

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

in EUR thousands	Cost or fair value					As of 28/2/2014
	As of 1/3/2013	Currency effects	Additions	Reclassifications	Disposals	
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

in EUR thousands	Cost or fair value					As of 28/2/2013
	As of 1/3/2012*	Currency effects	Additions	Reclassifications	Disposals	
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

<i>in EUR thousands</i>	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

<i>in EUR thousands</i>	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

<i>in EUR thousands</i>	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

<i>in EUR thousands</i>	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

<i>in EUR thousands</i>	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

<i>in EUR thousands</i>	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

<i>in EUR thousands</i>	Defined benefit obligation			Plan asset			Net liability
	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

<i>in EUR thousands</i>	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

<i>in EUR thousands</i>	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

<i>in EUR thousands</i>	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

<i>in EUR thousands</i>	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

<i>in EUR thousands</i>	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

<i>in EUR thousands</i>	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.