value, as well as to the associated disclosures. The guidelines apply to almost every standard, with accounting for Inventories (IAS 2), Leases (IAS 17) and Share-based Payment (IFRS 2) the only exceptions. IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The amendment to IFRS 7 extends the disclosure obligations for financial instruments to include disclosures in connection with offsetting financial assets and financial liabilities.

The IASB makes amendments to various IFRSs via its overarching 'Improvements to International Financial Reporting Standards'. A total of five standards were amended with the 2012 publication. The amendments to IAS 16 are likely to be the only ones relevant to the Nordzucker Group. These amendments clarify the fact that spare parts, stand-by equipment and servicing equipment may qualify as items of property, plant and equipment if they fulfil the relevant definition.

The amendment to IFRS 1 is not relevant to the Nordzucker Group because IFRS 1 concerns the first-time application of IFRS.

IFRIC 20 is also of no consequence for the Nordzucker Group because its interpretation refers to accounting issues facing mining companies.

With the exception of the amendments to IAS 19, none of the above amendments have any major impact on the net assets, financial and earnings position or the cash flows of the Nordzucker Group.

6. ACCOUNTING STANDARDS NOT APPLIED

No IFRSs were voluntarily applied ahead of time in the consolidated financial statements of Nordzucker AG as of 28 February 2014. The pronouncements will be taken into account for the first time when their application becomes mandatory. The application of IFRS requires the European Union (EU) to first grant approval (endorsement process), which in some cases is still outstanding.

In addition, the Nordzucker Group has not yet applied IFRS 8 Operating Segments or IAS 33 Earnings per Share; their application is only mandatory for capital market related companies.

The amendments listed below are not likely to have any major impact on the presentation of the net assets, financial and earnings position or the cash flows of the Nordzucker Group.

6.1. Mandatory first-time application in the 2014/2015 reporting period

The following pronouncements are to be applied for the first time in the Nordzucker consolidated financial statements as of 28 February 2015:

> Amendment to IAS 27 Consolidated and Separate Financial Statements (in future: Separate Financial Statements);

> Amendment to IAS 28 Investments in Associates (in future: Investments in Associates and Joint Ventures);

> IFRS 10 Consolidated Financial Statements;

> IFRS 11 Joint Arrangements;

> IFRS 12 Disclosure of Interests in Other Entities;

> Amendments to IFRS 10, IFRS 11 and IFRS 12 (designation of the amendments: Consolidated Financial Statements, Joint Agreements and Disclosure of Interests in Other Entities: Transition Guidance, as well as Investment Entities);

> Amendment to IAS 32 (designation of the amendment: Presentation – Offsetting Financial Assets and Financial Liabilities);

> Amendment to IAS 36 Impairment of Assets (designation of the amendment: Recoverable Amount Disclosure for Non-Financial Assets);

> Amendment to IAS 39 Financial Instruments: Recognition and Measurement (designation of the amendment: Novation of Derivatives and Continuation of Hedge Accounting);

> IFRIC 21 Levies (not yet endorsed by the EU).

The amendments to IAS 27 and IAS 28, as well as IFRSs 10 to 12, have brought about changes in the guidelines for consolidated accounting:

> Following the adoption of IFRS 10 and IFRS 12, the scope of IAS 27 is limited to accounting for subsidiaries, joint ventures and associated companies in separate financial statements. In addition, the scope of IAS 28 has been extended to cover the application of the equity method to joint ventures as well as to associated companies.

> IFRS 10 replaces the previous regulations on consolidated accounting in IAS 27 and SIC-12. The standard defines a uniform concept of control, which is applied to all companies including special purpose entities.

> IFRS 11 replaces IAS 31 and SIC-13. IFRS 11 abolishes the previous option of accounting for joint ventures using the proportional consolidation method, i.e. joint ventures now have to be accounted for using the equity method.

> IFRS 12 contains uniform rules for disclosures in the area of consolidated accounting and consolidates the disclosures on subsidiaries that were previously governed by IAS 27, the disclosures on joint ventures and associated companies previously defined in IAS 31 and IAS 28 respectively and those for structured entities.

The amendment to IAS 32 includes clarifications on offsetting financial instruments, although it retains the existing basic rules.

The amendment to IAS 36 requires the provision of disclosures regarding the recoverable amount for assets or cash-generating units for which impairments were made or reversed during the reporting period.

The amendment to IAS 39 allows, under certain conditions, for the continuation of hedge accounting with derivatives which are transferred to a central clearing house.

IFRIC 21 determines that a company active in a particular market must recognise a liability for the levies for the relevant authorities in the market if the business activity causing the levy takes place. For levies dependent on a certain minimum volume being reached, for example, the interpretation clarifies that the liability can only be recognised as such once this minimum volume has been reached.

6.2. Mandatory first-time application in the 2015/2016 reporting period or later

These standards or amendments are to be applied to the Nordzucker consolidated financial statements for the first time as of 29 February 2016 or for later reporting periods:

> Amendment to IAS 19 Employee Benefits (designation of the amendment: Employee Contributions; not yet endorsed by the EU);

> Improvements to International Financial Reporting Standards (2010–2012 Cycle; published in 2013; not yet endorsed by the EU);

> Improvements to International Financial Reporting Standards (2011–2013 Cycle; published in 2013; not yet endorsed by the EU);

> IFRS 9 Financial Instruments (published 2009, 2010) and subsequent amendments to IFRS 9 and IFRS 7 (designation of the amendments: Mandatory Effective Date and Transition Disclosures – Amendments to IFRS 9 and IFRS 7; published in 2011) and to IFRS 9, IFRS 7 and IAS 39 (designation of the amendments: IFRS 9 Financial Instruments – Hedge Accounting and Amendments to IFRS 9, IFRS 7 and IAS 39; published in 2013); not yet endorsed by the EU.

> IFRS 14 Regulatory Deferral Accounts (not yet endorsed by the EU).

The amendment to IAS 19 governs the recognition of contributions made by employees or third parties to pension plans to reduce the service cost insofar as the reduction reflects the service rendered during the reporting period.

The IASB makes amendments to various IFRSs via its overarching 'Improvements to International Financial Reporting Standards'. The 2010–2012 cycle amended a total of seven standards; the 2011–2013 cycle amended four.

IFRS 9 is to replace the existing regulations in IAS 39 regarding accounting for financial instruments. The standard is being developed by the IASB in a series of stages and will then be published. EU adoption of the standard will only begin once the IASB has completed all the stages. IFRS 9 contains new regulations on categorisation and measuring financial assets as well as on accounting for hedging relationships. The existing guidelines on the categorisation and measurement of financial liabilities will largely be retained.

IFRS 14 will make it possible to continue using previously applied accounting guidelines to account for regulatory deferred income items from price regulations during the transition to the new IFRS.

7. CHANGES IN THE REPORTING STRUCTURE AND CHANGES OF ACCOUNTING POLICIES

7.1. Presentation of the income statement according to the cost of sales method

In the 2013/2014 Nordzucker consolidated financial statements, the income statement has been prepared using the cost of sales method for both the reporting period and the comparative period. In previous annual reporting periods, the income statement was prepared using the nature of expense method. The transition is a result of the fact that the cost of sales method has become the more common method on both a national and international level. It is also used predominantly in the industry. As such, switching over to the cost of sales method will facilitate the comparison of the Nordzucker consolidated financial statements.

7.2. Changes resulting from IAS 19

Within the Nordzucker Group, an amended version of IAS 19 (published in 2011) was applied for the first time in the 2013/2014 reporting period. The first-time application is made retrospectively, i.e. it must be accounted for as if the new guidelines had always been used. As a result, amounts from the comparative period must be adjusted. For significant retrospective adjustments, IAS 1 additionally requires the preparation of an additional (third) balance sheet at the beginning of the comparative period. Adjustments for earlier periods that are not shown in the financial statements are offset against the value on the opening balance sheet for each equity component affected in the earliest period presented.

For the Nordzucker Group, the following amendments to the regulations in IAS 19 have an effect on the presentation of the net assets, financial and earnings position:

> In terms of pension provisions, the abolition of the corridor method will lead to the immediate recognition of actuarial gains and losses, as well as of past service costs. This results in the fact that at the end of each reporting period the full amount of the net liability (defined benefit obligation less plan assets) is presented.

> In conjunction with pension provisions, the expected return on plan assets or on reimbursements no longer has to be recognised as interest income in the income statement. Instead, interest income for the reporting period must be calculated on the basis of the discount rate at which the defined benefit obligation was determined at the end of the previous reporting period. The difference between the actual return on plan assets or on reimbursements for the reporting period and the interest income calculated based on the discount rate represents a gain or loss as a result of the remeasurement of the plan asset or reimbursement. This gain or loss must be recognised outside of profit or loss under other comprehensive income (i.e. in the statement of comprehensive income).

> For other provisions, there are changes with regard to the value of obligations from partial early retirement agreements. On the basis of previous regulations, the top-up amounts were treated in the same way as benefits arising from the termination of an employment relationship (termination benefits), i.e. they were recorded as liabilities in their full amount at the time the benefits were approved. With the revision of IAS 19, the definition of termination benefits has been changed; it now no longer includes any payments in exchange for future work. This also affects the top-up amounts, which are now no longer accountable as termination benefits, but are recognised proportionally over the vesting period as a provision according the rules of other long-term employee benefits. As a consequence, partial early retirement obligations were previously overstated on the basis of the revised IAS 19.

The following table shows the effects of the changes in accounting methods for pension and partial early retirement obligations on the balance sheet and result:

in EUR thousands	**28/2/2013** cumulative	28/2/2013	1/3/2012
Retained earnings	10,657	8,416	2,241
of which adjustments within the income statement			
Administrative expenses		–434	
Financial income		–1,446	
Financial expenses		13,834	
Income taxes		–3,538	
Other comprehensive income (including non-controlling interests, including deferred taxes)	–35,357	–23,645	–11,712
Provisions for pensions and similar obligations (non-current)	35,590	20,724	14,866
Other provisions (non-current)	–789	618	–1,407
Deferred tax assets	**10,101**	**6,113**	**3,988**

If the Nordzucker Group were to continue applying the old version of IAS 19, the net expenses recorded in the income statement for pension provisions in the reporting period would exceed those calculated under the new version of IAS 19 by EUR 231 thousand. Under the hypothetical application of the old version of IAS 19, the pension provisions shown in the balance sheet would have been EUR 32,149 thousand lower as of the reporting date than on the basis of the new version of IAS 19; as a result, the equity shown in the balance sheet, adjusted for deferred taxes, would have been correspondingly higher.

NOTES TO THE CONSOLIDATED INCOME STATEMENT

8. REVENUES

Revenues are made up as follows:

REVENUES

in EUR thousands	**1/3/2013 – 28/2/2014**	1/3/2012 – 28/2/2013
Products		
Sugar	1,957,099	2,011,955
Bioethanol	109,619	117,054
By-products	188,150	199,239
Other	106,045	114,592
	2,360,913	**2,442,840**
Regions		
Central Europe	1,029,718	1,059,303
Northern Europe	933,735	946,949
Eastern Europe	397,460	436,588
	2,360,913	**2,442,840**

Other revenues primarily include sales of merchandise.

9. PRODUCTION COSTS

Production costs are made up of the following:

PRODUCTION COSTS

in EUR thousands	**1/3/2013 – 28/2/2014**	1/3/2012 – 28/2/2013
Cost of materials and services	–1,466,139	–1,419,433
Personnel expenses	–136,159	–137,091
Depreciation, amortisation and impairment	–72,628	–72,529
Other expenses	–32,416	–34,234
Total	**–1,707,342**	**–1,663,287**

10. SALES COSTS

Sales costs are made up as follows:

SALES COSTS

in EUR thousands	**1/3/2013 – 28/2/2014**	1/3/2012 – 28/2/2013
Freight	–84,667	–79,002
Sales commission	–2,212	–1,983
Advertising	–10,569	–13,302
Rentals, land leasing and outside warehousing costs	–30,037	–27,490
Personnel expenses	–12,881	–14,297
Depreciation, amortisation and impairment	–9,033	–5,990
Other costs of sales	–26,257	–24,094
Total	**–175,656**	**–166,158**

11. ADMINISTRATIVE EXPENSES

Administrative expenses are made up as follows:

ADMINISTRATIVE EXPENSES

in EUR thousands	**1/3/2013 – 28/2/2014**	1/3/2012 – 28/2/2013
Personnel expenses*	–43,267	–46,394
Rentals and land leasing	–2,854	–4,150
Consultancy fees	–14,425	–14,105
Fees and levies	–4,707	–4,796
Phone/communications	–1,564	–1,808
Travel costs	–2,559	–3,151
Depreciation, amortisation and impairment	–2,200	–2,420
Other administrative expenses	–13,525	–14,209
Total	**–85,101**	**–91,033**

* Amounts from the comparative period have been adjusted as a result of the retrospective application of IAS 19 (2011).

12. OTHER INCOME

Other income is made up as follows:

OTHER INCOME

in EUR thousands	1/3/2013 –28/2/2014	1/3/2012 –28/2/2013
Proceeds from disposal of non-current assets	2,876	861
Reversals of impairments on receivables	113	104
Income from the reversal of provisions	8,707	7,714
Insurance and other compensation for damages	5,666	5,249
Income from the reversal of investment subsidies, grants and other receivables	722	689
Rental and leasing income	900	1,248
Foreign exchange gains	1,526	2,893
Reversals of impairment of intangible assets as well as property, plant and equipment	268	0
Reimbursement of production levy	17,290	0
Miscellaneous operating income	8,743	9,946
Total	**46,811**	**28,704**

Foreign currency gains and the foreign currency losses disclosed under other expenses are mainly due to the movement of the relevant national currencies against the Euro.

13. OTHER EXPENSES

Other expenses are made up as follows:

OTHER EXPENSES

in EUR thousands	1/3/2013 –28/2/2014	1/3/2012 –28/2/2013
Losses from disposal of non-current assets	–1,938	–2,518
Impairments on receivables	–588	–562
Expenses from loss events	–13,617	–12,458
Other impairments	–89,105	–795
Foreign exchange losses	–1,753	–2,657
Research and development	–2,833	–6,508
Other operating expenses	–30,917	–19,298
Total	**–140,751**	**–44,796**

14. FINANCIAL INCOME

Financial income is made up as follows:

FINANCIAL INCOME

in EUR thousands	1/3/2013 –28/2/2014	1/3/2012 –28/2/2013
Interest income on bank balances	122	329
Other interest and similar income*	5,773	82
Income from other investments	13,734	4,712
Other financial income	46	88
Total	**19,675**	**5,211**

* Amounts from the comparative period have been adjusted as a result of the retrospective application of IAS 19 (2011).

Income from other investments refers to dividends.

Note 42 contains further information on the net gains or net losses of financial instruments.

15. FINANCIAL EXPENSES

Financial expenses are made up as follows:

FINANCIAL EXPENSES

in EUR thousands	1/3/2013 –28/2/2014	1/3/2012 –28/2/2013
Interest expense from bank balances	–2,605	–5,234
Interest expense on provisions	–6,711	–6,039
Other interest and similar expenses*	–4,737	–1,980
Other financial expenses	–906	–4,090
Total	**–14,959**	**–17,343**

* Amounts from the comparative period have been adjusted as a result of the retrospective application of IAS 19 (2011).

Interest expense from bank balances comprises both interest on lines of credit drawn as well as commitment fees.

Additional information on the net gains or net losses of financial instruments can be found in Note 42.

16. RESULT FROM COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD

The result from companies accounted for using the equity method improved by EUR 339 thousand compared with the previous reporting period. Companies accounted for under the equity method are shown in the balance sheet under the item 'Financial investments' (see Note 25.1).

17. INCOME TAXES

Income taxes include taxes on income paid or owed in the individual countries and deferred taxes. Income taxes consist of trade tax, corporation tax, solidarity surcharge and the equivalent foreign income taxes.

Income tax expense is made up by origin as follows:

INCOME TAXES

in EUR thousands	1/3/2013 –28/2/2014	1/3/2012 –28/2/2013
Current taxes		
Current domestic taxes	–41,584	–69,107
Current foreign taxes	–53,219	–67,400
	–94,803	**–136,507**
Deferred taxes		
Deferred domestic taxes*	–4,326	–192
Deferred foreign taxes	4,748	12,057
	422	**11,865**
Income taxes	**–94,381**	**–124,642**

* Amounts from the comparative period have been adjusted as a result of the retrospective application of IAS 19 (2011).

The current income taxes affecting previous years had a positive effect on the net income to the amount of EUR 2,563 thousand.

The expected income tax expense which would have been payable if the tax rate for the parent company Nordzucker AG of 29.00 per cent (previous year: 29.00 per cent) were applied to the consolidated net income under IFRS before taxes and non-controlling interests can be reconciled with the income taxes in the income statement as follows:

TAX EXPENSE

in EUR thousands	1/3/2013 –28/2/2014	1/3/2012 –28/2/2013
IFRS net profit before income taxes	303,107	493,316
Group tax rate in %	*29.00*	*29.00*
Expected tax expense*	–87,901	–143,062
Tax rate variances	19,291	23,724
Taxes for prior years	1,652	–4,909
Tax-free income	4,477	2,169
Non-deductible operating expenses for tax purposes	–31,919	–1,285
Other effects	19	–1,279
Tax expense	**–94,381**	**–124,642**

* Amounts from the comparative period have been adjusted as a result of the retrospective application of IAS 19 (2011).

The corporation tax rate for stock corporations based in Germany is 15 per cent plus 5.5 per cent solidarity surcharge on the corporation tax liability.

Companies based in Germany are also liable for trade tax at a rate determined by multipliers set by the local council.

The effects of differences between foreign tax rates and the Group tax rate for Nordzucker AG (29.00 per cent) are shown in the reconciliation statement under tax rate differences between Germany and abroad. As a result of tax rate changes abroad, there was deferred income of EUR 5,028 thousand for the current financial year.

Deferred tax assets and liabilities result primarily from temporary valuation differences between the IFRS financial statements and the financial statements of the individual Group companies for local tax purposes for the following items:

DEFERRED TAXES

	28/2/2014		28/2/2013	
in EUR thousands	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Intangible assets	38	8,010	443	10,202
Property, plant and equipment	1,863	116,962	2,490	124,278
Financial investments	0	0	0	0
Inventories	2,387	8,860	3,179	9,574
Other assets	395	1,059	459	1,991
Pension provisions*	14,856	0	18,993	0
Other provisions*	9,574	234	8,987	–2,098
Other liabilities	1,163	9,857	514	12,134
Deferred taxes on temporary differences	**30,276**	**144,982**	**35,065**	**156,081**
Deferred tax assets on tax loss carry-forwards	0	0	2,706	0
Gross amount	30,276	144,982	37,771	156,081
Netting	–28,647	–28,647	–19,843	–19,843
Balance sheet amount	**1,629**	**116,335**	**17,928**	**136,238**

* Amounts for deferred tax assets from the comparative period have been adjusted as a result of the retrospective application of IAS 19 (2011).

The changes in deferred taxes as of the reporting date as shown in the consolidated balance sheet were recorded within profit or loss at EUR 422 thousand (i.e. in the income statement) and outside of profit or loss at EUR 3,182 thousand (i.e. in the statement of comprehensive income).

Deferred tax assets and liabilities are offset for each company or taxable entity. To the extent that deferred taxes relate to private partnerships, offsetting only takes place at the level of Nordzucker AG for corporation tax purposes. Deferred trade taxes are offset at the level of the individual private partnerships.

The following table shows the changes in deferred tax assets and deferred tax liabilities as shown both within and outside of profit or loss:

DEFERRED TAXES

	1/3/2013–28/2/2014		1/3/2012–28/2/2013	
in EUR thousands	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Intangible assets	–405	2,192	384	1,865
Property, plant and equipment	–627	7,316	–5,933	11,715
Financial investments	0	0	–61	323
Inventories	–793	714	–413	57
Other assets	–10	932	–1,980	–589
Pension provisions*	–4,137	0	152	–508
Other provisions*	587	–2,331	2,216	–471
Other liabilities	596	2,276	–4,555	9,675
Deferred taxes on temporary differences	**–4,789**	**11,099**	**–10,192**	**22,067**
Deferred tax assets on tax loss carry-forwards	–2,706	0	–10	0
Total	**–7,495**	**11,099**	**–10,202**	**22,067**

* Amounts for deferred tax assets from the comparative period have been adjusted as a result of the retrospective application of IAS 19 (2011).

With regard to the surplus of deferred tax assets over deferred tax liabilities at the level of individual companies in the balance sheet, the value of the deferred tax assets is considered to be sufficiently certain, based on the current earnings situation and/or business planning.

In the financial year, no deferred tax assets were recognised for foreign tax loss carry-forwards of EUR 3,976 thousand (previous year: EUR 4,594 thousand) as no positive taxable income is expected in the near future. Furthermore, no deferred tax assets were recognised for domestic tax loss carry-forwards of EUR 298 thousand (previous year: EUR 297 thousand) as no positive taxable income is expected in the near future.

No deferred tax assets were recognised for temporary differences on investments by subsidiaries of EUR 165,145 thousand (previous year: EUR 364,353 thousand) because the Nordzucker Group is able to control the timing of the reversal and the temporary differences will not be reversed in the foreseeable future.

18. COST OF MATERIALS AND SERVICES

The cost of materials and services is made up as follows:

COST OF MATERIALS AND SERVICES

in EUR thousands	1/3/2013 – 28/2/2014	1/3/2012 – 28/2/2013
Cost of raw materials, consumables and supplies and of purchased merchandise	–1,376,712	–1,517,620
Cost of purchased services	–111,309	–104,348
Total	**–1,488,021**	**–1,621,968**

19. PERSONNEL EXPENSES

Personnel expenses are made up as follows:

PERSONNEL EXPENSES

in EUR thousands	1/3/2013 – 28/2/2014	1/3/2012 – 28/2/2013
Wages and salaries	–158,399	–167,641
Social security contributions and other social expenses	–28,895	–24,927
Expenses for defined benefit plans	–3,422	–2,281
Expenses for defined contribution plans	–6,045	–6,604
Total	**–196,761**	**–201,453**

Expenses for defined benefit and defined contribution plans relate to Group expenses for defined benefit and defined contribution pension plans and similar obligations. The expenses for defined benefit plans affect service costs. They do not contain the net interest expenses of defined benefit obligations associated with pension expenses. These are shown in the income statement under 'Financial expenses'.

In the reporting period and the comparative period, the average number of employees in the Nordzucker Group was as follows:

AVERAGE NUMBER OF EMPLOYEES

	1/3/2013 – 28/2/2014	1/3/2012 – 28/2/2013
Central Europe	1,247	1,242
Northern Europe (including Ireland)	1,509	1,504
Eastern Europe	523	544
Total	**3,279**	**3,290**

20. DEPRECIATION, AMORTISATION AND IMPAIRMENT

Depreciation, amortisation and impairment are made up as follows:

DEPRECIATION, AMORTISATION AND IMPAIRMENT

in EUR thousands	1/3/2013 – 28/2/2014	1/3/2012 – 28/2/2013
Depreciation or amortisation of intangible assets, property, plant and equipment, and investment property	–81,263	–86,767
Impairment of intangible assets, property, plant and equipment, and investment property	–92,457	–795
Total	**–173,720**	**–87,562**

Impairment losses in the reporting period primarily resulted from the impairment of goodwill from the acquisition of the Nordic Sugar Group to the amount of EUR 89,007 thousand.

NOTES TO THE CONSOLIDATED BALANCE SHEET

21. INTANGIBLE ASSETS

Changes in the individual items of intangible assets are shown in the statement of changes in non-current assets.

At the end of the reporting period, there were no intangible assets with indefinite useful lives.

In the reporting period, research and development expenses of EUR 2,833 thousand (previous year: EUR 6,508 thousand) were recorded in the income statement. These expenses are attributed in full to the item 'Other expenses'.

In the reporting period, intangible assets purchased for EUR 2,558 thousand (previous year: EUR 3,972 thousand) were still in use, although they had already been fully amortised.

22. PROPERTY, PLANT AND EQUIPMENT

We refer to the statement of changes in non-current assets for the Nordzucker Group for changes in property, plant and equipment.

Assets recognised within a finance lease under IAS 17 primarily include a storage reservoir in Stöcken and a silo in Saxkøbing. The leased items are categorised as technical plant and machinery and have a net carrying amount of EUR 1,864 thousand (previous year: EUR 607 thousand) as of the end of the reporting period.

During the reporting period, items of property, plant and equipment with acquisition and/or production costs of EUR 118,322 thousand (previous year: EUR 118,371 thousand) were in use although they had already been fully depreciated.

In the 2013/2014 reporting period, the Nordzucker Group received compensation of EUR 2,246 thousand (previous year: EUR 1,824 thousand) for the loss or impairment of items of property, plant and equipment from third parties, e.g. insurance companies.

As of the end of the reporting and the comparative period, items of property, plant and equipment in the amount of EUR 5,400 thousand were pledged as collateral for liabilities.

23. IMPAIRMENT TEST FOR INTANGIBLE ASSETS AND ITEMS OF PROPERTY, PLANT AND EQUIPMENT

Impairment tests for intangible assets and items of property, plant and equipment are mainly performed on the basis of the values in use for cash-generating units. The cash-generating units have been determined according to the business activities of the Nordzucker Group and taking regional aspects into account.

An impairment test was carried out for the goodwill of the Nordic Sugar Group recognised in the consolidated balance sheet. The recoverable amount is based on the value in use. The cash flows for this cash-generating unit were calculated for the next five years based on financial forecasts. The pre-tax interest rate used to discount the cash flows for this cash-generating unit was around 8.48 per cent (previous year: 8.96 per cent). A growth rate of 0 per cent (previous year: 0 per cent) was assumed for the long-term earnings component of the discounted cash flow calculation. Price falls and the end of the sugar market regime in 2017 have considerably lowered expectations for the future of the Nordic Sugar Group. As such, the financial years after 2017 are expected to see significantly lower earnings than previously projected. This change in market outlook required an impairment of this goodwill to the amount of EUR 89,007 thousand.

24. INVESTMENT PROPERTY

Investment property in the Nordzucker Group mainly consists of flats and land not required for operating purposes.

In the reporting period, rental income of EUR 125 thousand (previous year: EUR 133 thousand) was generated, offset by expenses of EUR 217 thousand (previous year: EUR 171 thousand). There were also expenses of EUR 8 thousand (previous year: EUR 9 thousand) for which there was no corresponding rental income.

The fair value of the property is EUR 7,466 thousand as of the reporting date (previous year: EUR 9,502 thousand). Fair value was determined on the basis of internal estimates using comparable properties.

No subsequent acquisition costs were capitalised in the reporting period or in the comparative period.

25. FINANCIAL INVESTMENTS

There were no significant changes in the Nordzucker Group's financial investments in the reporting period.

25.1. Companies accounted for using the equity method

In the reporting period, associated companies accounted for using the equity method reported a total result for the period of EUR –965 thousand (previous year: EUR 8 thousand), revenues of EUR 2,051 thousand (previous year: EUR 1,976 thousand), assets of EUR 18,434 thousand (previous year: EUR 17,820 thousand) and liabilities of EUR 13,087 thousand (previous year: EUR 12,546 thousand) in their financial statements.

The share of profit/loss from associated companies attributable to the Nordzucker Group in the reporting period was EUR –483 thousand (previous year: EUR –821 thousand). A loss was reported during the comparative period because an impairment loss of EUR 825 thousand was recognised for one joint venture in addition to its current earnings contribution.

In applying the equity method, losses from an associated company that exceed the carrying amount of the investment or other non-current receivables relating to the financing of the associated company are not recognised as there is no requirement to invest further equity.

In the reporting period, the Nordzucker Group did not receive any dividends for companies accounted for using the equity method.

25.2. Other financial investments

Financial assets in the measurement category 'Available-for-sale financial assets' as shown in other financial investments are recognised at the end of the reporting period at fair value or at cost (see Note 3.8).

The shares in Tereos TTD a.s. are disclosed here, despite a stake of 35.38 per cent, because the company's Articles of Association do not permit the Group to have significant influence over its operating and financial policy.

The Nordzucker Group received dividends of EUR 13,703 thousand in the reporting period (previous year: EUR 4,713 thousand).

CONSOLIDATED STATEMENT OF CHANGES IN NON-CURRENT ASSETS 2013/2014

Nordzucker AG, Braunschweig, Germany

	Cost or fair value					
in EUR thousands	As of 1/3/2013	Currency effects	Additions	Reclassifications	Disposals	As of 28/2/2014
Intangible assets						
Goodwill	89,038	–15	5	0	0	89,028
Rights, patents and licences	53,599	108	1	0	0	53,708
Internally generated intangible assets	5,167	–1	0	0	–2,185	2,981
Other intangible assets	101,510	–1,209	1,312	930	–2,146	100,397
Advance payments made	929	0	1,493	–930	0	1,492
	250,243	**–1,117**	**2,811**	**0**	**–4,331**	**247,606**
Property, plant and equipment						
Land and buildings	448,138	–1,943	3,655	0	–451	449,399
Technical plant and machinery	1,602,457	–6,693	61,244	11,904	–12,214	1,656,698
Other plant, operating and office equipment	47,506	–130	2,346	0	–3,475	46,247
Advance payments made and plant under construction	12,319	–26	8,664	–11,904	–54	8,999
	2,110,420	**–8,792**	**75,909**	**0**	**–16,194**	**2,161,343**
Investment property	10,955	–652	0	0	–886	9,417
	2,371,618	**–10,561**	**78,720**	**0**	**–21,411**	**2,418,366**

CONSOLIDATED STATEMENT OF CHANGES IN NON-CURRENT ASSETS 2012/2013

Nordzucker AG, Braunschweig, Germany

	Cost or fair value					
in EUR thousands	As of 1/3/2012*	Currency effects	Additions	Reclassifications	Disposals	As of 28/2/2013
Intangible assets						
Goodwill	89,252	–214	0	0	0	89,038
Rights, patents and licences	49,628	0	3,798	177	–4	53,599
Internally generated intangible assets	5,167	0	0	0	0	5,167
Other intangible assets	102,724	881	28	0	–2,123	101,510
Advance payments made	14	0	929	–14	0	929
	246,785	**667**	**4,755**	**163**	**–2,127**	**250,243**
Property, plant and equipment						
Land and buildings	448,619	1,042	3,668	–2,451	–2,740	448,138
Technical plant and machinery	1,547,605	5,066	35,499	25,340	–11,053	1,602,457
Other plant, operating and office equipment	47,881	56	2,669	1,573	–4,673	47,506
Advance payments made and plant under construction	12,408	–2	27,462	–27,500	–49	12,319
	2,056,513	**6,162**	**69,298**	**–3,038**	**–18,515**	**2,110,420**
Investment property	12,274	0	6	–1,263	–62	10,955
	2,315,572	**6,829**	**74,059**	**–4,138**	**–20,704**	**2,371,618**

* In the course of a Group-wide system change, the amounts in the columns have each been corrected by EUR 21,387,000 in total.
This had no effect on the net carrying amounts of the corresponding assets as of the end of the reporting period 28/2/2013.

Accumulated depreciation, amortisation and impairment								Carrying amounts	
As of 1/3/2013	Currency effects	Depreciation, amortisation	Impairment	Reversals of impairment	Re-classifications	Disposals	As of 28/2/2014	As of 28/2/2014	As of 28/2/2013
−26	10	0	−89,012	0	0	0	−89,028	0	89,012
−41,251	15	−3,564	0	0	0	0	−44,800	8,908	12,348
−4,759	1	−88	0	0	0	2,184	−2,662	319	408
−38,870	521	−7,566	−28	35	0	1,860	−44,048	56,349	62,640
0	0	0	0	0	0	0	0	1,492	929
−84,906	**547**	**−11,218**	**−89,040**	**35**	**0**	**4,044**	**−180,538**	**67,068**	**165,337**
−237,588	213	−8,312	−653	0	0	110	−246,230	203,169	210,550
−981,703	2,682	−59,030	−2,670	154	0	10,730	−1,029,837	626,861	620,754
−37,932	80	−2,668	0	0	0	3,263	−37,257	8,990	9,574
−147	0	0	0	0	0	0	−147	8,852	12,172
−1,257,370	**2,975**	**−70,010**	**−3,323**	**154**	**0**	**14,103**	**−1,313,471**	**847,872**	**853,050**
−5,279	0	−35	−94	79	0	427	−4,902	4,515	5,676
−1,347,555	**3,522**	**−81,263**	**−92,457**	**268**	**0**	**18,574**	**−1,498,911**	**919,455**	**1,024,063**

Accumulated depreciation, amortisation and impairment							Carrying amounts	
As of 1/3/2012*	Currency effects	Depreciation, amortisation	Impairment	Reclassifications	Disposals	As of 28/2/2013	As of 28/2/2013	As of 28/2/2012
−26	0	0	0	0	0	−26	89,012	89,251
−35,397	−1	−5,843	0	−10	0	−41,251	12,348	14,411
−4,650	0	−109	0	0	0	−4,759	408	502
−32,646	−196	−8,136	−2	0	2,110	−38,870	62,640	69,888
0	0	0	0	0	0	0	929	14
−72,719	**−197**	**−14,088**	**−2**	**−10**	**2,110**	**−84,906**	**165,337**	**174,066**
−233,909	78	−11,704	−230	6,455	1,722	−237,588	210,550	233,507
−922,675	−1,764	−57,536	−555	−8,904	9,731	−981,703	620,754	605,650
−38,723	−9	−3,405	−5	−218	4,428	−37,932	9,574	9,642
−147	0	0	0	0	0	−147	12,172	12,260
−1,195,454	**−1,695**	**−72,645**	**−790**	**−2,667**	**15,881**	**−1,257,370**	**853,050**	**861,059**
−5,490	0	−34	−3	244	4	−5,279	5,676	6,785
−1,273,663	**−1,892**	**−86,767**	**−795**	**−2,433**	**17,995**	**−1,347,555**	**1,024,063**	**1,041,910**

26. INVENTORIES

Unfinished goods mainly consist of the thick juice required to produce bioethanol.

Inventories of EUR 39,972 thousand (previous year: EUR 3,025 thousand) are carried at net realisable value. Write-downs on inventories as recorded in the income statement under the item 'Production costs' amounted to EUR 24,680 thousand (previous year: EUR 2,949 thousand). In the reporting period, these are mainly related to write-downs on fire-damaged inventories.

27. TRADE RECEIVABLES

Trade receivables are made up as follows:

TRADE RECEIVABLES

in EUR thousands	**28/2/2014**	28/2/2013
Gross trade receivables	188,198	214,483
Write-downs on trade receivables	–1,916	–2,059
Balance sheet amount	**186,282**	**212,424**

Information on the default risks and the age structure of trade receivables is given in Note 43.2. Expenses for impairments on trade receivables in the reporting period amounted to EUR 588 thousand (previous year: EUR 562 thousand).

28. RECEIVABLES FROM RELATED PARTIES

Receivables from related parties are made up as follows:

RECEIVABLES FROM RELATED PARTIES

in EUR thousands	**28/2/2014**	28/2/2013
Receivables from associated companies and joint ventures	942	132
Receivables from other related parties	35	4,132
Balance sheet amount	**977**	**4,264**

Information on the default risks and age structure can be found in Note 43.2.

29. FINANCIAL ASSETS

Financial assets are made up as follows:

FINANCIAL ASSETS

in EUR thousands	**28/2/2014**	28/2/2013
Claims for damages	21,615	3,260
Positive fair value of derivative financial instruments	3,692	5,033
Other financial assets	8,135	4,303
Balance sheet amount	**33,442**	**12,596**

Information on the default risks and age structure are provided in Note 43.2.

30. OTHER ASSETS

Other assets are made up as follows:

OTHER ASSETS

in EUR thousands	**28/2/2014**	28/2/2013
Receivables from other taxes	31,323	50,092
Miscellaneous other assets	52,756	12,293
Balance sheet amount	**84,079**	**62,385**

31. ASSETS HELD FOR SALE

Assets classified as 'held for sale' in accordance with IFRS 5 consist of land and buildings with a carrying amount of EUR 1,532 thousand (previous year: EUR 2,497 thousand).

32. SHAREHOLDERS' EQUITY

Changes in Group shareholders' equity are shown in the statement of changes in shareholders' equity.

Capital management at the Nordzucker Group is founded on a strong equity base and a sustainable dividend policy in order to secure current operations on the one hand and to enable a reasonable dividend yield for the shareholders on the other. As of 28 February 2014, the equity ratio came to 59 per cent (previous year: 54 per cent). The Executive Board will put a proposal at the Annual General Meeting to distribute a dividend of EUR 1.30 per share (previous year: EUR 1.80 per share).

Nordzucker AG's Articles of Association do not require any particular amount of equity. The Executive Board manages the Group with the aim of generating a profit. It does this by means of capital market related targets for the company which are measured in terms of specific financial indicators. The main financial indicators for the Group are total operating profitability, return on sales, equity ratio and return on equity, for which targets have been set.

32.1. Subscribed capital

As of 28 February 2014, subscribed capital (ordinary share capital) remained unchanged at EUR 123,651,328.00 and was divided into 48,301,300 registered common shares.

The ordinary share capital is fully paid in and, as in the previous year, has a nominal share of subscribed capital of EUR 2.56 per share.

At the end of the reporting period, Nordzucker Holding AG, Braunschweig, Germany, had provided evidence that it held more than 50 per cent of the shares, with 84.06 per cent.

32.2. Capital reserves

The capital reserves have been formed from share premiums paid in the course of capital increases by Nordzucker AG.

32.3. Retained earnings

Retained earnings are made up of the net income earned in prior financial years and the current period by the companies included in the consolidated financial statements. Goodwill arising on acquisitions made by the Group before 1 March 2004 has been offset against reserves. In the IFRS opening balance sheet the balancing item from the conversion of financial statements prepared in foreign currencies was offset against retained earnings.

Retained earnings include statutory reserves of 10 per cent of subscribed capital, amounting to EUR 12,365 thousand which, in line with statutory regulations (Sec. 150 AktG [German Stock Corporation Act]), are not available for distribution to shareholders.

32.4. Other comprehensive income

Other comprehensive income is made up as follows:

OTHER COMPREHENSIVE INCOME

in EUR thousands	28/2/2014	28/2/2013
Remeasurements of defined benefit plans	–36,438	–35,073
Exchange differences on translating foreign operations	45,450	58,004
Net result of cash flow hedges	–484	897
Balance sheet amount	**8,528**	**23,828**

32.5. Non-controlling interests

Non-controlling interests exist primarily in the following companies:

NON-CONTROLLING INTERESTS

in EUR thousands	28/2/2014	28/2/2013
Sucros Oy	30,565	29,844
AB Nordic Sugar Kėdainiai	14,220	16,929
Norddeutsche Flüssigzucker GmbH & Co. KG	2,741	2,174
Považský cukor a.s.	1,735	2,272
Cukrownia Melno S.A. i.L.	208	210
Other companies	126	167
Balance sheet amount	**49,595**	**51,596**

33. PENSION OBLIGATIONS

Provisions for pension obligations are made for accrued and current benefits of both currently active and former members of staff of Nordzucker Group and of their surviving dependants.

Benefit obligations are structured in line with the legal, fiscal and economic conditions in each country.

The Group offers both defined contribution and defined benefit plans. Pension commitments are based on collective agreements and in a few cases on individual agreements with fixed benefit amounts.

The defined benefit plans have commitments both covered by provisions and funded by plan assets. As such, reinsurance was pledged to the beneficiaries for some of the benefit plans in 2005. Furthermore, the Nordzucker Group concluded an additional pension commitment with a pension fund for some of the benefit plans in 2014. As such, 80 per cent of pension obligations can now be funded in full in exchange for a single premium.

In 2012, the Nordzucker Group concluded a benefit plan for all new employees that distributes the biometric risks between the employee and the employer. The benefit plan involves changing to a capital commitment with market-based interest.

In the reporting period, the expenses for defined contribution plans amounted to EUR 6,045 thousand (previous year: EUR 6,604 thousand).

Provisions for pension benefits are determined in accordance with IAS 19 on the basis of actuarial assumptions. In the reporting and comparative period, the following weighted financial assumptions were applied:

FINANCIAL ASSUMPTIONS REGARDING PENSION OBLIGATIONS

	2013/2014 reporting period		2012/2013 comparative period	
	Domestic	Foreign	Domestic	Foreign
Discount rate	3.40 %	3.50 %	3.45 %	3.50 %
Salary increase	2.50 %	2.75 %	2.50 %	2.75 %
Pension increase	1.50 %	1.75 %	1.50 %	1.75 %

For domestic companies in the Nordzucker Group the assumptions for life expectancy are taken from the actuarial tables 2005 G by Dr Klaus Heubeck.

The following table shows the percentage effect that a change in assumptions would have on the defined benefit obligations at the reporting date, provided the other assumptions remained unchanged:

SENSITIVITY ANALYSIS

		2013/2014 reporting period	
		Domestic	Foreign
Discount rate	+0.5 %	−6.79 %	−6.35 %
	−0.5 %	7.67 %	6.56 %
Salary increase	+0.5 %	0.53 %	1.75 %
	−0.5 %	−0.51 %	−1.68 %
Pension increase	+0.5 %	4.52 %	6.52 %
	−0.5 %	−4.16 %	−5.97 %

Provisions for pensions and similar obligations disclosed in the balance sheet changed as follows:

CHANGE IN PENSION PROVISIONS

	Defined benefit obligation			Plan asset			Net liability
in EUR thousands	**Domestic**	**Foreign**	**Total**	**Domestic**	**Foreign**	**Total**	**Total**
As of 1/3/2012	141,659	34,654	176,313	36,305	0	36,305	140,008
Adjustment due to retrospective application of IAS 19 (2011)	14,866	0	14,866	0	**0**	0	14,866
Adjusted as of 1/3/2012	**156,525**	**34,654**	**191,179**	**36,305**	**0**	**36,305**	**154,874**
Service cost	2,002	279	2,281	/	/	/	2,281
Interest expense/interest income	7,435	1,487	8,922	1,724	0	1,724	7,198
Other value changes	262	2,412	2,674	0	0	0	2,674
Total recognised on the income statement	**9,699**	**4,178**	**13,877**	**1,724**	**0**	**1,724**	**12,153**
Return on plan assets	/	/	/	–209	0	–209	209
Actuarial gains/losses	30,329	2,699	33,028	/	/	/	33,028
Total remeasurements (not recorded in the income statement)	**30,329**	**2,699**	**33,028**	**–209**	**0**	**–209**	**33,237**
Payments made for reinsurance	0	0	0	1,524	0	1,524	–1,524
Reimbursements from reinsurance	0	0	0	–5,039	0	–5,039	5,039
Pension payments made	–8,948	–2,014	–10,962	0	0	0	–10,962
Adjusted as of 28/2/2013	**187,605**	**39,517**	**227,122**	**34,305**	**0**	**34,305**	**192,817**
Service cost	3,137	285	3,422	/	/	/	3,422
Interest expense/interest income	6,472	1,237	7,709	1,184	0	1,184	6,525
Other value changes	0	–1,485	–1,485	0	0	0	–1,485
Total recognised on the income statement	**9,609**	**37**	**9,646**	**1,184**	**0**	**1,184**	**8,462**
Return on plan assets	/	/	/	437	0	437	–437
Actuarial gains/losses	2,006	428	2,434	/	/	/	2,434
Total remeasurements (not recorded in the income statement)	**2,006**	**428**	**2,434**	**437**	**0**	**437**	**1,997**
Payments made for reinsurance	0	0	0	39,647	0	39,647	–39,647
Reimbursements from reinsurance	0	0	0	–3,557	0	–3,557	3,557
Pension payments made	–8,961	–2,063	–11,024	0	0	0	–11,024
As of 28/2/2014	**190,259**	**37,919**	**228,178**	**72,016**	**0**	**72,016**	**156,162**

For the 2014/2015 reporting period, contributions to plan assets are expected to amount to EUR 102 thousand (previous year: EUR 102 thousand).

34. OTHER PROVISIONS

Other provisions are made up as follows:

OTHER PROVISIONS

in EUR thousands	As of 28/2/2013	Exchange-rate effects	Additions/ reclassifications	Usage	Reversal	As of 28/2/2014
Staff-related provisions	33,140	–11	24,349	–26,300	–2,463	**28,715**
Litigation risks and risk provisions	33,759	–70	25,074	–24,133	–454	**34,176**
Miscellaneous other provisions	38,536	–851	29,943	–18,239	–6,302	**43,087**
	105,435	**–932**	**79,366**	**–68,672**	**–9,219**	**105,978**

Staff-related provisions mainly consist of provisions for profit-sharing, bonuses and other gratuities, holiday and overtime accounts, partial early retirement, early retirement and severance pay obligations. The latter provision covers the Group's forecast obligations under existing collective early retirement agreements as part of a redundancy settlement in connection with changes to the sugar market regime that will come into effect in subsequent years. This item also includes obligations under other individual agreements.

Provisions for litigation risks and risk provisions were mainly recognised for risks from various ongoing legal disputes and miscellaneous legal risks.

Miscellaneous other provisions relate partly to recultivation obligations. The provision made for this includes the forecast expenses for the demolition of buildings and recultivation of land used for operations as well as demolition obligations at former production sites. Miscellaneous other provisions were also made for bonuses and commissions, onerous contracts, outstanding invoices and other anticipated expenses.

35. FINANCIAL LIABILITIES

Financial liabilities are made up as follows:

FINANCIAL LIABILITIES

in EUR thousands	28/2/2014	28/2/2013
Liabilities to banks	5,404	70,050
Liabilities from finance leases	535	634
Balance sheet amount	**5,939**	**70,684**

On 17 June 2011, a syndicated loan was taken out for a period of five years to secure the Nordzucker Group's access to liquidity. The syndicated loan is available to fund short-term operating business and includes a revolving credit for EUR 465,000 thousand of which EUR 465,000 thousand (previous year: EUR 395,892 thousand) had not been used in the reporting period.

Interest on the revolving credit partly depends on certain financial indicators, such as the equity ratio and EBITDA in relation to debt and interest expense.

Further bilateral credit lines were also available as of the reporting date, of which EUR 35,000 thousand (previous year: EUR 47,727 thousand) had not been used.

In the reporting period and comparative period, the Nordzucker Group did not pledge any financial assets as collateral for financial liabilities.

36. TRADE PAYABLES

Trade payables are made up as follows:

TRADE PAYABLES

in EUR thousands	28/2/2014	28/2/2013
Liabilities towards sugar beet suppliers	294,059	393,530
Other trade payables	105,266	71,895
Balance sheet amount	**399,325**	**465,425**

37. LIABILITIES TOWARDS RELATED PARTIES

Liabilities towards related parties are made up as follows:

LIABILITIES TOWARDS RELATED PARTIES

in EUR thousands	28/2/2014	28/2/2013
Liabilities towards associated companies and joint ventures	6,518	5,500
Liabilities towards other related parties	34,519	16,246
Balance sheet amount	**41,037**	**21,746**

38. OTHER FINANCIAL LIABILITIES

Other financial liabilities are made up as follows:

OTHER FINANCIAL LIABILITIES

in EUR thousands	28/2/2014	28/2/2013
Negative fair value of derivative financial instruments	6,669	2,615
Miscellaneous financial liabilities	3,210	4,061
Balance sheet amount	**9,879**	**6,676**

39. OTHER LIABILITIES

Other liabilities are made up as follows:

OTHER LIABILITIES

in EUR thousands	28/2/2014	28/2/2013
Outstanding social security contributions	18,828	23,279
Investment grants, subsidies and other support payments	10,862	11,584
Deferrals	9,664	3,852
Advance payments received for orders	238	95
Miscellaneous other liabilities	68,246	11,312
Balance sheet amount	**107,838**	**50,122**

Liabilities from investment grants, subsidies and other support payments derive from public subsidies in connection with the purchase or production of subsidised property, plant and equipment. They are reversed through the income statement over the useful life of the subsidised assets.

Miscellaneous other liabilities primarily comprise liabilities from production levies.

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

40. COMPONENTS OF CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the cash flow statement comprise all cash and cash equivalents in the balance sheet (i.e. cash in hand, cheques and bank balances), provided that they are available for use within three months. Cash is not subject to any restrictions on availability.

41. OTHER DISCLOSURES REGARDING THE CASH FLOW STATEMENT

No significant non-cash transactions took place for financing and investing purposes in the reporting period and the comparative period.

Within the cash flow from operating activities, dividends of EUR 13,703 thousand (previous year: EUR 4,712 thousand) received in the reporting period were accounted for.

OTHER DISCLOSURES

42. OTHER DISCLOSURES ON FINANCIAL INSTRUMENTS

The following table lists the carrying amounts for financial assets and financial liabilities by measurement category for the reporting period:

CARRYING AMOUNTS OF FINANCIAL INSTRUMENTS BY MEASUREMENT CATEGORY

		LaR[1]	AfS[2]		FAFVPL/ FLFVPL[3]	FLAC[4]	No category
in EUR thousands	**Carrying amount 28/2/2014**	Amortised cost	Cost	Fair value	Fair value	Amortised cost	Fair value
Non-current assets							
Other financial investments	**23,818**	8	23,810	0	0	/	0
Current assets							
Trade receivables	**186,282**	186,282	0	0	/	/	/
Receivables from related parties	**977**	977	0	0	/	/	/
Financial assets	**33,442**	21,615	0	0	3,165	/	8,662
Cash and cash equivalents	**58,339**	58,339	/	0	0	/	/
Non-current liabilities							
Financial liabilities	**5,836**	/	/	/	0	5,836	0
Liabilities towards related parties	**5,500**	/	/	/	0	5,500	0
Other financial liabilities	**20**	/	/	/	0	20	0
Current liabilities							
Financial liabilities	**103**	/	/	/	0	103	0
Trade payables	**399,325**	/	/	/	0	399,325	0
Liabilities towards related parties	**35,537**	/	/	/	0	35,537	0
Other financial liabilities	**9,859**	/	/	/	4,897	3,189	1,773
Total assets	**302,858**	**267,221**	**23,810**	**0**	**3,165**	**/**	**8,662**
Total liabilities	**456,180**	**/**	**/**	**/**	**4,897**	**449,510**	**1,773**

1 Measurement category ‘Loans and receivables’.
2 Measurement category ‘Available-for-sale financial assets’.
3 Measurement category ‘Financial assets at fair value through profit or loss’ or ‘Financial liabilities at fair value through profit or loss’.
4 Measurement category ‘Financial liabilities measured at amortised cost.

The following table shows the carrying amounts of financial assets and financial liabilities by measurement category for the comparative period:

CARRYING AMOUNTS OF FINANCIAL INSTRUMENTS BY MEASUREMENT CATEGORY

		LaR[1]	AfS[2]		FAFVPL/ FLFVPL[3]	FLAC[4]	No category
in EUR thousands	**Carrying amount 28/2/2013**	Amortised cost	Cost	Fair value	Fair value	Amortised cost	Fair value
Non-current assets							
Other financial investments	**23,536**	64	23,472	0	0	/	0
Current assets							
Trade receivables	**212,425**	212,425	0	0	/	/	/
Receivables from related parties	**4,263**	4,263	0	0	/	/	/
Financial assets	**12,597**	7,564	0	0	2,038	/	2,995
Cash and cash equivalents	**11,297**	11,297	/	0	0	/	/
Non-current liabilities							
Financial liabilities	**4,575**	/	/	/	0	4,575	0
Liabilities towards related parties	**5,500**	/	/	/	0	5,500	0
Other financial liabilities	**294**	/	/	/	0	294	0
Current liabilities							
Financial liabilities	**66,108**	/	/	/	0	66,108	0
Trade payables	**465,425**	/	/	/	0	465,425	0
Liabilities towards related parties	**16,245**	/	/	/	0	16,245	0
Other financial liabilities	**6,383**	/	/	/	2,608	3,768	7
Total assets	**264,118**	**235,613**	**23,472**	**0**	**2,038**	**/**	**2,995**
Total liabilities	**564,530**	**/**	**/**	**/**	**2,608**	**561,915**	**7**

1 Measurement category 'Loans and receivables'.
2 Measurement category 'Available-for-sale financial assets'.
3 Measurement category 'Financial assets at fair value through profit or loss' or 'Financial liabilities at fair value through profit or loss'.
4 Measurement category 'Financial liabilities measured at amortised cost.

The measurement of financial assets and liabilities is made in accordance with the availability of relevant information on the basis of the three levels of the fair value hierarchy detailed in IFRS 7 and IFRS 13. For the first level, market prices for identical assets and liabilities can be observed directly on active markets. For the second level, the measurement is made on the basis of valuation models that are determined by parameters observed on the market. The use of valuation models that are not based on input factors that can be observed on the market is covered by the third level. All derivative financial assets and liabilities are classed under level 2. Accepted financial models are used to determine the fair value of derivative financial instruments; as such, only input factors that can be observed (e.g. interest rates, exchange rates) are taken into account. For derivative financial instruments, fair value corresponds to the amount that the Nordzucker Group would receive or have to pay for the transfer at the end of the reporting period.

For cash and other current financial instruments, i.e. trade receivables, financial assets, derivative financial instruments, and other receivables and liabilities, the fair value and the carrying amount on each end of the reporting period are the same.

The net gains or net losses by measurement category are as follows:

NET GAINS OR NET LOSSES FROM FINANCIAL INSTRUMENTS

in EUR thousands	**1/3/2013 –28/2/2014**	1/3/2012 –28/2/2013
Loans and receivables (LaR)	303	189
Available-for-sale financial assets (AfS)	13,734	5,646
Financial assets/liabilities at fair value through profit or loss (FAFVPL/FLFVPL)	–131	–2,582
Financial liabilities measured at amortised cost (FLAC)	–7,341	–7,213
Total	**6,565**	**–3,960**

Under financial asset/liabilities at fair value through profit or loss changes in the market value of derivative financial instruments are recognised. This is presented in the income statement under either 'Financial income' or 'Financial expenses'.

Loans and receivables include impairments on receivables, interest from receivables and loans granted, as well as gains or losses from currency translation for receivables. Impairments on receivables and gains or losses resulting from currency translation for receivables are recognised in the income statement under 'Other income' or 'Other expenses'. Interest from receivables and loans granted is presented under 'Financial income'.

The available-for-sale financial assets include dividends, which are recognised in the income statement under 'Financial income' or 'Financial expenses'.

Interest on loans received is recognised as financial liabilities measured at amortised cost. This is presented in the income statement under 'Financial expenses'.

Within the income statement, the item 'Financial income' or 'Financial expenses' includes interest income of EUR 974 thousand (previous year: EUR 411 thousand) and interest expense of EUR 7,341 thousand (previous year: EUR 7,174 thousand) from financial instruments not measured at fair value through profit or loss.

In the reporting period and the comparative period, there was no unwinding (i.e. no interest income from impaired financial assets).

43. RISK MANAGEMENT

43.1. General remarks

The Nordzucker Group has a comprehensive system in place throughout the company for the early identification and permanent monitoring of risk as well as for risk measurement and limitation. The integrated risk management system is used to identify risks and the appropriate steps fully and to include them in operational and strategic planning. Potential risks such as default and credit risks, commodity, liquidity, exchange rate and interest rate risks are assessed permanently as part of risk management, whereby appropriate steps are developed and implemented. Operating and strategic decision-making always takes risk aspects into account. The Group-wide reporting and controlling system ensures that all the responsible decision makers are continually informed.

By the nature of its business, the Nordzucker Group is exposed to default and credit risks, commodity, liquidity and exchange rate risks as well as interest rate risks. These are controlled by means of suitable risk management processes. The Nordzucker Group uses derivative financial instruments to hedge against interest and exchange rate fluctuations and to hedge costs of raw materials. The use of these instruments is governed by Group guidelines and restricted to the hedging of existing transactions or those which are sufficiently likely to take place. The guidelines define the individuals responsible, the limits and reporting and stipulate a strict separation between trading and clearing. This transparent and functional manner of organising risk management processes applies to all types of risk.

43.2. Default risk

Credit or default risk is the risk that business partners do not meet their contractual payment obligations, causing the Nordzucker Group to suffer a loss as a result. As part of credit risk management, business partners are subject to a credit scoring in order to reduce default risk. Identifiable default risks are accounted for by impairments, whereby the risk of default on receivables is in part limited by trade credit insurance.

The Nordzucker Group does not see itself as exposed to a significant default risk from any individual counterparty. As the customer structure for the Nordzucker Group is diverse, there is only a limited concentration of credit risk. There is therefore no special monitoring and management on the basis of specific risk categories to avoid a concentration of risk.

The maximum default risk corresponds to the carrying amounts of the financial assets on the balance sheet at the end of the relevant reporting period.

The following table shows total carrying amounts, the carrying amounts for financial assets which are neither overdue nor impaired and the age structure of financial assets which are not impaired but past due, for the financial assets:

AGE STRUCTURE OF FINANCIAL ASSETS

			Not impaired at the end of the reporting period and past due as follows:				
in EUR thousands	**Total carrying amount**	Neither impaired nor past due at the end of the reporting period	Less than 30 days	Between 30 and 60 days	Between 61 and 90 days	Between 91 and 180 days	More than 180 days
As of 28/2/2014							
Other financial investments	23,818	23,818	0	0	0	0	0
Financial assets (excluding derivative financial instruments), receivables from related parties	30,727	30,727	0	0	0	0	0
Trade receivables	186,282	169,354	10,231	2,393	202	2,083	2,019
Total	**240,827**	**223,899**	**10,231**	**2,393**	**202**	**2,083**	**2,019**
As of 28/2/2013							
Financial investments	23,536	23,536	0	0	0	0	0
Financial assets (excluding derivative financial instruments), receivables from related parties	16,125	16,125	0	0	0	0	0
Trade receivables	212,424	191,083	15,143	1,535	1,316	1,271	2,076
Total	**252,085**	**230,744**	**15,143**	**1,535**	**1,316**	**1,271**	**2,076**

For the portion of the receivables portfolio which has neither been impaired nor is past due there is no indication as of the end of the reporting period that Nordzucker Group's debtors will not fulfil their payment obligations.

Financial assets that are shown in the table above under 'Financial investments', 'Financial assets (excluding derivative financial instruments), receivables from related parties' or 'Trade receivables' have a gross carrying amount (i.e. carrying amount before impairments) of EUR 242,743 thousand (previous year: EUR 254,145 thousand). Impairments of EUR 588 thousand (previous year: EUR 2,059 thousand) were made in the reporting period.

The Nordzucker Group did not use financial assets as collateral either in the reporting period or the comparative period.

43.3. Liquidity risk

Liquidity risk is the risk that the company cannot meet its payment obligations at the contractually agreed time. To ensure the Nordzucker Group's liquidity, the liquidity needs are monitored and planned centrally. Sufficient cash is held to be able to meet all obligations when they are due. Current lines of credit, which can be drawn down as needed, provide additional liquidity.

The following table shows contractually agreed (undiscounted) interest and capital repayments – also categorised by remaining term – for the non-derivative financial liabilities and for derivative financial instruments:

PAYMENTS FROM FINANCIAL INSTRUMENTS BY REMAINING TERM

in EUR thousands	Carrying amount	Gross inflow/outflow	Remaining term of up to one year	Remaining term of 1 – 5 years	Remaining term of more than five years
As of 28/2/2014					
Financial liabilities	5,939	– 6,263	– 539	0	– 5,724
Trade payables	399,325	– 399,325	– 398,529	– 796	0
Other financial liabilities, liabilities towards related parties	44,247	– 44,998	– 39,498	– 5,500	0
Derivative financial liabilities	6,669	– 6,669	– 6,669	0	0
Derivative financial assets	– 3,692	3,692	3,692	0	0
Total	**452,488**	**– 453,563**	**– 441,543**	**– 6,296**	**– 5,724**
As of 28/2/2013					
Financial liabilities	70,684	– 71,359	– 65,284	0	– 6,075
Trade payables	465,425	– 465,425	– 465,425	0	0
Other financial liabilities, liabilities towards related parties	25,806	– 26,250	– 20,750	– 5,500	0
Derivative financial liabilities	5,033	– 5,033	– 5,033	0	0
Derivative financial assets	– 2,615	2,615	2,615	0	0
Total	**564,333**	**– 565,008**	**– 553,433**	**– 5,500**	**– 6,075**

The term to maturity analysis includes all instruments held for which payments have been contractually agreed as of the end of the reporting period.. Forecast payments on expected future liabilities are not included. Floating-rate interest payments on financial instruments are determined using the last interest rates set before the balance sheet date. Financial liabilities repayable at any time are categorised in accordance with remaining term according to their estimated repayment dates.

43.4. Market risks

Market risks arise from potential changes in risk factors, which lead to fluctuations in market values or alterations in future cash flows. The relevant risk factors for the Nordzucker Group are exchange rate and interest rate fluctuations, as well as changes in the price of commodities.

a. Exchange rate risk

Due to its business operations in different countries which are not part of the Eurozone, the Nordzucker Group is exposed to an exchange rate risk.

IFRS 7 requires the disclosure of a sensitivity analysis to illustrate the dimensions of exchange rate risks. The application of sensitivity analyses enables the calculation for this type of risk of the effects that a change of the given exchange rate at the end of the reporting period would have on net income for the period and on the equity of the Nordzucker Group. The effects are determined by applying a hypothetical change of 10 per cent in the exchange rates to the amount of the relevant items in foreign currencies (the net risk position in the foreign currency) at the end of the reporting period. It is assumed that the exposure at the end of the reporting period is representative of the whole reporting period.

The net risk position is adjusted for planned transactions within the next twelve months and for existing hedging instruments (even if no hedging relationship in accordance with IAS 39 exists).

Foreign currency positions in Danish Crowns and Lithuanian Litas are only exposed to an insignificant exchange rate risk as these states are part of the European Union’s exchange rate mechanism. The exchange rate risk from foreign currency positions in US Dollars is also insignificant as the amounts are minor and are hedged directly.

Furthermore, the Nordzucker Group hedges a large proportion of actual currency risks using the natural hedge approach and by using derivatives, so that the remaining net risk exposure is insignificant.

b. Interest rate risk

Due to its borrowing activities, the Nordzucker Group is exposed to interest rate risk. Financing is arranged in various currency areas, although the most frequent currency is the Euro. Interest rate risks from financing activities denominated in Hungarian Forints, Swedish Crowns, Lithuanian Litas, Polish Zloty or Danish Crowns are insignificant as the amounts involved are minor.

As of the reporting date, Group companies hold a total of EUR 0 (previous year: EUR 65,200 thousand) in interest-bearing or interest-rate-sensitive instruments. These were fully assigned to floating-rate instruments in the comparative period.

In accordance with IFRS 7, interest rate risks are illustrated using sensitivity analyses. The sensitivity analysis determines the effect that a change in market interest rates at the end of the reporting period would have on net income for the period and on equity.

In the reporting and in the comparative period, no cash flow hedges were used to hedge the interest rate risk of floating-rate instruments, since these funds are scheduled to be repaid shortly and no further loans are to be taken out at floating rates of interest thereafter. In view of the remaining duration of the derivatives, a hypothetical change in the relevant interest rates for floating-rate instruments of +/– 50 basis points would therefore not have a significant effect in relation to the Group’s equity and net interest.

c. Commodity risk

As a result of its business activities, the Nordzucker Group is exposed to various price risks for commodities. These primarily relate to world-market sugar and energy prices.

d. Hedging activities

The Nordzucker Group uses derivative financial instruments solely to hedge interest rate and exchange rate risks as well as price risks for raw materials.

As a rule, the existing interest rate risk for floating-rate loans is reduced by means of interest rate derivatives. All interest rate derivatives are designated as cash flow hedges in hedging relationships under IAS 39. As of the end of the reporting period, the Nordzucker Group had not taken out any interest rate derivatives, since based on its financial planning it could not identify any exposure to interest rate risk as of this date.

It is generally assumed that the hedged transactions will actually take place. If a hedging transaction is cancelled, the amounts accumulated in other comprehensive income during the term of the transaction are reversed when the hedged item is recognised in profit or loss or if it no longer takes place.

In addition to the natural hedge approach for Poland and Sweden, the gross positions are hedged to reduce exchange rate risk. Exchange rate risks are also hedged by means of appropriate derivatives such as currency futures – including for periods of less than a year.

At the end of the reporting period, the Group holds derivative financial instruments aimed at hedging currency risks and price risks for sugar and energy (CO_2). Almost all of the derivative financial instruments mature within one year.

A sensitivity analysis for the market values in the balance sheet would not produce a significant effect in relation to the Group's equity and net income.

The effective portion of changes in the market value of derivative financial instruments integrated in cash flow hedges is recognised in other comprehensive income (i.e. in the statement of comprehensive income) with no effect on profit or loss. In the reporting period, EUR –3,552 thousand (previous year: EUR 930 thousand) was recognised in the statement of comprehensive income.

The Group does not measure the derivatives itself. The fair value determination is carried out by the contracting banks using accepted financial methods and observable input factors (level 2 of the fair value hierarchy).

44. RELATED PARTY TRANSACTIONS

For the Nordzucker Group, related parties within the meaning of IAS 24 are individuals and companies which control the Group or exercise significant influence over it or are controlled or significantly influenced by the Group. The first category includes the active members of the Executive Board and Supervisory Board of Nordzucker AG and its majority shareholder Nordzucker Holding AG. In addition, the subsidiaries, parent company, associated companies and joint ventures of the Nordzucker Group are defined as related parties.

Receivables from and liabilities towards related parties are based on arm's length transactions.

The following commercial relationships existed with related parties in addition to those existing with fully consolidated subsidiaries:

RELATED PARTY TRANSACTIONS

in EUR thousands	**28/2/2014**	28/2/2013
Balance sheet		
Receivables from related parties	977	4,264
Liabilities towards related parties	41,037	21,746
Income statement		
Services provided to related parties	754	391
Net financial result	–483	–822

Receivables from related parties of EUR 917 thousand were owed almost exclusively by NP Sweet A/S, Copenhagen, and, in the comparative period, almost exclusively by Nordzucker Holding AG, Braunschweig, with EUR 4,105 thousand.

In the reporting period, of the liabilities towards related parties, EUR 14,344 thousand was owed to Nordzucker Holding AG, Braunschweig, EUR 6,518 thousand to MEF Melasse-Extraktion Frellstedt GmbH, Frellstedt, EUR 3,378 thousand to SWEETGREDIENTS GmbH & Co. KG, Nordstemmen, and EUR 13,719 thousand to Union-Zucker Südhannover GmbH, Nordstemmen. In the comparative period, EUR 5,500 thousand was owed to MEF Melasse-Extraktion Frellstedt GmbH, Frellstedt, EUR 6,150 thousand to Union-Zucker Südhannover GmbH, Nordstemmen, EUR 3,542 thousand to Nordharzer Zucker AG, Schladen, and EUR 3,339 thousand to SWEETGREDIENTS GmbH & Co. KG, Nordstemmen.

Nordzucker Holding AG, Union-Zucker Südhannover GmbH and Nordharzer Zucker AG are/were shareholders of Nordzucker AG; the liabilities relate to current accounts. The remaining liabilities relate to other related parties and result largely from loans and trade in goods and services.

The provision of services for related companies primarily concerns NP Sweet A/S, Copenhagen, and the net financial result is from associated companies and joint ventures.

45. CONTINGENT LIABILITIES

There were no contingent liabilities towards third parties outside the Group at the end of the reporting period.

46. OTHER FINANCIAL OBLIGATIONS

The Nordzucker Group's other financial obligations are made up as follows:

OTHER FINANCIAL OBLIGATIONS

in EUR thousands	28/2/2014	28/2/2013
Purchase commitments for property, plant and equipment	28,887	21,463
Obligations from finance leases	2,980	815
Obligations from operating leases	12,044	12,614
Total	**43,911**	**34,892**

At the end of the reporting period, total future payment obligations from rental and lease contracts are made up as follows:

RENTAL AND LEASING AGREEMENTS

in EUR thousands	Remaining term of up to one year	Remaining term of 1–5 years	Remaining term of more than five years	Total
Future payments for finance leases	279	1,511	1,556	**3,346**
Future payments for operating leases	5,703	6,341	0	**12,044**

At the end of the reporting period, future payments under finance leases are as follows:

FINANCE LEASES

in EUR thousands	Remaining term of up to one year	Remaining term of 1–5 years	Remaining term of more than five years	Total
Repayment	254	1,412	1,314	**2,980**
Interest	25	99	242	**366**
Payment	**279**	**1,511**	**1,556**	**3,346**

47. AUDITORS' FEES

Companies in the Nordzucker Group purchased services for EUR 404 thousand (previous year: EUR 352 thousand) from Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, in connection with the statutory audit of financial statements for the Nordzucker Group and Nordzucker AG, as well as tax advisory services for EUR 76 thousand (previous year: EUR 136 thousand) and other services for EUR 269 thousand (previous year: EUR 412 thousand).

48. SUPERVISORY BOARD AND EXECUTIVE BOARD

In the reporting period, the Supervisory Board was made up as follows:

Shareholder representatives

Hans-Christian Koehler
farmer, Eppensen,
Chairman

Helmut Meyer,
farmer, Betheln,
Deputy Chairman

Helmut Bleckwenn
farmer, Garmissen

Gerhard Borchert
farmer, Brome

Hans Jochen Bosse
farmer, Ohrum

Dr. Karl-Heinz Engel
Managing Director of Hochwald Foods GmbH, Riol

Michael Gerlif
consultant, Cologne

Dr. Clemens Große Frie
CEO of AGRAVIS RAIFFEISEN AG, Telgte

Dr. Harald Isermeyer
farmer, Vordorf

Dr. Hans-Theo Jachmann
Managing Director of Syngenta Germany GmbH, Limeshain

Jochen Johannes Juister
farmer, Nordhastedt

Rainer Knackstedt
farmer, Dedeleben

Matts Eskil Rosendahl
consultant, Svartsjö, Sweden

Andreas Scheffrahn
farmer, Cramme

Employee representatives

Dieter Woischke
electrician, Algermissen,
Deputy Chairman

Ulf Gabriel
electrician, Banteln

Gerd von Glowczewski
metalworker, Schladen

Olaf Joern
mechatronics engineer, Uelzen

Sigrun Krussmann
laboratory technician, Seelze

Marie Lohel
energy electronics engineer, Magdeburg

Marina Strootmann
industrial clerk, Braunschweig,
Chair of the Works Council, Nordzucker AG

The members of the Executive Board in the reporting period were as follows:

Hartwig Fuchs
Hamburg, Chairman of the Management Board,
Chief Executive Officer

Axel Aumüller
Braunschweig, Chief Operating Officer

Dr. Lars Gorissen (from 1/3/2014)
Braunschweig, Chief Agricultural Officer

Mats Liljestam
Höllviken, Sweden, Chief Marketing Officer

Dr. Michael Noth
Braunschweig, Chief Financial Officer

Dr. Niels Pörksen (until 30/9/2013)
Limburger Hof, Chief Agricultural Officer

49. REMUNERATION REPORT

In the following section the principles of remuneration for members of the Executive Board and Supervisory Board of Nordzucker AG are described and the amount of their remuneration disclosed, together with disclosures on shares held by members of the Executive Board and Supervisory Board.

49.1. Remuneration of the Executive Board

The structure and amount of Executive Board remuneration are determined and regularly reviewed by the full Supervisory Board following a proposal from the Human Resources Committee of the Supervisory Board.

The criteria for determining the remuneration of individual Executive Board members are their responsibilities, personal performance, the economic situation, business success, future prospects, sustainable corporate development and also the extent to which the remuneration is generally accepted considering the sphere of comparison and remuneration structures applicable elsewhere in the company.

The total remuneration of Executive Board members includes monetary payments, benefit commitments and other commitments such as the provision of a company car. The monetary remuneration components consist of a fixed annual salary, paid in twelve equal monthly instalments, as well as an earnings and performance-related payment. The variable bonus can be up to a maximum of 50 per cent of total compensation (total compensation is made up of fixed annual salary and the variable bonus). The structure of Executive Board remuneration is aligned with the company's sustainable development, as recommended by the German Corporate Governance Code (GCGC). In consequence, 45 per cent of variable remuneration is paid as a short-term incentive (STI) linked to the achievement of targets for the given financial year. The remaining 55 per cent is paid as a long-term incentive (LTI), calculated on the basis of average performance against targets for the past three years.

Benefit commitments made to Executive Board members in the event that their appointment to Executive Board ends prematurely are limited to the value of the remaining term of their contract.

This results in the following remuneration for individual members of the Executive Board for the 2013/2014 reporting period:

REMUNERATION OF EXECUTIVE BOARD MEMBERS 2013/2014

EUR	Cash payments		Pensions	Other*	Total
	Salary	Variable annual bonus			
Hartwig Fuchs	575,000	550,756	160,000	16,162	**1,301,918**
Axel Aumüller	380,000	363,977	125,000	22,030	**891,007**
Mats Liljestam	350,000	335,242	108,000	26,411	**819,653**
Dr. Michael Noth	380,000	363,977	125,000	17,146	**886,123**
Dr. Niels Pörksen	221,667		125,000	1,106,451	**1,453,118**
Total	**1,906,667**	**1,613,952**	**643,000**	**1,188,200**	**5,351,819**

* Non-cash benefit for tax purposes, e.g. for company car, etc.

For the 2012/2013 comparative period, the members of the Executive Board were remunerated as follows:

REMUNERATION OF EXECUTIVE BOARD MEMBERS 2012/2013

EUR	Cash payments		Pensions	Other*	Total
	Salary	Variable annual bonus			
Hartwig Fuchs	460,417	455,403	160,000	15,996	**1,091,816**
Axel Aumüller	350,000	346,188	125,000	27,958	**849,146**
Mats Liljestam	350,000	346,188	108,000	26,933	**831,121**
Dr. Michael Noth	380,000	375,861	125,000	16,172	**897,033**
Dr. Niels Pörksen	380,000	375,861	125,000	14,733	**895,594**
Total	**1,920,417**	**1,899,501**	**643,000**	**101,792**	**4,564,710**

* Non-cash benefit for tax purposes, e.g. for company car, etc.

The members of the Executive Board are assured pension commitments in the form of defined benefit commitments and defined contribution commitments.

Former Executive Board members received pension payments of EUR 771 thousand (previous year: EUR 752 thousand). Nordzucker AG recognised provisions of EUR 10,718 thousand (previous year: EUR 10,728 thousand) for pension commitments to former Executive Board members.

In the reporting and comparative period, members of the Executive Board received neither loans nor advances from the company.

49.2. Remuneration of the Supervisory Board

The remuneration of the Supervisory Board is based on the size of the company, the duties and responsibilities of the members of the Supervisory Board and the economic situation of the company. The remuneration includes a dividend-related component and an attendance fee, in addition to a fixed payment. The Chairman and Deputy Chairman of the Supervisory Board receive additional remuneration. Additional remuneration is also paid to the Chairs of the committees as well as for participation in the committees (with the exception of the Nomination Committee).

The remuneration of the Supervisory Board is defined in Sec. 14 of the Articles of Association of Nordzucker AG.

In accordance with these rules, members of the Supervisory Board receive a fixed salary of EUR 18 thousand and a dividend-related payment of EUR 90 for every EUR 0.01 of dividend paid out per share on average over the past three years. Subject to approval at the Annual General Meeting, the dividend for the 2013/2014 reporting period will be EUR 1.30 per share (2012/2013 reporting period: EUR 1.80; 2011/2012 reporting period: EUR 1.00). The amount of variable remuneration is limited to the amount of fixed salary. The Chairman of the Supervisory Board receives two and a half times, the Deputy Chairmen and Committee Chairmen each receive 1.4 times, and committee members 1.2 times the total of fixed and variable remuneration. If a member of the Supervisory Board occupies more than one of these positions, the increased rate of remuneration only applies once. In addition, each Supervisory Board member receives an attendance fee of EUR 300.00 per meeting for attending the meetings of the Supervisory Board and its committees. A maximum of two meetings per day can be remunerated.

Subject to the approval of the dividend proposal at the Annual General Meeting, the following payments will be made for the 2013/2014 reporting period:

REMUNERATION OF SUPERVISORY BOARD MEMBERS 2013/2014

EUR	**Fixed remuneration***	**Variable remuneration***	**Subtotal**	**Factor**	**Total compensation**	**Attendance fee***	**Total**	Total previous year
Hans-Christian Koehler	18,000,00	12,330,00	30,330,00	2.5	75,825,00	4,800,00	80,625,00	87,856,25
Andreas Scheffrahn	18,000,00	12,330,00	30,330,00	1.4	42,462,00	4,200,00	46,662,00	61,456,25
Dieter Woischke	18,000,00	12,330,00	30,330,00	1.4	42,462,00	3,600,00	46,062,00	59,056,25
Helmut Meyer	18,000,00	12,330,00	30,330,00	1.4	42,462,00	2,100,00	44,562,00	55,756,25
Dr. Harald Isermeyer	18,000,00	12,330,00	30,330,00	1.2	36,396,00	3,000,00	39,396,00	52,256,25
Jochen Johannes Juister	18,000,00	12,330,00	30,330,00	1.2	36,396,00	3,300,00	39,696,00	51,056,25
Marina Strootmann	18,000,00	12,330,00	30,330,00	1.2	36,396,00	3,300,00	39,696,00	50,756,25
Ulf Gabriel	18,000,00	12,330,00	30,330,00	1.2	36,396,00	3,300,00	39,696,00	50,456,25
Sigrun Krussmann	18,000,00	12,330,00	30,330,00	1.2	36,396,00	3,300,00	39,696,00	50,456,25
Matts Eskil Rosendahl	18,000,00	12,330,00	30,330,00	1.2	36,396,00	3,300,00	39,696,00	50,156,25
Michael Gerlif	18,000,00	12,330,00	30,330,00	1.2	36,396,00	4,200,00	40,596,00	49,856,25
Gerhard Borchert	18,000,00	12,330,00	30,330,00	1.0	30,330,00	2,100,00	32,430,00	49,556,25
Dr. Hans Theo Jachmann	18,000,00	12,330,00	30,330,00	1.0	30,330,00	1,800,00	32,130,00	48,956,25
Rainer Knackstedt	18,000,00	12,330,00	30,330,00	1.0	30,330,00	2,100,00	32,430,00	48,956,25
Hans Jochen Bosse	18,000,00	12,330,00	30,330,00	1.0	30,330,00	2,100,00	32,430,00	48,056,25
Gerd von Glowczewski	18,000,00	12,330,00	30,330,00	1.0	30,330,00	1,800,00	32,130,00	48,056,25
Dr. Clemens Große Frie	18,000,00	12,330,00	30,330,00	1.0	30,330,00	1,500,00	31,830,00	48,056,25
Dr. Karl-Heinz Engel	18,000,00	12,330,00	30,330,00	1.0	30,330,00	2,100,00	32,430,00	47,156,25
Helmut Bleckwenn	18,000,00	12,330,00	30,330,00	1.0	30,330,00	2,100,00	32,430,00	30,694,78
Olaf Joern	18,000,00	12,330,00	30,330,00	1.0	30,330,00	2,100,00	32,430,00	30,694,78
Marie Lohel	18,000,00	12,330,00	30,330,00	1.0	30,330,00	2,100,00	32,430,00	30,694,78
Hans-Heinrich Prüße								19,161,47
Wolfgang Wiesener								18,561,47
Rolf Huber-Frey								17,961,47
Total	**378,000,00**	**258,930,00**	**636,930,00**		**761,283,00**	**58,200,00**	**819,483,00**	**1,105,681,25**

* Does not include the VAT paid on behalf of Supervisory Board members for their work.

Furthermore, the members of the Supervisory Board are reimbursed for all out-of-pocket expenses incurred in the exercise of their duties as well as for the VAT payable on their remuneration and on the reimbursed expenses. The total amount of these reimbursements, including VAT, was EUR 26 thousand (previous year: EUR 38 thousand).

In the reporting and comparative period, members of the Supervisory Board received neither loans nor advances from the company.

49.3. Shares held by members of the Executive Board and Supervisory Board

Members of the Executive Board hold no significant stocks of shares.

As of 28 February 2014, members of the Supervisory Board and related parties held less than one per cent of the issued share capital of Nordzucker AG. The shares bear no relation to the remuneration of the Supervisory Board.

49.4. Miscellaneous

Board members of Nordzucker AG are indemnified by Nordzucker AG against third-party liability as allowed by law. For this purpose the company has taken out D & O insurance for members of the Boards of Nordzucker AG. The insurance policy is taken out or renewed annually and covers the personal liability of Board members for claims for damages arising in the course of their work. It includes an excess in accordance with Sec. 3.8 of the German Corporate Governance Code.

50. DIVIDEND PROPOSAL

The dividends that can be distributed to shareholders are defined in the German Stock Corporation Act (AktG) as the net balance sheet profit as determined under German commercial law and disclosed in the annual financial statements of Nordzucker AG. The annual financial statements for the 2013/2014 reporting period show a net distributable profit of EUR 86,361,886.40. The Executive Board proposes to use this net distributable profit to pay a dividend for the 2013/2014 reporting period (EUR 1.30 per share with dividend entitlement).

51. EVENTS AFTER THE REPORTING PERIOD

No significant events occurred after the reporting period.

Braunschweig, Germany, 25 April 2014

Executive Board

Hartwig Fuchs

Axel Aumüller Dr. Lars Gorissen

Mats Liljestam Dr. Michael Noth

LIST OF INVESTMENTS

Nordzucker AG, Braunschweig, as of 28 February 2014

		Shareholding		
		direct	indirect	
	Shortened form	%	%	via subsidiaries
Consolidated subsidiaries				
Norddeutsche Flüssigzucker GmbH & Co. KG (Braunschweig, Germany)	NFZ KG	70%		
NORDZUCKER Spezial GmbH (Braunschweig, Germany)	NZ SPEZIAL	100%		
NORDZUCKER GmbH & Co. KG (Braunschweig, Germany)	NZ KG	100%		
Nordzucker Polska S.A. (Opalenica, Poland)	NZ Polska	99.87%		
Považský cukor a.s. (Trenčianska Teplá, Slovakia)	Povazsky	96.798%		
Matra Cukor z.r.t. (Hatvan, Hungary)	Matra	99.89%		
Nordic Sugar Holding A/S (Copenhagen, Denmark)	NSH AS	100%		
Nordic Sugar A/S (Copenhagen, Denmark)	NS AS		100%	NSH AS
Titoconcerto AB (Malmö, Sweden)	Titoconcerto		100%	NSH AS
Nordic Sugar AB (Malmö, Sweden)	NS AB		100%	Titoconcerto
Nordic Sugar Services AB (Malmö, Sweden)	NSS AB		100%	NS AB
AB Nordic Sugar Kèdainiai (Kèdainiai, Lithuania)	NS Kèdainiai		70.6%	NS AS
Nordic Sugar Oy (Kantvik, Finland)	NS Oy		100%	NS AS
Sucros Oy (Säkylä, Finland)	Sucros Oy		80%	NS Oy
Suomen Sokeri Oy (Kantvik, Finland)	Suomen Oy		80%	Sucros Oy
Nordzucker Ireland Limited (Dublin, Ireland)	NZ Ireland	100%		
Cukrownia Melno S.A. [in liquidation] (Opalenica, Poland)		84.32%		

		Shareholding		
		direct	indirect	
	Shortened form	%	%	via subsidiaries
Joint ventures accounted for using the equity method in accordance with Sec. 312 German Commercial Code (HGB)				
MEF Melasse-Extraktion Frellstedt GmbH (Frellstedt, Germany)	MEF		50%	NZ KG
Norddeutsche Zucker-Raffinerie Gesellschaft mit beschränkter Haftung (Frellstedt, Germany)	NZR		50%	NZ KG
NP Sweet A/S (Copenhagen, Denmark)	NP Sweet		50%	NSH AS
Eurosugar S.A.S. (Paris, France)	ES	50%		
Subsidiaries not consolidated in accordance with Sec. 296 paragraph 2 German Commercial Code (HGB)				
Bioethanolgesellschaft Klein Wanzleben mbH (Stadt Wanzleben-Börde, Germany)	Bioethanol KW	100%		
Norddeutsche Flüssigzucker Verwaltungs-GmbH (Braunschweig, Germany)	NFZ GmbH	70%		
NORDZUCKER Verwaltungs-GmbH (Braunschweig, Germany)	NZ GmbH		100%	NZ KG
SWEETGREDIENTS GmbH & Co. KG (Nordstemmen, Germany)	SG KG		100%	NZ SPEZIAL
SWEETGREDIENTS Verwaltungs GmbH (Nordstemmen, Germany)	SG GmbH		100%	SG KG
NZ Erste Vermögensverwaltungsgesellschaft mbH (Braunschweig, Germany)	NZ 1. VVG	100%		
NZ Zweite Vermögensverwaltungsgesellschaft mbH (Braunschweig, Germany)	NZ 2. VVG	100%		
Associated companies not consolidated in accordance with Sec. 311 paragraph 2 German Commercial Code (HGB)				
Nordzucker Bioerdgas Verwaltungs-GmbH (Braunschweig, Germany)	NZ BEG GmbH	50%		
Nordzucker Bioerdgas GmbH & Co. KG (Braunschweig, Germany)	NZ BEG KG	50%		
Other non-consolidated investments				
Tereos TTD, a.s. (Dobrovice, Czech Republic)	TTD	35.38		

AUDIT OPINION

We have audited the consolidated financial statements prepared by Nordzucker AG, Braunschweig, comprising the balance sheet, the income statement, statement of consolidated income, the notes to the consolidated financial statements, the cash flow statement and the statement of changes in shareholder's equity, together with the group management report for the fiscal year from 1 March 2013 to 28 February 2014. The preparation of the consolidated financial statements and the group management report in accordance with IFRS as adopted by the EU, and the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB are the responsibility of the parent company's management. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with Sec. 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and the group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRSs as adopted by the EU, the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Hanover, 28 April 2014

Ernst & Young GmbH

Wirtschaftsprüfungsgesellschaft

Hentschel	Dr. Janze
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

EQUITY RATIO 2013/2014:

59.3

PER CENT