

NOTES TO THE CONSOLIDATED INCOME STATEMENT

8. REVENUES

Revenues are made up as follows:

REVENUES

<i>in EUR thousands</i>	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

<i>in EUR thousands</i>	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

<i>in EUR thousands</i>	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

<i>in EUR thousands</i>	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		
<i>in EUR thousands</i>	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		
<i>in EUR thousands</i>	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		
<i>in EUR thousands</i>	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

<i>in EUR thousands</i>	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

<i>in EUR thousands</i>	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

<i>in EUR thousands</i>	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

<i>in EUR thousands</i>	28/2/2014		28/2/2013	
	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

<i>in EUR thousands</i>	1/3/2013–28/2/2014		1/3/2012–28/2/2013	
	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

<i>in EUR thousands</i>	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

<i>in EUR thousands</i>	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

<i>in EUR thousands</i>	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.