NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, NORDZUCKER AG

GENERAL REMARKS

1. ACCOUNTING PRINCIPLES

The consolidated financial statements as of 28 February 2017 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, joint ventures and associated companies (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 (EUR '000).

The consolidated financial statements will be approved by the Executive Board of Nordzucker AG on 22 May 2017 for presentation to the Supervisory Board.

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 companies controlled by Nordzucker AG within the meaning of IFRS 10 (subsidiaries).

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.

Joint ventures
Joint ventures are accounted for in the consolidated financial statements using the equity method. Nordzucker AG has rights to the net assets of the joint ventures and manages them with another party (joint control). In applying the equity method, the IFRS financial statements of these companies are used. Losses from joint ventures which exceed the carrying amount or other non-current receivables from financing these companies are not recognized unless there is an obligation to provide further capital.

The joint ventures accounted for using the equity method were individually and collectively immaterial for the presentation of the net assets, financial position and earnings of the Nordzucker Group in the reporting period and in the same period of the previous year.

Associates

Associates are also accounted for in the consolidated financial statements using the equity method. Nordzucker AG has a significant influence with associates, i.e. it can contribute to shaping the company's financial and operating policies, but does not have control or joint control of decision-making processes.

August Töpfer Zuckerhandelsgesellschaft mbH & Co. KG, Hamburg, was included in the consolidated financial statements of the Nordzucker Group as an associate for the first time in the previous year (2015/2016 financial year). The company is immaterial for the presentation of the net assets, financial position and earnings of the Nordzucker Group.

2.2. BUSINESS COMBINATIONS AND INVESTMENTS

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

	28/2/2017	29/2/2016
Fully consolidated subsidiaries		
Domestic	4	4
Foreign	11	13
Companies accounted for using the equity method		
Domestic	3	3
Foreign	1	2

The number of fully consolidated subsidiaries fell due to the merger of Nordic Sugar Services AB (Malmö, Sweden) and Nordic Sugar AB (Malmö, Sweden) in the reporting period. In addition, the company HZN Solutions Zrt i.L. (Hatvan, Hungary) was deconsolidated.

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

The reporting date for all fully consolidated subsidiaries included in the consolidated financial statements and for NP Sweet A/S, a joint venture accounted for using the equity method, is 28 February 2017. All the other companies accounted for using the equity method and included in the consolidated financial statements have 31 December 2016 as their reporting date.

2.4. SIGNIFICANT SUBSIDIARIES

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

SIGNIFICANT SUBSIDIARIES

	Group stake
Nordic Sugar A/S, Copenhagen, Denmark	100%
Nordic Sugar AB, Malmö, Sweden	100%
NORDZUCKER GmbH & Co. KG, Braunschweig, Germany	100%
Nordzucker Ireland Limited, Dublin, Ireland	100%
Nordzucker Services GmbH & Co. KG, Braunschweig, Germany	100%
Nordzucker Polska S.A., Opalenica, Poland	99.870%
Považský Cukor a.s., Trencianska Teplá, Slovakia	96.798%
Sucros Oy, Säkylä, Finland	80%
Suomen Sokeri Oy, Kantvik, Finland	80%
AB Nordic Sugar Kėdainiai, Kėdainiai, Lithuania	70.6%
Norddeutsche Flüssigzucker GmbH & Co. KG, Braunschweig, Germany	70%

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

- NORDZUCKER GmbH & Co. KG, Braunschweig, Germany
- Norddeutsche Flüssigzucker GmbH & Co. KG, Braunschweig, Germany
- Nordzucker Services GmbH & Co. KG, Braunschweig, Germany

are exempt from the respective obligations in accordance with the regulations applicable to companies with limited liability pursuant to Sec. 264b German Commercial Code (HGB).

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 recognized. Exchange differences arising from the conversion are recognized without effect on profit or loss 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

	Average rate		Spot rate	
for EUR 1.00	**2016/2017**	2015/2016	**28/2/2017**	29/2/2017
Polish Zloty (PLN)	**4.35309**	4.21193	**4.31480**	4.35430
Hungarian Forint (HUF)	**310.83736**	310.10133	**308.25000**	311.26000
Danish Krone (DKK)	**7.44083**	7.46144	**7.43320**	7.46020
Swedish Krone (SEK)	**9.49225**	9.33674	**9.56750**	9.32190

3. EXPLANATION OF ACCOUNTING POLICIES

3.1. GENERAL PRINCIPLES

The valuation of the items in the consolidated financial statements is primarily at amortized cost. Derivative financial instruments and coverage capital for pension obligations in the form of plan assets, in particular, are recognized 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 recognized in the reporting period are compared with the costs incurred to achieve these revenues, categorized by the functional areas of production, sales and administration.

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

3.2. RECOGNITION OF INCOME AND EXPENSE

Revenues are recognized 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 recognized when the service is used or as of the date they arise.

Interest is recognized 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 capitalized if they are qualifying assets in accordance with IAS 23.

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

3.3. INTANGIBLE ASSETS INCLUDING GOODWILL

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

Intangible assets acquired (purchased rights and licences) are valued initially at cost (purchase price, directly attributable costs). Assets related to acquisitions (see also Note 3.16), such as contractual customer relationships, trademark rights and no-competition clauses, are recognized as separately acquired intangible assets, provided that the criteria of IFRS 3 and IAS 38 are fulfilled, and valued for the first time at fair value.

Internally generated intangible assets (such as internally generated software) are recognized provided that they fulfil the capitalization 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 capitalized under IAS 23. Research costs are recognized as an expense.

Separately acquired and internally generated intangible assets with limited useful lives are subject to scheduled amortization 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	11
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 limited useful lives in accordance with IAS 36 and the recoverable amount is less than the historical cost, impairment losses are recognized 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 capitalized under IFRS 3.

Separately acquired and internally generated intangible assets with indefinite useful lives, as well as goodwill, are not subject to scheduled amortization, 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 recognized 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 recognized at historical 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 capitalized 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 historical cost, impairment losses are recognized 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 capitalized as an asset under IAS 17 on the lessee’s balance sheet. The asset is initially valued at the present value of the minimum leasing payments, or at fair value for the leased item – whichever is lower. In exchange, a liability is to be recognized at an appropriate amount for the finance lease. After initial recognition, the leased item is classed as an ordinary or extraordinary write-down. 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 recognized at historical cost under IAS 40. For subsequent valuations, the Nordzucker Group consistently exercises the option of valuing investment property at historical 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 the historical cost, an impairment is recognized (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 at the end of each reporting period to assess whether there are any reasons for whether a previously recognized 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 amortized carrying amount as would have been determined in the absence of any prior impairment.

3.7. INVESTMENT SUBSIDIES

Public subsidies 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, borrowing, 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', 'Financial investments held to maturity', '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 amortized cost'). In the reporting period and comparative period, no financial assets were assigned to the measurement category 'Financial investments held to maturity'. In addition, there were no reclassifications from one measurement category to another.

Financial assets and liabilities must be recognized 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 recognized 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 recognized 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 recognized through profit or loss (i. e. in the income statement). The subsequent valuation of items in the measurement category 'Available-for-sale financial assets' is also at fair value. However, having considered the effects of tax, changes in fair value are, recognized 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 (see also Note 3.14), no measurement category is assigned. The instruments are also recognized at fair value. However, value changes are also recognized in other comprehensive income (i. e. in the statement of comprehensive income) depending on the type of hedging relationship.

Following initial recognition at amortized cost, financial assets in the measurement category 'Loans and receivables' and financial liabilities in the measurement category 'Financial liabilities measured at amortized cost' are valued 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. Amortized cost is frequently the same as the nominal value.

At the end of each 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 estimated effect on expected future cash flows. For financial assets in the measurement categories 'Financial investments held to maturity' 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 categorization 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 their 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 categorized as 'held for sale' or belong to a disposal group categorized as 'held for sale'. Non-current assets or disposal groups that are categorized as 'held for sale' must be valued immediately after being categorized 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 categorized as 'held for sale' or no longer belongs to a disposal group categorized as 'held for sale', and if it is again presented as a non-current item at the time of the decision not to sell, it is valued either at the recoverable amount or – if this is lower – at the carrying amount prior to categorization, adjusted for all depreciation or revaluations that would have been recorded in the absence of categorization.

3.10. INVENTORIES

Under IAS 2, inventories are valued at the lower of cost and net realizable value. The historical cost of inventories includes 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 realizable value is the estimated selling price in the ordinary course of business less estimated costs to completion and estimated costs to sell. The net realizable value of work in progress is inferred from the net realizable 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 recognized 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 realizable value. Sugar stocks from internal production presented under finished products are recognized at cost, unless they are recognized at lower net realizable 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 realizable value is reversed if the reasons for recognizing 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 (coverage capital) is offset against the defined benefit obligation (reflecting the future pension payments to the employee) if the coverage capital 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 reporting date 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 net debt with the discount rate of the defined benefit obligation. Actuarial gains and losses and the return on plan assets are recognized 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 experienced adjustments (effects of variations in past actuarial assumptions and actual developments) and effects of changes in actuarial assumptions. The return on plan assets is the variation between the actual return for the plan asset and the accrued 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 recognized 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 'Other provisions' item also includes recultivation obligations and other provisions (e. g. for legal disputes or for onerous contracts or imminent losses). Under IAS 37, these kinds of provisions are recognized 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 valuation is based on the best-possible estimate of the expenses required to fulfil the obligation before the reporting date. Long-term provisions must be discounted with an interest rate commensurate to the risk.

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

3.13. DEFERRED TAXES

Under IAS 12, deferred taxes are recognized 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 recognized if it is sufficiently likely that they will be realized 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 recognized 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 for 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 hedge transactions 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 either positive or negative; depending on whether 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 recognized 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 recognized 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 and 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. 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, or which must be fulfilled 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 to 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 reporting date using the closing rate (i. e. the spot exchange rate at the end of the reporting period); exchange differences must generally be recognized through profit or loss (i. e. in the income statement). Non-monetary items – provided that they are recognized at historical cost – are to be translated into the functional currency using the exchange rate on the day of their initial recognition. Non-monetary items recognized at fair value must be translated using the exchange rate that was valid on the day of their recognition (i. e. generally using the exchange rate on the reporting date). Translation differences from non-monetary items should be treated like all other gains or losses, i. e. they are either recognized 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 recognized as expenses in profit and 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 recognized in the income statement.

The agreed contingent consideration is recognized 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 recognized either in the income statement or in other comprehensive income in accordance with IAS 39. Contingent consideration that is classified as equity is not revalued and its subsequent settlement is accounted for within equity.

Goodwill is initially recognized 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 recognized in the income statement.

After initial recognition, goodwill is not subject to scheduled amortization, 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 amortization for the Group, the amount of write-downs on receivables, as well as determining the actuarial assumptions for measuring pension provisions. At the same time, it is necessary to make a large number of 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 a recognition of 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 estimates 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 capitalization 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 16 Property, Plant and Equipment and to IAS 38 Intangible Assets (title of amendment: Clarification of Acceptable Methods of Depreciation and Amortization);

- Amendment to IAS 16 Property, Plant and Equipment and to IAS 41 Agriculture (title of amendment: Agriculture: Bearer Plants);

- Amendment to IFRS 11 Joint Arrangements (title of amendment: Accounting for Acquisitions of Interests in Joint Operations);

- Amendment to IAS 27 Separate Financial Statements (title of amendment: Equity Method in Separate Financial Statements);

- Amendment to IAS 1 Presentation of Financial Statements (title of amendment: Disclosure Initiative);

- Improvements to International Financial Reporting Standards (2012–2014 Cycle; published 2014);

- Amendment to IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investments in Associates and Joint Ventures (title of amendment: Investment Entities: Applying the Consolidation Exception).

The amendment to IAS 16 and to IAS 38 clarifies that the relationship between the revenue generated and the expected future economic benefit may not be used for the depreciation property, plant and equipment, but only in limited circumstances for the amortization of intangible assets.

The amendments to IAS 16 and to IAS 41 mean that biological assets which meet the definition of bearer plants no longer fall within the scope of IAS 41 but within the scope of IAS 16.

The amendment to IFRS 11 stipulates that the acquirer of an interest in a joint operation in which the activity constitutes a business, as defined in IFRS 3, is required to apply all of the principles on business combinations accounting in IFRS 3 and other IFRSs and to disclose the information required in these standards for business combinations. It also clarifies that an existing interest in a joint operation is not remeasured when another interest is acquired in the same joint operation and joint control continues to exist. An exception was also included to clarify that the amendments do not apply if the parties (including the reporting entity) that share joint control are under the joint control of one party.

The amendment to IAS 27 allows an entity to account for investments in subsidiaries, joint ventures and associates in its separate financial statements using the equity method.

The amendment to IAS 1 clarifies that materiality considerations apply to all parts of the financial statements and that immaterial disclosures may limit the usefulness of financial information. It is also clarified that immaterial disclosures do not have to be made even when a standard requires a specific disclosure. The place and order in which information is presented in the financial statements is also important.

The IASB makes amendments to various IFRSs via its overarching ‘Improvements to International Financial Reporting Standards’. The 2012–2014 Cycle amended a total of five standards.

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 2017. 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 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 2017/2018 REPORTING PERIOD

The following pronouncements are to be applied for the first time in the Nordzucker consolidated financial statements as of 28 February 2018:

- Amendment to IAS 12 Income Taxes (title of amendment: Recognition of Deferred Tax Assets for Unrealised Losses; not yet endorsed by the EU);
- Amendment to IAS 7 Statement of Cash Flows (title of amendment: Disclosure Initiative; not yet endorsed by the EU);
- Improvements to International Financial Reporting Standards (2014–2016 Cycle regarding the amendments to IFRS 12 Disclosure of Interests in Other Entities; published 2016; not yet endorsed by the EU).

The amendment to IAS 12 clarifies that companies have to consider whether tax law restricts the sources of income to be taxed in the future, against which it may make deductions on the reversal of the corresponding deductible temporary differences. The amendment also contains guidelines on how companies have to calculate income to be taxed in the future and explains the circumstances in which future taxable income can contain amounts from the realization of assets in an amount that exceeds their carrying amount.

The amendment to IAS 7 requires disclosures that enable users of financial statements to evaluate both cash and non-cash changes in liabilities arising from financing activities.

The IASB makes amendments to various IFRSs via its overarching 'Improvements to International Financial Reporting Standards'. The 2014–2016 Cycle amended a total of three standards. The amendment to IFRS 12 will be applied within the Nordzucker Group in the 2017/2018 reporting period. The amended version of IFRS 12 clarifies that the disclosure requirements generally also apply to an entity's interests in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

6.2. MANDATORY FIRST-TIME APPLICATION IN THE 2018/2019 REPORTING PERIOD OR LATER

These standards or amendments are to be applied to the Nordzucker consolidated financial statements for the first time as of 28 February 2019 or for later reporting periods:

- Improvements to International Financial Reporting Standards (2014–2016 Cycle regarding the amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards and IAS 28 Investments in Associates and Joint Ventures; published 2016; not yet endorsed by the EU);
- IFRS 9 Financial Instruments;
- IFRS 15 Revenue from Contracts with Customers;
- Amendment to IFRS 15 Revenue from Contracts with Customers (title of amendment: Clarifications to IFRS 15 Revenue from Contracts with Customers; not yet endorsed by the EU);
- Amendment to IFRS 2 Share-based Payment (title of amendment: Classification and Measurement of Share-based Payment Transactions; not yet endorsed by the EU);
- Amendment to IFRS 4 Insurance Contracts (title of amendment: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts; not yet endorsed by the EU);
- IFRIC 22 Foreign Currency Transactions and Advance Consideration (not yet endorsed by the EU);
- Amendment to IAS 40 Investment Property (title of amendment: Transfers of Investment Property; not yet endorsed by the EU);
- IFRS 16 Leases (not yet endorsed by the EU);
- Amendment to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (title of amendment: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture; not yet endorsed by the EU and deferred indefinitely).

The amendments to the overarching Improvements to International Financial Reporting Standards (2014–2016 Cycle) that will be applied for the first time in the 2018/2019 reporting period relate to amended versions of IFRS 1 (deletion of certain exemptions) and IAS 28 (clarification of the measurement of interests held by venture capital organizations).

IFRS 9 replaces the existing regulations in IAS 39 regarding accounting for financial instruments. The standard contains new regulations on classifying and measuring financial assets as well as on accounting for hedging relationships. The existing guidelines on the classification and measurement of financial liabilities will largely be retained.

IFRS 15 redefines the recognition of revenue and replaces IAS 18 Revenue and IAS 11 Construction Contracts as well as the related interpretations. Revenue is to be recognized when the goods or services are transferred to the customer. The standard also covers the presentation of the performance obligations at the level of individual contracts (contract assets or contract liabilities) and requires extensive disclosures on revenue.

The amendment to IFRS 15 clarifies implementation issues relating to the identification of performance obligations, the application guidelines for principal versus agent considerations, licences for intellectual property and the transitional provisions.

The amendments to IFRS 2 address the following main areas: the effects of vesting conditions on the measurement of cash-settled share-based payment transactions; the classification of share-based payment transactions with net settlement features for withholding tax obligation; the accounting of cash-settled share-based payment transactions where a modification of the terms and conditions of a share-based payment transaction changes its classification from cash-settled to equity-settled.

The amendment to IFRS 4 resolves application problems for insurers resulting from the fact that the effective date of the standard is different to the effective date of IFRS 9.

IFRIC 22 refers to IAS 21 The Effects of Changes in Foreign Exchange Rates and clarifies the point in time at which the exchange rate for the translation of transactions in foreign currencies that include the receipt or payment of advance consideration is to be calculated.

The amendment to IAS 40 specifies in which cases a property's classification as an 'investment property' begins or ends if the property is still under construction or development.

IFRS 16 replaces the existing regulations in IAS 17 regarding accounting for and disclosure of leases. IFRS 16 stipulates that the lessee must recognize all leases and the related rights and obligations; the previous distinction between finance leases (recognition of the leased item as an asset) and operating leases (no recognition of the leased item as an asset; recognition of lease payments as expenses) no longer applies. Lessors still have to classify their leases as finance or operating leases and recognize them accordingly – as previously under IAS 17. The classification criteria in IAS 17 were retained for IFRS 16.

The amendment to IFRS 10 and IAS 28 clarifies that an investor is to recognize the full profit or loss on the sale or contribution of assets to an associate or joint venture if the assets constitute a business activity within the meaning of IFRS 3 Business Combinations.

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

No changes were made to the reporting structure in the reporting period.

Changes in accounting policies resulting from the first-time application of accounting standards (see Note 5) had no material effects on the presentation of the Nordzucker Group's net assets, financial and earnings position.

NOTES TO THE CONSOLIDATED INCOME STATEMENT

8. REVENUES

Revenues are made up as follows:

REVENUES

In EUR thousands	**1/3/2016 – 28/2/2017**	1/3/2015 – 29/2/2016
Products		
Sugar	1,409,747	1,273,953
Bioethanol	64,935	94,878
By-products	151,096	153,663
Other	82,452	84,879
Total	**1,708,230**	**1,607,373**

Other revenues primarily include sales of merchandise.

9. PRODUCTION COSTS

Production costs are made up of the following:

PRODUCTION COSTS

In EUR thousands	**1/3/2016 – 28/2/2017**	1/3/2015 – 29/2/2016
Cost of materials and services	–1,096,676	–1,140,452
Personnel expenses	–130,609	–118,095
Depreciation, amortization and impairment	–67,340	–66,293
Other expenses	–34,632	–40,313
Total	**–1,329,257**	**–1,365,153**

10. SALES COSTS

Sales costs are made up as follows:

SALES COSTS

In EUR thousands	1/3/2016 – 28/2/2017	1/3/2015 – 29/2/2016
Freight	**–74,740**	–72,456
Rentals, land leasing and outside warehousing costs	**–29,326**	–26,263
Personnel expenses	**–21,723**	–20,534
Depreciation, amortization and impairment	**–5,003**	–4,896
Advertising	**–9,151**	–9,435
Sales commission	**–1,414**	–1,463
Other costs of sales	**–18,765**	–18,857
Total	**–160,122**	–153,904

Freight has increased on the back of higher sales volumes. The rise in rentals, land leasing and outside warehousing costs resulted from the reduction of stocks in external storage, which in turn caused greater internal transport and handling costs. By contrast, the costs for leasing external storage were reduced.

11. ADMINISTRATIVE EXPENSES

Administrative expenses are made up as follows:

ADMINISTRATIVE EXPENSES

In EUR thousands	1/3/2016 – 28/2/2017	1/3/2015 – 29/2/2016
Personnel expenses	–42,620	–41,732
Consultancy fees	–10,523	–15,045
Fees and levies	–4,490	–4,384
Depreciation, amortization and impairment	–2,993	–2,703
Rentals and land leasing	–2,299	–2,382
Travel costs	–2,126	–1,673
Phone/communications	–1,360	–1,258
Other administrative expenses	–8,945	–10,153
Total	**–75,356**	**–79,330**

12. OTHER INCOME

Other income is made up as follows:

OTHER INCOME

In EUR thousands	1/3/2016 – 28/2/2017	1/3/2015 – 29/2/2016
Insurance and other compensation for damages	9,295	27,180
Income from the reversal of provisions	5,798	5,562
Foreign exchange gains	2,431	1,795
Proceeds from disposal of non-current assets	3,102	141
Reversals of impairments on receivables	318	307
Income from the reversal of investment subsidies, grants and other receivables	3,929	591
Rental and leasing income	462	516
Reversals of impairment of intangible assets as well as property, plant and equipment	105	770
Miscellaneous operating income	9,390	5,579
Total	**34,830**	**42,441**

Insurance and other compensation for damages in the reporting period consists mainly of compensation of EUR 6,543 thousand (previous year: EUR 12,032 thousand) resulting from a fire in a silo in Uelzen. In the previous year, this also included compensation from fire damage in an external warehouse in Tjustorp (Sweden) in the amount of EUR 12,038 thousand.

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	**1/3/2016 – 28/2/2017**	1/3/2015 – 29/2/2016
Depreciation, amortization and impairment	–19,286	–144
Expenses from loss events	–704	–13,381
Research and development	–5,443	–4,961
Foreign exchange losses	–1,967	–2,099
Losses from disposal of non-current assets	–3,885	–1,385
Impairments on receivables	–66	–296
Other operating expenses	–15,559	–12,939
Total	**–46,910**	**–35,205**

Depreciation, amortization and impairment relates mainly to write-downs of machinery and other technical equipment that was subject to individual impairment testing.

Expenses for loss events in the comparative period include expenses of EUR 11,322 thousand and EUR 675 thousand as a result of fires in a silo in Uelzen and an external warehouse in Tjustorp in Sweden respectively.

The losses from the disposal of non-current assets in the reporting period and the comparative period relate to machinery and other technical equipment that was derecognized due to being sold or decommissioned.

14. FINANCIAL INCOME

Financial income is made up as follows:

FINANCIAL INCOME

In EUR thousands	**1/3/2016 – 28/2/2017**	1/3/2015 – 29/2/2016
Income from other investments	3,827	5,860
Other interest and similar income	1,293	7,532
Interest income on bank balances	57	91
Other financial income	1,486	96
Total	**6,663**	**13,579**

Net income/loss from other investments refers to dividends.

Other interest and similar income in the comparative period relates mainly to interest income on the court-ordered repayment of production levies for prior years.

Further information on net income from financial instruments can be found in Note 42.

15. FINANCIAL EXPENSES

Financial expenses are made up as follows:

FINANCIAL EXPENSES

In EUR thousands	**1/3/2016 – 28/2/2017**	1/3/2015 – 29/2/2016
Interest expense on provisions	–4,218	–3,837
Other interest and similar expenses	–2,536	–1,585
Interest expense from bank balances	–560	–809
Other financial expenses	–2,019	–1,332
Total	**–9,333**	**–7,563**

Interest expense from bank balances comprises both interest on lines of credit drawn and fees.

Additional information on net income from financial instruments can be found in Note 42.

16. RESULT FROM COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD

The net income/loss from companies accounted for using the equity method fell by EUR 155 thousand compared with the previous reporting period. Companies accounted for using the equity method are shown in the balance sheet under the 'Financial investments' item (see Notes 25.1 and 25.2).

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	1/3/2016 – 28/2/2017	1/3/2015 – 29/2/2016
Current taxes		
Current domestic taxes	–17,564	–3,620
Current foreign taxes	–21,062	–4,958
	–38,626	–8,578
Deferred taxes		
Deferred domestic taxes	8,887	–4,132
Deferred foreign taxes	324	5,448
	9,211	1,316
Income taxes	**–29,415**	**–7,262**

The current and deferred income taxes affecting previous years increased net income by EUR 1,063 thousand.

The expected income tax expense which would have been payable if the tax rate for the parent company Nordzucker AG of 30.00 per cent (previous year: 29.00 per cent) were applied to the consolidated net income under IFRS before taxes and minority interests can be reconciled with the income taxes in the income statement as follows:

TAX EXPENSE

In EUR thousands	1/3/2016 – 28/2/2017	1/3/2015 – 29/2/2016
IFRS net profit before income taxes	128,505	22,153
Group tax rate	30.00 %	29.00 %
Expected tax expense	–38,552	–6,424
Tax rate variances	7,743	–1,370
Taxes for prior years	1,063	–479
Tax-free income	1,236	1,740
Non-deductible operating expenses for tax purposes	–980	–688
Other effects	75	–41
Tax expense	**–29,415**	**–7,262**

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 (30.00 per cent; previous year: 29.00 per cent) are shown in the reconciliation statement under tax rate differences between Germany and abroad.

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 BY BALANCE SHEET ITEM

	28/2/2017		29/2/2016	
In EUR thousands	**Deferred tax assets**	**Deferred tax liabilities**	Deferred tax assets	Deferred tax liabilities
Intangible assets	169	1,192	441	1,054
Investment property	0	0	0	0
Property, plant and equipment	1,988	102,288	2,087	111,261
Inventories	1,378	7,661	1,064	10,298
Other assets	142	572	374	1,134
Pension provisions	34,588	211	36,005	81
Other provisions	2,179	234	1,449	0
Other liabilities	352	1,145	1,292	3,889
Deferred taxes on temporary differences	**40,796**	**113,303**	**42,712**	**127,717**
Deferred tax assets on tax loss carry-forwards	2,491	0	7,522	0
Gross amount	43,287	113,303	50,234	127,717
Netting	–38,309	–38,309	–44,651	–44,651
Balance sheet amount	**4,978**	**74,994**	**5,583**	**83,066**

The changes of EUR 7,467 thousand in total (previous year: EUR 1,680 thousand) in deferred taxes as of the reporting date as shown in the consolidated balance sheet were recognized as a reduction in tax expense (i.e. in the income statement) at EUR 9,211 thousand (previous year: EUR 1,316 thousand). An additional tax expense of EUR 1,744 thousand (previous year: tax income of EUR 364 thousand) was recognized outside of profit or loss (i.e. in other comprehensive income in the statement of comprehensive income). Changes due to exchange rates are presented in the 'Exchange differences on translating foreign operations' item.

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

CHANGES IN DEFERRED TAXES

	1/3/2016 – 28/2/2017		1/3/2015 – 29/2/2016	
In EUR thousands	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Intangible assets	–272	–138	–88	–416
Investment property	0	0	0	0
Property, plant and equipment	–99	8,973	60	1,810
Inventories	314	2,637	–680	–1,083
Other assets	–231	562	–359	250
Pension provisions	–1,418	–130	–467	561
Other provisions	730	–233	–2,776	234
Other liabilities	–941	2,743	228	4,865
Deferred taxes on temporary differences	**–1,917**	**14,414**	**–4,082**	**6,221**
Deferred tax assets on tax loss carry-forwards	–5,030	0	–459	0
Total	**–6,947**	**14,414**	**–4,541**	**6,221**

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 recognized for foreign tax loss carry-forwards of EUR 12,673 thousand (previous year: EUR 11,753 thousand) as no positive taxable income is expected in the near future. Furthermore, no deferred tax assets were recognized for domestic tax loss carry-forwards of EUR 528 thousand (previous year: EUR 298 thousand) as no positive taxable income is expected in the near future.

No deferred tax assets were recognized for temporary differences on investments by subsidiaries of EUR 217,464 thousand (previous year: EUR 192,715 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	1/3/2016 – 28/2/2017	1/3/2015 – 29/2/2016
Cost of raw materials, consumables and supplies and of purchased merchandise	–954,198	–824,210
Cost of purchased services	–93,616	–92,772
Total	**–1,047,814**	**–916,982**

19. PERSONNEL EXPENSES

Personnel expenses are made up as follows:

PERSONNEL EXPENSES

In EUR thousands	1/3/2016 – 28/2/2017	1/3/2015 – 29/2/2016
Wages and salaries	–162,397	–149,814
Social security contributions and other social expenses	–22,642	–22,564
Expenses for defined contribution plans	–11,091	–8,768
Expenses for defined benefit plans	–4,926	–5,499
Total	**–201,056**	**–186,645**

Expenses for defined benefit and defined contribution plans consist of 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, the Nordzucker Group had an average of 3,236 employees (previous year: 3,206 employees).

20. DEPRECIATION, AMORTIZATION AND IMPAIRMENT

Depreciation, amortization and impairment are made up as follows:

DEPRECIATION, AMORTIZATION AND IMPAIRMENT

In EUR thousands	1/3/2016 – 28/2/2017	1/3/2015 – 29/2/2016
Depreciation or amortization of intangible assets, property, plant and equipment, and investment property	–73,989	–73,702
Impairment of intangible assets, property, plant and equipment, and investment property	–20,942	–641
Total	**–94,931**	**–74,343**

Impairment losses in the reporting period relate mainly to write-downs of machinery and other technical equipment.

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 5,443 thousand (previous year: EUR 4,961 thousand) were recognized in the income statement. These expenses are attributed in full to the item 'Other expenses'.

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 capitalized within a finance lease under IAS 17 primarily include a storage reservoir in Stöcken, a water pipeline to Rosche (both in the district of Uelzen), as well as a silo in Saxkøbing and two co-generation plants, in Groß Munzel and Nordstemmen. The leased items are presented as technical plant and machinery.

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. In the Nordzucker Group, the impairment tests are performed by a cash-generating unit that contains all the Group's cash flows from sugar sales, as well as the related assets and liabilities.

In the reporting period and in the comparative period, an impairment test was performed for intangible assets and items of property, plant and equipment. The recoverable amount is based on the value in use in each case. The pre-tax interest rate used to discount the cash flows for this cash-generating unit was around 7.72 per cent (previous year: 7.47 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. No impairment charges were recognized in the reporting period or comparative period.

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 16 thousand (previous year: EUR 29 thousand) was generated, offset by expenses of EUR 10 thousand (previous year:

EUR 12 thousand). There were also expenses of EUR 52 thousand (previous year: EUR 35 thousand) for which there was no corresponding rental income.

The fair value of the property is EUR 7,753 thousand as of the reporting date (previous year: EUR 6,172 thousand). Fair value was determined on the basis of internal estimates using comparable properties.

No subsequent acquisition costs were capitalized 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. JOINT VENTURES ACCOUNTED FOR USING THE EQUITY METHOD

There were no joint ventures accounted for using the equity method that were individually or collectively material for the presentation of the net assets, financial position and earnings of the Nordzucker Group in either the reporting period or the same period of the previous year.

25.2. ASSOCIATES ACCOUNTED FOR USING THE EQUITY METHOD

August Töpfer Zuckerhandelsgesellschaft mbH & Co. KG was included as an associate using the equity method for the first time in the previous year.

There were no associates accounted for using the equity method that were individually or collectively material for the presentation of the net assets, financial position and earnings of the Nordzucker Group in either the reporting period or the same period of the previous year.

25.3. OTHER FINANCIAL INVESTMENTS

Financial assets in the measurement category 'Available-for-sale financial assets' as shown in other financial investments are recognized at the reporting date either 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 do not permit the Group to exercise significant influence over its operating and financial policy.

The Nordzucker Group received dividends of EUR 3,763 thousand in the reporting year (previous year: EUR 5,802 thousand).

CONSOLIDATED STATEMENT OF CHANGES IN NON-CURRENT ASSETS 2016/2017

Nordzucker AG, Braunschweig, Germany

	Cost or fair value					
in EUR thousands	As of 1/3/2016	Currency effects	Additions	Reclassifications	Disposals	As of 28/2/2017
Intangible assets						
Goodwill	0	0	5	0	0	5
Rights, patents and licences	52,289	50	211	0	–4	52,546
Internally generated intangible assets	2,720	2	0	0	–457	2,265
Other intangible assets	35,657	17	1,377	188	–1,990	35,249
Advance payments made	2,323	0	1,429	–209	–42	3,501
	92,989	**69**	**3,022**	**–21**	**–2,493**	**93,566**
Property, plant and equipment						
Land and buildings	455,620	–596	10,342	1,307	–1,149	465,524
Technical plant and machinery	1,737,370	–2,997	52,795	6,028	–33,959	1,759,237
Other plant, operating and office equipment	48,314	–20	3,717	–66	–4,343	47,602
Advance payments made and plant under construction	10,155	–21	14,389	–8,480	–18	16,025
	2,251,459	**–3,634**	**81,243**	**–1,211**	**–39,469**	**2,288,388**
Investment property	**4,667**	**0**	**0**	**1,838**	**–111**	**6,394**
	2,349,115	**–3,565**	**84,265**	**606**	**–42,073**	**2,388,348**

CONSOLIDATED STATEMENT OF CHANGES IN NON-CURRENT ASSETS 2015/16

Nordzucker AG, Braunschweig, Germany

	Cost or fair value					
In EUR thousands	As of 1/3/2015	Currency effects	Additions	Reclassifications	Disposals	As of 29/2/2016
Intangible assets						
Rights, patents and licences	53,878	–267	3	0	–1,325	52,289
Internally generated intangible assets	2,720	0	0	0	0	2,720
Other intangible assets	101,029	60	1,432	398	–67,262	35,657
Advance payments made	1,887	0	691	–255	0	2,323
	159,514	**–207**	**2,126**	**143**	**–68,587**	**92,989**
Property, plant and equipment						
Land and buildings	451,851	–1,651	3,774	2,667	–1,021	455,620
Technical plant and machinery	1,700,399	–1,883	41,139	6,895	–9,180	1,737,370
Other plant, operating and office equipment	47,040	–148	3,242	405	–2,225	48,314
Advance payments made and plant under construction	9,068	–39	9,794	–8,616	–52	10,155
	2,208,358	**–3,721**	**57,949**	**1,351**	**–12,478**	**2,251,459**
Investment property	**6,263**	**0**	**0**	**–1,529**	**–67**	**4,667**
	2,374,135	**–3,928**	**60,075**	**–35**	**–81,132**	**2,349,115**

	Accumulated depreciation, amortization and impairment							Carrying amounts	
As of 1/3/2016	Currency effects	Deprecia-tion, amor-tization	Impair-ment	Reversals of impair-ment	Reclassifi-cations	Disposals	As of 28/2/2017	As of 28/2/2017	As of 29/2/2016
0	0	0	–5	0	0	0	–5	0	0
–49,806	–50	–2,369	0	0	0	4	–52,221	325	2,483
–2,616	–2	–102	0	0	0	457	–2,263	2	104
–18,298	–16	–2,506	–689	0	16	1,861	–19,632	15,617	17,359
0	0	0	0	0	0	0	0	3,501	2,323
–70,720	**–68**	**–4,977**	**–694**	**0**	**16**	**2,322**	**–74,121**	**19,445**	**22,269**
–258,755	115	–8,006	–112	0	–74	868	–265,964	199,560	196,865
–1,120,161	1,620	–58,228	–19,879	0	977	30,546	–1,165,125	594,112	617,209
–37,733	16	–2,777	–4	0	269	4,252	–35,977	11,625	10,581
0	0	0	–253	0	0	0	–253	15,772	10,155
–1,416,649	**1,751**	**–69,011**	**–20,248**	**0**	**1,172**	**35,666**	**–1,467,319**	**821,069**	**834,810**
–1,738	**0**	**–1**	**0**	**105**	**–344**	**25**	**–1,953**	**4,441**	**2,929**
–1,489,107	**1,683**	**–73,989**	**–20,942**	**105**	**844**	**38,013**	**–1,543,393**	**844,955**	**860,008**

	Accumulated depreciation, amortization and impairment							Carrying amounts	
As of 1/3/2015	Currency effects	Deprecia-tion, amor-tization	Impair-ment	Reversals of impair-ment	Reclassifi-cations	Disposals	As of 29/2/2016	As of 29/2/2016	As of 28/2/2015
–48,544	253	–2,841	0	0	1	1,325	–49,806	2,483	5,334
–2,512	0	–104	0	0	0	0	–2,616	104	208
–83,135	–60	–2,278	0	0	–1	67,176	–18,298	17,359	17,894
0	0	0	0	0	0	0	0	2,323	1,887
–134,191	**193**	**–5,223**	**0**	**0**	**0**	**68,501**	**–70,720**	**22,269**	**25,323**
–250,876	484	–8,344	–73	653	–872	273	–258,755	196,865	200,975
–1,071,017	568	–57,677	–568	2	–2	8,533	–1,120,161	617,209	629,382
–37,602	111	–2,457	0	0	0	2,215	–37,733	10,581	9,438
–15	0	0	0	15	0	0	0	10,155	9,053
–1,359,510	**1,163**	**–68,478**	**–641**	**670**	**–874**	**11,021**	**–1,416,649**	**834,810**	**848,848**
–2,742	**0**	**–1**	**0**	**100**	**874**	**31**	**–1,738**	**2,929**	**3,521**
–1,496,443	**1,356**	**–73,702**	**–641**	**770**	**0**	**79,553**	**–1,489,107**	**860,008**	**877,692**

26. INVENTORIES

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

Write-downs and reversals of write-downs (write-backs) on inventories are recognized in the 'Production cost' item of the income statement. Write-downs of EUR 858 thousand (previous year: EUR 1,256 thousand) and write-backs of EUR 1,143 thousand (previous year: EUR 3,916 thousand) were recognized in the reporting year. Write-downs in the reporting period and the previous year mainly related to inventories damaged by fire and other damaged stocks.

27. TRADE RECEIVABLES

Trade receivables are made up as follows:

TRADE RECEIVABLES

In EUR thousands	28/2/2017	29/2/2016
Gross trade receivables	150,712	129,091
Write-downs on trade receivables	–1,320	–1,755
Balance sheet amount	**149,392**	**127,336**

Information on the default risks and the age structure of trade receivables is given in Note 43.2. Write-downs on trade receivables in the reporting period amounted to EUR 66 thousand (previous year: EUR 296 thousand).

28. RECEIVABLES FROM RELATED PARTIES

Receivables from related parties are made up as follows:

RECEIVABLES FROM RELATED PARTIES

In EUR thousands	28/2/2017	29/2/2016
Receivables from joint ventures	201	897
Receivables from other related parties	14	17
Balance sheet amount	**215**	**914**

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

29. FINANCIAL ASSETS

Financial assets are made up as follows:

FINANCIAL ASSETS

In EUR thousands	28/2/2017	29/2/2016
Securities held	34,996	0
Positive fair value of derivative financial instruments	4,982	1,509
Claims for damages	1,498	11,773
Other financial assets	5,166	7,232
Balance sheet amount	**46,642**	**20,514**

The securities held are fixed-income investments with a term of less than one year.

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

30. OTHER ASSETS

Other assets are made up as follows:

OTHER ASSETS

In EUR thousands	28/2/2017	29/2/2016
Receivables from other taxes	15,493	10,793
Miscellaneous other assets	11,765	28,795
Balance sheet amount	**27,258**	**39,588**

Miscellaneous other assets in the comparative period relate mainly to interest owed on the court-ordered repayment of production levies for prior years.

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 48 thousand (previous year: EUR 1,516 thousand). They only gave rise to immaterial income, expenses and cash flows in the reporting period and the previous year.

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 2017, the equity ratio came to 64.9 per cent (previous year: 63.5 per cent). The Executive Board will put a proposal at the Annual General Meeting to distribute a dividend of EUR 1.10 per share (previous year: EUR 0.10 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 RoCE and EBIT margin.

32.1. SUBSCRIBED CAPITAL

As of the reporting date, subscribed capital (ordinary share capital) remained unchanged at EUR 123,651,328.00 and was divided into 48,301,300 registered common shares. Subject to the approval of the Supervisory Board, the Executive Board is authorized to increase the ordinary share capital by up to 11.11 per cent or up to EUR 13,739,036.16 (authorized share capital).

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.

As of the reporting date, Nordzucker Holding AG, Braunschweig, Germany, had provided evidence that it held more than 50 per cent of the shares, with 83.77 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 ten 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	28/2/2017	29/2/2016
Remeasurement of defined benefit plans	–83,166	–88,185
Exchange differences on translating foreign operations	28,166	31,373
Net result of cash flow hedges	1,608	–1,032
Balance sheet amount	**–53,392**	**–57,844**

32.5. NON-CONTROLLING INTERESTS

Non-controlling interests exist primarily in the following companies:

NON-CONTROLLING INTERESTS

In EUR thousands	28/2/2017	29/2/2016
Sucros Oy	23,133	22,753
AB Nordic Sugar Kėdainiai	14,695	12,615
Norddeutsche Flüssigzucker GmbH & Co. KG	2,328	2,282
Považský Cukor a.s.	1,472	1,452
Nordzucker Polska S.A.	103	82
Matra Cukor Ztr.	0	2
Balance sheet amount	**41,731**	**39,186**

Total net income for the period attributable to non-controlling interests, amounting to EUR 2,661 thousand, came largely from AB Nordic Sugar Kedainiai (EUR 2,079 thousand), Sucros Oy (EUR 387 thousand) and Norddeutsche Flüssigzucker GmbH & Co. KG (EUR 155 thousand).

In the previous year, total net income for the period attributable to non-controlling interests of EUR –675 thousand came mainly from Norddeutsche Flüssigzucker GmbH & Co. KG (EUR 164 thousand), Sucros Oy (EUR –739 thousand) and Považský Cukor a.s. (EUR –122 thousand).

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.

Pension 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 has concluded an additional pension commitment with a pension fund for some of the benefit plans. 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 defined 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 11,091 thousand (previous year: EUR 8,768 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

	2016/17 reporting period		2015/16 comparative period	
%	**Domestic**	**Foreign**	Domestic	Foreign
Discount rate	1.80	2.10	1.80	2.30
Salary increase	2.50	2.50	2.50	3.00
Pension increase	1.50	1.70	1.50	1.50

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

With a discount rate of 1.8 per cent (previous year: 1.8 per cent), the duration of domestic obligations was 20.2 years (previous year: 21.1 years). With a discount rate of 2.1 per cent (previous year 2.3 per cent), the duration of foreign obligations was 13.0 years (previous year: 14.0 years).

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

		2016/17 reporting period		2015/16 comparative period	
%		**Domestic**	**Foreign**	Domestic	Foreign
Discount rate					
	+0.5	–7.81	–5.79	–7.86	–6.00
	–0.5	8.92	6.42	8.97	6.67
Salary increase					
	+0.5	0.44	1.35	0.47	1.40
	–0.5	–0.42	–1.30	–0.45	–1.26
Pension increase	+0.5	4.63	5.40	4.76	5.68
	–0.5	–4.26	–4.99	–4.38	–5.23

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

CHANGE IN PENSION PROVISIONS

	Defined benefit obligation			Plan assets			Net liability
In EUR thousands	Domestic	Foreign	Total	Domestic	Foreign	Total	Total
As of 1/3/2015	**253,414**	**53,491**	**306,905**	**69,073**	**7,190**	**76,263**	**230,642**
Service cost	4,993	506	5,499	/	/	/	5,499
Interest expense/interest income	4,055	855	4,910	1,105	103	1,208	3,702
Other value changes	0	–13	–13	0	0	0	–13
Total recognized on the income statement	**9,048**	**1,348**	**10,396**	**1,105**	**103**	**1,208**	**9,188**
Return on plan assets	/	/	/	–12,808	–648	–13,456	13,456
Actuarial gains/losses	–10,914	–3,181	–14,095	/	/	/	–14,095
Total remeasurements (not recorded in the income statement)	**–10,914**	**–3,181**	**–14,095**	**–12,808**	**–648**	**–13,456**	**–639**
Payments made for reinsurance	/	/	/	102	35	137	–137
Reimbursements from reinsurance	/	/	/	–5,157	–635	–5,792	5,792
Pension payments made	–8,850	–2,756	–11,606	0	0	0	–11,606
Exchange rate differences and other adjustments	/	115	115	/	0	0	115
As of 29/2/2016	**242,698**	**49,017**	**291,715**	**52,315**	**6,045**	**58,360**	**233,355**
Service cost	4,419	507	4,926	/	/	/	4,926
Interest expense/interest income	4,369	932	5,301	1,174	95	1,269	4,032
Other value changes	0	0	0	0	0	0	0
Total recognized on the income statement	**8,788**	**1,439**	**10,227**	**1,174**	**95**	**1,269**	**8,958**
Return on plan assets	/	/	/	838	–37	801	–801
Actuarial gains/losses	–2,509	–3,479	–5,988	/	/	/	–5,988
Total remeasurements (not recorded in the income statement)	**–2,509**	**–3,479**	**–5,988**	**838**	**–37**	**801**	**–6,789**
Payments made for reinsurance	/	/	/	152	1	153	–153
Reimbursements from reinsurance	/	/	/	–5,331	–648	–5,979	5,979
Pension payments made	–8,856	–2,836	–11,692	0	0	0	–11,692
Exchange rate differences and other adjustments	/	–507	–507	/	0	0	–507
As of 28/2/2017	**240,121**	**43,634**	**283,755**	**49,148**	**5,456**	**54,604**	**229,151**

The actuarial losses in the reporting period were primarily attributable to differences between the forecast and actual mortality; furthermore, actuarial losses were recognized as a result of changes to the financial assumptions (discount rate, pension increase) abroad. The actuarial losses in the previous year were primarily attributable to changes in the discount rate.

For the 2017/2018 reporting period, contributions to plan assets are expected to amount to EUR 693 thousand (previous year: EUR 719 thousand).

34. OTHER PROVISIONS

Other provisions are made up as follows:

OTHER PROVISIONS

In EUR thousands	As of 29/2/2016	Exchange rate effects	Additions/ reclassifications	Usage	Reversal	**As of 28/2/2017**
Litigation risks and risk provisions	43,424	0	10,047	–5,051	–1,259	47,161
Staff-related provisions	21,229	13	18,489	–14,982	–428	24,321
Provisions for suppliers and customers	6,332	–1	7,748	–4,616	–1,716	7,747
Miscellaneous other provisions	24,989	–52	7,911	–1,956	–1,176	29,716
Balance sheet amount	**95,974**	**–40**	**44,195**	**–26,605**	**–4,579**	**108,945**

Provisions for litigation risks and other risks were mainly made to reflect the risks of various ongoing legal proceedings and other legal risks. Additions recognized in the reporting period relate to forecast legal consultancy fees, among others.

Staff-related provisions consist mainly of provisions for profit-sharing, bonuses and other gratuities, holiday and flexitime entitlements and partial early retirement, as well as for early retirement and severance pay obligations.

Provisions for suppliers and customers relate to variable payments to beet suppliers and to bonus and commission payments to customers.

Miscellaneous other provisions partly relate 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 made in the reporting period for outstanding invoices and other anticipated expenses.

35. FINANCIAL LIABILITIES

Financial liabilities are made up as follows:

FINANCIAL LIABILITIES

In EUR thousands	28/2/2017	29/2/2016
Liabilities to banks	11,793	5,400
Liabilities from finance leases	1,748	2,008
Balance sheet amount	**13,541**	**7,408**

A syndicated loan has been taken out for an initial 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 344,500 thousand, of which EUR 344,500 thousand was unused in the reporting period.

Interest on the revolving credit partly depends on a certain financial indicator (EBITDA in relation to debt).

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	28/2/2017	29/2/2016
Liabilities towards sugar beet suppliers	135,253	97,762
Other trade payables	87,485	85,440
Balance sheet amount	**222,738**	**183,202**

37. LIABILITIES TOWARDS RELATED PARTIES

Liabilities towards related parties are made up as follows:

LIABILITIES TOWARDS RELATED PARTIES

In EUR thousands	28/2/2017	29/2/2016
Liabilities towards joint ventures	5,926	6,062
Liabilities towards other related parties	26,905	31,822
Balance sheet amount	**32,831**	**37,884**

38. OTHER FINANCIAL LIABILITIES

Other financial liabilities are made up as follows:

OTHER FINANCIAL LIABILITIES

In EUR thousands	28/2/2017	29/2/2016
Negative fair value of derivative financial instruments	1,289	7,477
Miscellaneous financial liabilities	2,949	11,771
Balance sheet amount	**4,238**	**19,248**

Miscellaneous financial liabilities include payments of EUR 0 thousand (previous year: EUR 10,026 thousand) received for trade receivables sold as part of the ABS programme. These proceeds are owed to the purchaser of the receivables.

39. OTHER LIABILITIES

Other liabilities are made up as follows:

OTHER LIABILITIES

In EUR thousands	28/2/2017	29/2/2016
Outstanding social security contributions	18,893	17,869
Investment grants, subsidies and other support payments	5,701	9,631
Deferrals	2,665	2,529
Advance payments received for orders	201	75
Miscellaneous other liabilities	8,797	25,813
Balance sheet amount	**36,257**	**55,917**

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

In the reporting year and the previous year, the miscellaneous other liabilities primarily comprised tax liabilities. In the previous year, they also included liabilities from interest income on the court-ordered repayment of production levies for prior years.

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 year and the previous year.

Dividends of EUR 3,763 thousand (previous year: EUR 5,802 thousand) received in the reporting period were accounted for within cash flow from operating activities.

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	As of 28/2/2017	Amortized cost	Cost	Fair value	Fair value	Amortized cost	Fair value
Non-current assets							
Other financial investments	23,040	0	23,040	0	0	/	0
Financial assets	0	0	0	0	0	/	0
Current assets							
Trade receivables	149,392	149,392	0	0	/	/	/
Receivables from related parties	215	215	0	0	/	/	/
Financial assets	46,642	36,494	0	0	2,957	/	7,191
Cash and cash equivalents	321,814	321,814	/	0	0	/	/
Non-current liabilities							
Financial liabilities	1,471	/	/	/	0	1,471	0
Liabilities towards related parties	5,500	/	/	/	0	5,500	0
Other financial liabilities	0	/	/	/	0	0	0
Current liabilities							
Financial liabilities	12,070	/	/	/	0	12,070	0
Trade payables	222,738	/	/	/	0	222,738	0
Liabilities towards related parties	27,331	/	/	/	0	27,331	0
Other financial liabilities	4,238	/	/	/	1,289	2,949	0
Total assets	**541,103**	**507,915**	**23,040**	**0**	**2,957**	**/**	**7,191**
Total liabilities	**273,348**	**/**	**/**	**/**	**1,289**	**272,059**	**0**

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 amortized 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	As of 29/2/2016	Amortized cost	Cost	Fair value	Fair value	Amortized cost	Fair value
Non-current assets							
Other financial investments	23,906	0	23,906	0	0	/	0
Financial assets	0	0	0	0	0	/	0
Current assets							
Trade receivables	127,336	127,336	0	0	/	/	/
Receivables from related parties	914	914	0	0	/	/	/
Financial assets	20,514	11,773	0	0	1,411	/	7,330
Cash and cash equivalents	171,781	171,781	/	0	0	/	/
Non-current liabilities							
Financial liabilities	7,147	/	/	/	0	7,147	0
Liabilities towards related parties	5,500	/	/	/	0	5,500	0
Other financial liabilities	18	/	/	/	0	18	0
Current liabilities							
Financial liabilities	261	/	/	/	0	261	0
Trade payables	183,202	/	/	/	0	183,202	0
Liabilities towards related parties	32,384	/	/	/	0	32,384	0
Other financial liabilities	19,230	/	/	/	7,231	11,753	246
Total assets	**344,451**	**311,804**	**23,906**	**0**	**1,411**	**/**	**7,330**
Total liabilities	**247,742**	**/**	**/**	**/**	**7,231**	**240,265**	**246**

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 amortized 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 on the reporting date.

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 reporting date are the same.

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

NET GAINS OR LOSSES FROM FINANCIAL INSTRUMENTS

in EUR thousands	**1/3/2016 – 28/2/2017**	1/3/2015 – 29/2/2016
Loans and receivables (LaR)	2,009	1,311
Available-for-sale financial assets (AfS)	3,826	5,860
Financial assets/liabilities at fair value through profit or loss (FAFVPL/FLFVPL)	–5,111	4
Financial liabilities measured at amortized cost (FLAC)	–3,096	–2,394
Total	**–2,372**	**4,781**

Changes in the market value of derivative financial instruments are recognized under financial asset/liabilities at fair value through profit or loss. They are presented in the income statement under 'Financial income' or 'Financial expenses', and also under 'Revenues' and 'Production costs'.

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 recognized 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 recognized in the income statement under 'Financial income' or 'Financial expenses'.

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

Within the income statement, the 'Financial income' or 'Financial expenses' item includes interest income of EUR 1,293 thousand (previous year: EUR 995 thousand) and interest expense of EUR 3,096 thousand (previous year: EUR 2,394 thousand) from financial instruments not measured at fair value through profit and loss.

In the reporting period and comparative period, there was 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 organizing risk management processes applies to all types of risk.

Nordzucker has also installed an adequate reporting system in line with the EU regulation EMIR, which came into effect on 12 March 2014. In accordance with the legal requirements of Sec. 20 paragraph 1 WpHG (German Securities Trading Act), the Nordzucker Group had this system audited during the reporting period by a firm of German public auditors and was not notified of any objections.

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 mostly 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 relevant reporting date.

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 28/2/2017							
Other financial investments	23,040	23,040	0	0	0	0	0
Financial assets (excluding derivative financial instruments), receivables from related parties	41,875	41,875	0	0	0	0	0
Trade receivables	149,392	141,584	6,638	337	59	263	379
Total	**214,307**	**206,499**	**6,638**	**337**	**59**	**263**	**379**
As of 29/2/2016							
Other financial investments	23,906	23,906	0	0	0	0	0
Financial assets (excluding derivative financial instruments), receivables from related parties	19,919	19,919	0	0	0	0	0
Trade receivables	127,336	112,853	12,390	819	429	14	339
Total	**171,161**	**156,678**	**12,390**	**819**	**429**	**14**	**339**

For the portion of the receivables portfolio which has neither been impaired nor is past due there is no indication as of the reporting date 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 215,627 thousand (previous year: (EUR 172,916 thousand). Impairments of EUR 66 thousand (previous year: EUR 296 thousand) were recognized in the reporting period.

The Nordzucker Group did not provide or receive 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 and short-term credit lines are available to meet all obligations when they are due.

The following table shows contractually agreed (undiscounted) interest and capital repayments – also categorized 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 28/2/2017					
Financial liabilities	13,541	–14,067	–12,209	–1,173	–685
Trade payables	222,738	–222,738	–222,738	0	0
Other financial liabilities, liabilities towards related parties	35,780	–35,883	–30,383	–5,500	0
Derivative financial liabilities	1,289	–1,289	–1,289	0	0
Derivative financial assets	–4,982	4,982	4,982	0	0
Total	**268,366**	**–268,995**	**–261,637**	**–6,673**	**–685**
As of 29/2/2016					
Financial liabilities	7,408	–8,039	–391	–6,696	–952
Trade payables	183,202	–183,202	–183,202	0	0
Other financial liabilities, liabilities towards related parties	49,655	–50,029	–44,511	–5,518	0
Derivative financial liabilities	7,477	–7,477	–7,477	0	0
Derivative financial assets	–1,509	1,509	1,509	0	0
Total	**246,233**	**–247,238**	**–234,072**	**–12,214**	**–952**

The term to maturity analysis includes all instruments held for which payments have been contractually agreed as of the reporting date. 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 categorized 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 on the reporting date would have on the net income for the period and on the equity of the Nordzucker Group. The effects are determined by applying a hypothetical change of ten per cent in the exchange rates to the amount of the relevant items in foreign currencies (the net risk position in the foreign currency) as of the reporting date. It is assumed that the exposure at the reporting date 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 krone are only exposed to an insignificant exchange rate risk, as the country is 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 Swedish krone, Polish zloty or Danish krone are insignificant, as the amounts involved are minor.

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 on the reporting date would have on the result for the period and on equity.

In the reporting and comparative periods, 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.

In terms of its investments, the Nordzucker Group has been faced by a new development across Europe since the 2015/2016 financial year. The new reserve policy of the European Central Bank and other central banks, entailing negative interest rates on banks' reserve facilities, resulted in increasing pressure on the interest rates paid on the credit balances of corporate clients. A number of institutes are already demanding negative interest rates on deposits. The Nordzucker Group responded to this trend early on and remains in a position that gives it considerable scope to invest money without negative interest rates. In addition, the Nordzucker Group now also invests cash and cash equivalents in money market securities. While taking acceptable risks, the aim here is to limit expenses caused by negative interest rates.

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 prices for sugar, energy sources and the related CO_2 emissions.

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 reporting date, 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 recognized in profit and 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.

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

In order to protect itself from fluctuations in the consolidated net income for the period due to oil price and exchange rate movements, Nordzucker has designated the future purchase of oil (expected transactions in October, November, December 2017) as underlying transactions within the framework of cash flow hedges. The hedging instruments used are forward transactions on commodities (oil futures) and currency futures, which had positive fair values totalling EUR 2,025 thousand as of the reporting date. During the reporting period, income after deferred taxes of EUR 1,579 thousand was recognized outside of profit or loss (i.e. in other comprehensive income in the statement of comprehensive income). No amounts were recognized in the income statement as ineffective components of hedging relationships in the reporting period.

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 earnings.

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, joint ventures and associates 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	28/2/2017	29/2/2016
Balance sheet		
Receivables from related parties	215	914
Liabilities towards related parties	32,831	37,884
Income statement		
Services provided to related parties	519	508
Net financial result	–240	–85

In the reporting period, receivables from related parties of EUR 164 thousand were owed mainly by August Töpfer Zuckerhandelsgesellschaft mbH & Co. KG. In the comparative period, receivables from related parties of EUR 779 thousand were mainly owed by August Töpfer Zuckerhandelsgesellschaft mbH & Co. KG, with a further EUR 92 thousand owed by NP Sweet A/S.

Of the liabilities towards related parties in the reporting period, EUR 9,448 thousand was owed to Nordzucker Holding AG, Braunschweig, EUR 3,417 thousand to SWEETGREDIENTS GmbH & Co. KG, Nordstemmen, EUR 5,846 thousand to MEF Melasse-Extraktion Frellstedt GmbH, Frellstedt, and EUR 12,759 thousand to Union Zucker Südhannover GmbH, Nordstemmen. Of the liabilities towards related parties in the comparative period, EUR 10,234 thousand was owed to Nordzucker Holding AG, Braunschweig, EUR 3,427 thousand to SWEETGREDIENTS GmbH & Co. KG, Nordstemmen, EUR 6,062 thousand to MEF Melasse-Extraktion Frellstedt GmbH, Frellstedt, and EUR 17,055 thousand to Union Zucker Südhannover GmbH, Nordstemmen.

Nordzucker Holding AG and Union Zucker Südhannover GmbH are 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

As of the reporting dates in the reporting year and the previous year, there were no contingent liabilities towards third parties outside the Group.

46. OTHER FINANCIAL OBLIGATIONS

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

OTHER FINANCIAL OBLIGATIONS

in EUR thousands	28/2/2017	29/2/2016
Purchase commitments for property, plant and equipment	16,692	11,852
Purchase commitments for intangible assets	66	690
Obligations from finance leases	2,249	2,639
Obligations from operating leases	9,736	9,478
Total	**28,743**	**24,659**

As of the reporting date, 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	391	1,173	685	**2,249**
Future payments for operating leases	4,630	5,106	0	**9,736**

As of the reporting date, 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
Principal repayments	277	865	616	**1,758**
Interest	114	308	69	**491**
Payment	**391**	**1,173**	**685**	**2,249**

47. AUDITORS' FEES

Companies in the Nordzucker Group purchased services for EUR 379 thousand (previous year: EUR 388 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 2 thousand (previous year: EUR 27 thousand) and other services for EUR 76 thousand (previous year: EUR 165 thousand).

48. SUPERVISORY BOARD AND EXECUTIVE BOARD

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

SUPERVISORY BOARD

Shareholder representatives
Hans-Christian Koehler,
farmer, Barum,
Chairman

Jochen Johannes Juister,
farmer, Nordhastedt
Deputy Chairman

Helmut Bleckwenn,
farmer, Garmissen

Gerhard Borchert,
farmer, Brome

Hans Jochen Bosse,
farmer, Ohrum

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

Joachim Engelke,
farmer, Giesen OT Hasede

Michael Gerlif,
management consultant, Cologne

Friedrich Christoph Heins,
farmer, Uehrde

Dr Harald Isermeyer,
farmer, Vordorf

Dr Hans Theo Jachmann,
agricultural engineer, Limeshain

Rainer Knackstedt,
farmer, Dedeleben

Matts Eskil Rosendahl (until 7/7/2016),
consultant, Svartsjö, Sweden

Dr Carin-Martina Tröltzsch (from 8/7/2016),
Managing Director of DuPont Deutschland Holding GmbH & Co. KG, Bad Homburg v.d. Höhe

Grit Worsch,
Chairwoman of the Executive Board of Volksbank Osterburg-Lüchow-Dannenberg eG, Woltersdorf

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,
headquarters of Nordzucker AG

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

EXECUTIVE BOARD

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

Axel Aumüller,
Braunschweig, Chief Operating Officer

Dr Lars Gorissen,
Braunschweig, Chief Agriculture Officer

Dr Michael Noth,
Braunschweig, Chief Financial 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, plus any special remuneration, 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, as well as any special remuneration). Since the 2016/2017 reporting period, the variable remuneration paid to Executive Board members has been calculated based on a one-year observation period and taking key indicators that are relevant for control purposes into account. Notwithstanding the description in paragraph 4.2.3 of the German Corporate Governance Code (GCGC) (version dated 5 May 2015), which is based on the legal provision for listed companies set out in Sec. 87 paragraph 1 AktG, the variable remuneration components following the change in the system of remuneration as of 1 March 2016 do not include a long-term assessment basis.

This results in the following remuneration for the individual members of the Executive Board as well as for former Executive Board member Mats Liljestam for the 2015/2016 comparative period and for the 2016/2017 reporting period:

REMUNERATION OF EXECUTIVE BOARD MEMBERS 2016/2017

HARTWIG FUCHS
CHAIRMAN OF THE EXECUTIVE BOARD SINCE 1 FEBRUARY 2010

EUR	2015/16	2016/17	2016/17 Minimum	2016/17 Maximum	2015/16 Allocation	2016/17 Allocation
Fixed remuneration	575,000	750,000	750,000	750,000	575,000	750,000
Fringe benefits	17,643	19,531	19,531	19,531	17,643	19,531
Total	**592,643**	**769,531**	**769,531**	**769,531**	**592,643**	**769,531**
One-year variable remuneration	108,793	213,750	0	250,000	51,502	108,793
Long-term variable remuneration						
LTI (period from 2012/13 to 2014/15)	0	0	0	0	219,767	0
LTI (period from 2013/14 to 2015/16)	157,178	0	0	0	0	157,178
Miscellaneous	0	0	0	0	0	0
Total	**265,971**	**213,750**	**0**	**250,000**	**271,269**	**265,971**
Retirement benefit expenses	160,000	160,000	160,000	160,000	160,000	160,000
Total remuneration	**1,018,614**	**1,143,281**	**929,531**	**1,179,531**	**1,023,912**	**1,195,502**

AXEL AUMÜLLER
MEMBER OF THE EXECUTIVE BOARD SINCE 9 NOVEMBER 2009

EUR	2015/16	2016/17	2016/17 Minimum	2016/17 Maximum	2015/16 Allocation	2016/17 Allocation
Fixed remuneration	400,000	550,000	550,000	550,000	400,000	550,000
Fringe benefits	18,615	19,363	19,363	19,363	18,615	19,363
Total	**418,615**	**569,363**	**569,363**	**569,363**	**418,615**	**569,363**
One-year variable remuneration	75,682	149,625	0	175,000	35,827	75,682
Long-term variable remuneration						
LTI (period from 2012/13 to 2014/15)	0	0	0	0	152,881	0
LTI (period from 2013/14 to 2015/16)	109,342	0	0	0	0	109,342
Miscellaneous	0	0	0	0	0	0
Total	**185,024**	**149,625**	**0**	**175,000**	**188,708**	**185,024**
Retirement benefit expenses	125,000	125,000	125,000	125,000	125,000	125,000
Total remuneration	**728,639**	**843,988**	**694,363**	**869,363**	**732,323**	**879,387**

DR LARS GORISSEN
MEMBER OF THE EXECUTIVE BOARD SINCE 1 MARCH 2014

EUR	2015/16	2016/17	2016/17 Minimum	2016/17 Maximum	2015/16 Allocation	2016/17 Allocation
Fixed remuneration	350,000	550,000	550,000	550,000	350,000	550,000
Fringe benefits	15,287	15,737	15,737	15,737	15,287	15,737
Total	**365,287**	**565,737**	**565,737**	**565,737**	**365,287**	**565,737**
One-year variable remuneration	66,222	149,625	0	175,000	29,110	66,222
Long-term variable remuneration						
LTI (period from 2012/13 to 2014/15)	0	0	0	0	124,216	0
LTI (period from 2013/14 to 2015/16)	95,674	0	0	0	0	95,674
Miscellaneous	0	0	0	0	0	0
Total	**161,896**	**149,625**	**0**	**175,000**	**153,326**	**161,896**
Retirement benefit expenses	125,000	125,000	125,000	125,000	125,000	125,000
Total remuneration	**652,183**	**840,362**	**690,737**	**865,737**	**643,613**	**852,633**

DR MICHAEL NOTH
MEMBER OF THE EXECUTIVE BOARD SINCE 16 AUGUST 2009

EUR	2015/16	2016/17	2016/17 Minimum	2016/17 Maximum	2015/16 Allocation	2016/17 Allocation
Fixed remuneration	400,000	585,000	585,000	585,000	400,000	585,000
Fringe benefits	16,796	17,261	17,261	17,261	16,796	17,261
Total	**416,796**	**602,261**	**602,261**	**602,261**	**416,796**	**602,261**
One-year variable remuneration	75,682	149,625	0	175,000	35,827	75,682
Long-term variable remuneration						
LTI (period from 2012/13 to 2014/15)	0	0	0	0	152,881	0
LTI (period from 2013/14 to 2015/16)	109,342	0	0	0	0	109,342
Miscellaneous	0	0	0	0	0	0
Total	**185,024**	**149,625**	**0**	**175,000**	**188,708**	**185,024**
Retirement benefit expenses	125,000	125,000	125,000	125,000	125,000	125,000
Total remuneration	**726,820**	**876,886**	**727,261**	**902,261**	**730,504**	**912,285**

MATS LILJESTAM
MEMBER OF THE EXECUTIVE BOARD UNTIL 25 DECEMBER 2015

EUR	2015/16	**2016/17**	2016/17 Minimum	2016/17 Maximum	2015/16 Allocation	2016/17 Allocation
Fixed Total	400,000	166,667	166,667	166,667	400,000	166,667
Fringe benefits	2,601	912	912	912	2,601	912
Total	**402,601**	**167,579**	**167,579**	**167,579**	**402,601**	**167,579**
One-year variable remuneration	35,827	9,270	0	9,270	35,827	45,097
Long-term variable remuneration						
LTI (period from 2012/13 to 2014/15)	0	0	0	0	152,881	0
LTI (period from 2013/14 to 2015/16)	95,186	0	0	0	0	95,186
LTI (period from 2014/15 to 2016/17)	0	15,671	0	15,671	0	15,671
Miscellaneous	0	0	0	0	0	0
Total	**131,013**	**24,941**	**0**	**24,941**	**188,708**	**155,954**
Retirement benefit expenses	125,000	27,783	27,783	27,783	125,000	27,783
Total remuneration	**658,614**	**220,303**	**195,362**	**220,303**	**716,309**	**351,316**

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 811 thousand (previous year: EUR 802 thousand). Nordzucker AG recognized provisions of EUR 11,891 thousand (previous year: EUR 12,267 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.

The above tables on Executive Board remuneration correspond to the tables recommended in the German Corporate Governance Code as of the last financial year (Recommendation 4.2.5 of the GCGC in conjunction with the sample tables).

The first column shows the Executive Board remuneration granted in the 2015/2016 comparative period. This remuneration is broken down into (i) fixed remuneration, (ii) fringe benefits (such as the provision of company cars), (iii) one-year variable remuneration, (iv) long-term variable remuneration, (v) miscellaneous and (vi) retirement benefit expenses.

The second column indicates the Executive Board remuneration for the 2016/2017 reporting year, which is broken down in the same way.

The third and fourth columns present the minimum and maximum Executive Board remuneration attainable for the 2016/2017 reporting period. In respect of the fixed remuneration, the fringe benefits and the retirement benefit expenses, the minimum and maximum remuneration, as well as the actual remuneration granted, are identical. In respect of the one-year variable remuneration, the minimum amount is zero.

In respect of the long-term variable remuneration, both the minimum and the maximum amount for the members of the Executive Board have been zero since the 2016/2017 reporting year, as no long-term variable remuneration has been granted following the change in the system of remuneration.

The fifth column shows the actual allocation in the 2015/2016 comparative year and the sixth column shows the actual allocation in the 2016/2017 reporting period. Variable remuneration in particular is paid out in the following financial year (i.e. the variable remuneration for the 2015/2016 comparative period is paid out in the 2016/2017 reporting year. As a result, the amounts shown in the fifth (and sixth) columns deviate from those shown in the first (and second) columns.

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 and the Chairmen of committees as well as those participating in them receive additional remuneration (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 18,000 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 2016/2017 reporting period will be EUR 1.10 per share (2015/2016 reporting period: EUR 0.10; 2014/2015 reporting period: EUR 0.10). The amount of variable remuneration is limited to the amount of fixed salary. The Chairman of the Supervisory Board receives 2.5 times the total of fixed and variable remuneration for an ordinary member, while the Deputies and the Chairman of the Committee each receive 1.4 times the remuneration of an ordinary member, and committee members receive 1.2 times the remuneration of an ordinary member. If a member of the Supervisory Board occupies more than one of these positions, the increased rate of remuneration only applies once. In addition, every member of the Supervisory Board receives an attendance fee of EUR 300 for attending each meeting 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 2016/2017 reporting period:

REMUNERATION OF SUPERVISORY BOARD MEMBERS 2016/17

EUR	Fixed remu-neration*	Variable remu-neration*	Total	Factor	Pro rata	**Total remu-neration**	**Attend-ance fee***	**Total**	**Total previous year**
Hans-Christian Koehler	18,000	3,960	21,960	2.5	365/365	54,900	5,700	60,600	62,850
Jochen Johannes Juister	18,000	3,960	21,960	1.4	365/365	30,744	4,500	35,244	34,903
Dieter Woischke	18,000	3,960	21,960	1.4	365/365	30,744	3,900	34,644	35,700
Michael Gerlif	18,000	3,960	21,960	1.4	365/365	30,744	4,500	35,244	36,900
Dr Harald Isermeyer	18,000	3,960	21,960	1.2	365/365	26,352	4,500	30,852	33,300
Marina Strootmann	18,000	3,960	21,960	1.2	365/365	26,352	3,000	29,352	30,600
Ulf Gabriel	18,000	3,960	21,960	1.2	365/365	26,352	3,000	29,352	30,900
Sigrun Krussmann	18,000	3,960	21,960	1.2	365/365	26,352	3,900	30,252	30,900
Hans Jochen Bosse	18,000	3,960	21,960	1.2	365/365	26,352	3,000	29,352	30,600
Grit Worsch	18,000	3,960	21,960	1.2	365/365	26,352	3,000	29,352	27,404
Gerhard Borchert	18,000	3,960	21,960	1.0	365/365	21,960	2,400	24,360	25,500
Helmut Bleckwenn	18,000	3,960	21,960	1.0	365/365	21,960	2,400	24,360	24,300
Dr Karl-Heinz Engel	18,000	3,960	21,960	1.0	365/365	21,960	1,500	23,460	24,300
Joachim Engelke	18,000	3,960	21,960	1.0	365/365	21,960	1,800	23,760	15,216
Friedrich Christoph Heins	18,000	3,960	21,960	1.0	365/365	21,960	1,800	23,760	14,916
Dr Hans Theo Jachmann	18,000	3,960	21,960	1.0	365/365	21,960	2,100	24,060	25,500
Olaf Joern	18,000	3,960	21,960	1.0	365/365	21,960	1,800	23,760	24,600
Rainer Knackstedt	18,000	3,960	21,960	1.0	365/365	21,960	1,200	23,160	24,300
Marie Lohel	18,000	3,960	21,960	1.0	365/365	21,960	1,800	23,760	24,600
Dr Carin-Martina Tröltzsch (8/7/2016 – 28/2/2017)	18,000	3,960	21,960	1.0	236/365	14,199	900	15,099	/
Gerd von Glowczewski	18,000	3,960	21,960	1.0	365/365	21,960	1,800	23,760	24,000
Matts Eskil Rosendahl (1/3 – 7/7/2016)	18,000	3,960	21,960	1.0	129/365	7,761	900	8,661	24,600
Total						**546,804**	**59,400**	**606,204**	**605,889**

* 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 23 thousand (previous year: EUR 25 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 2017, members of the Supervisory Board and related parties held under 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 of Nordzucker AG for the 2016/2017 reporting period show a net distributable profit of EUR 53,131,430.00. The Executive Board proposes to use this net distributable profit to pay a dividend for the 2016/2017 reporting period (EUR 1.10 per share with dividend entitlement).

51. EVENTS AFTER THE REPORTING PERIOD

No significant events occurred after the reporting period.

Braunschweig, Germany, 20 April 2017

The Executive Board

Hartwig Fuchs	Axel Aumüller
Dr Michael Noth	Dr Lars Gorissen

LIST OF INVESTMENTS

Nordzucker AG, Braunschweig, as of 28 February 2017

		Shareholding		
		direct	indirect	
	Shortened form	%	%	via companies
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 Services GmbH & Co. KG (Braunschweig, Germany)	NZ Services KG	100		
Nordzucker Polska S.A. (Opalenica, Poland)	NZ Polska	99.87		
Považský Cukor a.s. (Trencianska Tepla, Slovakia)	Povazsky	96.798		
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
AB Nordic Sugar Kedainiai (Kèdainiai, Lithuania)	NS Kedainiai		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		
Joint ventures accounted for using the equity method				
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
Associates accounted for using the equity method				
August Töpfer Zuckerhandelsgesellschaft mbH & Co. KG (Hamburg, Germany)	ATZU	25		

		Shareholding		
		direct	indirect	
	Shortened form	%	%	via companies
Non-consolidated subsidiaries				
NZ Dritte Vermögensverwaltungsgesellschaft mbH (Braunschweig, Germany)	NZ 3. VVG	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		
Nordzucker Services Verwaltungs-GmbH (Braunschweig, Germany)	NZ Services GmbH	100		
Nordic Sugar SIA (Riga, Latvia)	NS SIA		100	NS AS
Nordic Sugar UAB i.L. (Vilnius, Lithuania)	NS UAB		100	NS AS
Joint ventures not accounted for using the equity method				
Ingolf Wesenberg & Co. AS (Oslo, Norway)	IW AS		50	NS AS
Associates not accounted for using the equity method				
August Töpfer Verwaltungs GmbH (Hamburg, Germany)	ATV	25		
Other non-consolidated investments				
Tereos TTD, a.s. (Dobrovice, Czech Republic)	TTD	35.38		
Tropical Cubes Co. Ltd. (Morcellement St André, Mauritius)	TC		12.5	ATZU
C.I. Food Colombia S.A.S. (Yumbo, Colombia)	CIF		12.5	ATZU
H.S.T. Hamburg Sugar Terminal GmbH & Co. KG (Hamburg, Germany)	HST		16.668	ATZU
Verwaltungsgesellschaft H.S.T. Hamburg Sugar Terminal mbH (Hamburg, Germany)	VHST		16.668	ATZU

AUDIT OPINION

We have audited the consolidated financial statements prepared by Nordzucker AG, Braunschweig, comprising the balance sheet, the income statement, the notes to the consolidated financial statements, the cash flow statement, and the statement of changes in equity [and segment reporting], together with the group management report for the fiscal year from 1 March 2016 to 28 February 2017. The preparation of the consolidated financial statements and the group management report in accordance with IFRS as adopted by the EUR, and the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB are the responsibility of the Company's management. Our responsibility is to express an opinion on the consolidated financial statements and 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 [German] principles of proper accounting 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 IFRS 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 German principles of proper accounting. 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 relating to future development.

Hanover, 28 of April 2017

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Dr Janze	Bienen
Wirtschaftsprüfer	Wirtschaftsprüferin
[German Public Auditor]	[German Public Auditor]