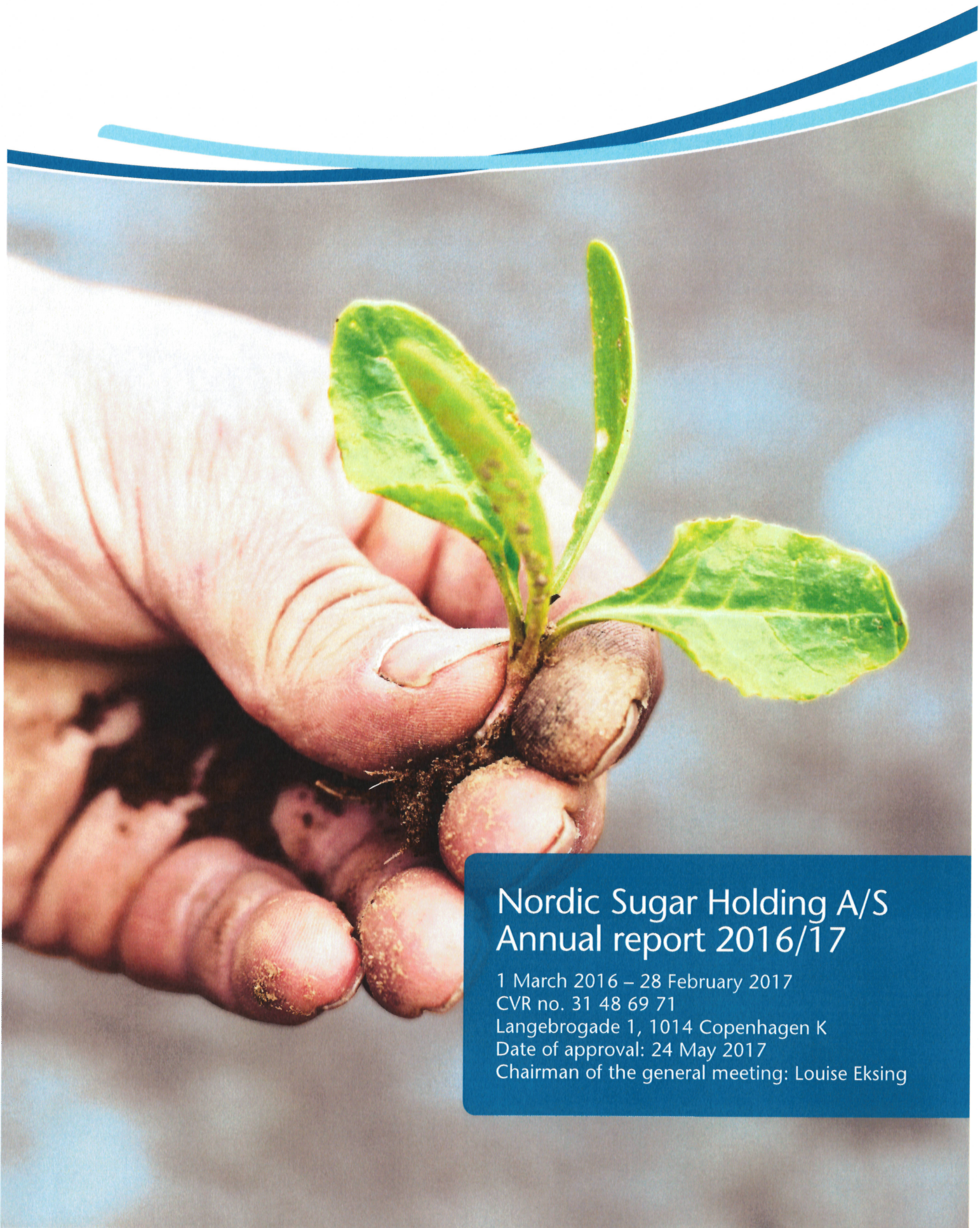




Nordic Sugar

Member of Nordzucker Group



Nordic Sugar Holding A/S Annual report 2016/17

1 March 2016 – 28 February 2017

CVR no. 31 48 69 71

Langebrogade 1, 1014 Copenhagen K

Date of approval: 24 May 2017

Chairman of the general meeting: Louise Eksing

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Company information

Company

Nordic Sugar Holding A/S
Langebrogade 1
DK-1411 Copenhagen K

CVR no.: 31 48 69 71
Founded: 12 June 2008
Registered office: Copenhagen, Denmark
Financial year: 1 March – 28 February

Telephone: +45 32 66 25 00
Internet: www.nordicsugar.com
E-mail: sugarinfo@nordicsugar.com

Nordic Sugar Holding A/S is 100% owned by Nordzucker AG, Küchenstrasse 9, 38100 Braunschweig.

The annual report can be obtained from the company's address.

Board of Directors

Hartwig Fuchs, Chairman
Sven Jansen, Vice Chairman
Sven Buhrmann
Frank Knälmann
Inga Dransfeld-Haase

Executive Board

Jesper Thomassen, Managing Director

Auditor

Ernst & Young, Godkendt Revisionspartnerselskab

Approved by the company's annual general meeting on 24 May 2017

Chairman of the general meeting


Louise Eksing

Management's statement

The Board of Directors and the Executive Board have today approved the annual report of Nordic Sugar Holding A/S for 2016/17.

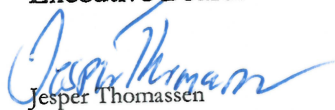
The annual report has been prepared in accordance with the Danish Financial Statements Act.

We believe that the annual report gives a true and fair view of the company's assets, liabilities and equity, financial position as per 28 February 2017 and the results for the financial year 1 March 2016 – 28 February 2017.

We present the annual report for approval at the annual general meeting.

Copenhagen, 24 May 2017

Executive Board:



Jesper Thomassen
Managing Director

Board of Directors:


Hartwig Puchs
Chairman


Frank Knälmann


Sven Jansen
Vice Chairman


Sven Buhrmann


Inga Dransfeld-Haase

Independent auditor's report

To the shareholder of Nordic Sugar Holding A/S

Opinion

We have audited the financial statements of Nordic Sugar Holding A/S for the financial year 1 March 2016 – 28 February 2017, which comprise an income statement, balance sheet and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 28 February 2017 and of the results of the company's operations for the financial year 1 March 2016 – 28 February 2017 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

Independent auditor's report

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion is based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on our procedures, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 24 May 2017
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28



Jan C. Olsen
State Authorised
Public Accountant

Management's review

Main activities

Nordic Sugar Holding A/S' main activities consist of ownership of Nordic Sugar A/S and TitoConcerto AB. Nordic Sugar A/S and TitoConcerto AB via its subsidiary Nordic Sugar AB develop, produce and sell a wide range of sugar products and animal feed products based on sugar beet as the main raw material.

Furthermore, Nordic Sugar A/S owns subsidiaries in Finland and Lithuania with similar sugar activities.

Material changes in activities and financial matters

The company's activities are unchanged compared to previous year.

The profit for the year amounts to DKK 61,060 k which is significantly lower than the previous year. The decline in the profit for the year is due to lower dividend as a result of the weak financial performance during the financial year 2015/16.

The profit for the year is expected to increase significantly in the financial year 2017/18 as a result of dividend payments.

Income statement

1 March 2016 - 28 February 2017

(DKKt)	Note	2016/17	2015/16
Administrative expenses		-232	-1,282
Operating profit (EBIT)		-232	-1,282
Income from investments in subsidiaries and associated companies		58,238	219,691
Financial income	2	4,228	3,600
Financial expenses	2	-221	-2,206
Profit before tax		62,013	219,803
Income tax	3	-953	-509
Profit for the year		61,060	219,294
Proposal to distribution of profit			
Amount to be carried forward		61,060	219,294
Proposed dividend		-	-
		61,060	219,294

Balance sheet

ASSETS

(DKKt)	Note	28 February 2017	29 February 2016
Financial assets			
Investments in subsidiaries	4	2,154,317	2,154,317
Investments in associated companies	4	767	811
Total		2,155,084	2,155,128
Total non-current assets		2,155,084	2,155,128
CURRENT ASSETS			
Receivables			
Receivables from related parties		774,047	715,963
Deferred tax	5	6	9
Income tax receivable		7,175	-
Total		781,228	715,972
Cash and cash equivalents		75	64
Total current assets		781,303	716,036
Total assets		2,936,387	2,871,164

EQUITY AND LIABILITIES

(DKKt)	Note	28 February 2017	29 February 2016
EQUITY			
Share capital	6	149,450	149,450
Share premium		1,340,550	1,340,550
Other reserves		1,439,478	1,378,418
Total equity		2,929,478	2,868,418
CURRENT LIABILITIES			
Trade payables		32	46
Current income tax payable to Nordic Sugar A/S		6,877	506
Other payables		0	2,194
Total		6,909	2,746
Total liabilities		6,909	2,746
Total equity and liabilities		2,936,387	2,871,164

OTHER NOTES

Contingent liabilities 7

Note 1 – Accounting policies

The annual report of Nordic Sugar Holding A/S has been prepared in accordance with the Danish Financial Statements Act's rules for class B. The accounting policies are unchanged compared to previous year.

Effective from the financial year 2016/17, the company has adopted act no. 738 of 1 June 2015. Except for new disclosure requirements, which follow from act no. 738 of 1 June 2015, the accounting policies are consistent with those of last year.

The Annual Report is presented in Danish kroner (DKK), which is the functional currency of the company.

With reference to section 112.1 of the Danish Financial Statements Act, no consolidated financial statements have been prepared for Nordic Sugar Holding A/S, since the company and its subsidiaries are included in the consolidated financial statements of Nordzucker AG which are prepared in accordance with IFRS and are available at Nordzucker's homepage www.nordzucker.de.

Recognition and measuring in general

Income is recognised in the income statement when realised, and expenses are recognised with the amounts related to the accounting year. Valuation adjustments of financial assets and liabilities are recognised in the income statement as financial income or financial expenses.

Assets are recognised in the balance sheet when it is likely that future economic benefits will add value to the company, and the value of the asset can be measured in a reliable way.

Liabilities are recognised in the balance sheet when it is likely that future economic benefits will be paid out from the company, and the value of the liability can be measured in a reliable way.

Assets and liabilities are at initial recognition measured at cost price. The assets and liabilities are hereafter measured as described below.

Profits, losses and risks, which occur before the annual report is finalised, and which confirm or disconfirm statements existing at the day of the balance sheet are taken into consideration by recognition and measurement.

Currency translation

Transactions in foreign currency are recognised using the exchange rate prevailing at the day of the transaction. Non-monetary assets acquired in foreign currency are not subsequently adjusted. Receivables, liabilities and other monetary items in foreign currency are translated using the exchange rate prevailing at the balance sheet date. Currency adjustments arising from the difference between the exchange rate at the transaction date and the balance sheet date are recognised in the income statement under financial items. Currency adjustments of debt in foreign currency are recognised in the income statement.

Income statement

Administrative expenses

Administrative expenses comprise expenses of audit, legal advisors and other expenses.

Income from investments in subsidiaries

The item comprises profit from sale of investments in subsidiaries, any write downs plus dividends from investments in subsidiaries. Dividends are recognised when the right to receive dividends has been approved by the relevant company bodies. To the extent that distributed dividends exceed accumulated earnings after acquisition, only the part comprising accumulated earnings after acquisition is recognised in the income statement.

Income from investments in associated companies

The item comprises proportionate share of the profit/loss for the year in associates after elimination net of intra-group income or losses and net of amortization and impairment of goodwill and other excess values at the time of acquisition.

Financial income and expenses

Financial income and expenses include interest income, interest expenses, realised and unrealised exchange gains and losses related to liabilities and transactions in foreign currencies.

Note 1 – Accounting policies - continued

Current tax

The tax currently payable is based on the taxable profit for the year using the applicable tax rates that have been enacted at the balance sheet date.

Nordic Sugar Holding A/S is jointly taxed with its Danish subsidiary Nordic Sugar A/S and any other Danish subsidiaries. The joint current Danish income tax is recognised as a debt/receivable considering advance income tax payments and Nordic Sugar A/S' share of the income tax relative to their share of taxable income is recognised as a receivable or payable. Withholding taxes relating to dividends from subsidiaries outside Denmark are recognised in the year in which the dividend is declared.

Balance sheet

Financial assets

Investments in subsidiaries are measured at cost less write downs. To the extent that distributed dividends exceed accumulated earnings after acquisition, the dividend is recognised as an adjustment of the cost price of the investments in subsidiaries.

Investments in associated companies are measured, using the equity method, at the company's proportionate share of such entities' equity plus goodwill on consolidation and intra-group losses and less intra-group gains and negative goodwill, if any. Investments in entities whose net asset value is negative are measured at DKK 0. The entity's proportionate share of a deficit on equity, if any, is set off against receivables from the investment in so far as the deficit is irrecoverable. Amounts in excess thereof are recognized under 'Provisions' in so far as the company has a legal or constructive obligation to cover the deficit.

Impairment of non-current assets

At year-end, the carrying amount of financial assets is reviewed to determine any indication of impairment.

In the case of such indication, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. Where the asset does not generate cash flows that are deemed to be independent of other assets, an estimate is made of the recoverable amount of the cash generating unit to which the asset belongs.

The recoverable amount is determined at the higher of the fair value less selling cost and the value in use. In the determination of value in use, estimated future cash flows are discounted by a discount rate reflecting market assessments of the time value of money and special risks associated with the asset for which adjustments have not been made in the estimated future cash flows.

Where the recoverable amount of the asset or unit is estimated to be lower than the carrying amount, the carrying amount is written down to the recoverable amount.

Any impairment loss is recognised in the income statement. Where the impairment is subsequently reversed, the carrying amount of the asset is increased to the adjusted estimate of the recoverable amount, however not exceeding the carrying amount, which the asset would have had, had it not been written down. Reversal of impairment is recognised in the income statement.

Financial non-current assets that are not measured at fair value are assessed at the balance sheet date to determine if any objective indicators exist that an asset or group of assets has been impaired. In that case, the recoverable amount of the asset is determined and where lower than the carrying amount is written down to the recoverable amount.

Receivables

Receivables mainly include short-term loans to other companies of the Nordzucker Group.

Trade receivables are initially measured at cost and subsequently at amortised cost or a lower value subject to individual assessment of potential loss.

Current tax and deferred tax

Current tax includes tax as receivable based on the taxable profit for the year adjusted for tax of taxable profit from previous years and advance income tax payments respectively.

Deferred tax is measured according to the balance sheet liability method in respect of all temporary differences between the tax base and the carrying amount of an asset or liability. When the tax base can be valued after alternative tax rules,

Note 1 – Accounting policies - continued

deferred tax is measured based on the planned use of the asset, respectively settlement of the liability. Deferred tax assets including tax value of tax losses carried forward are recognised to the value, as the asset can be realised, either by reduction of future tax payments (as net tax assets) or by settlement against deferred tax liabilities within the jointly taxable entities. Contingent deferred net tax assets are measured at net realizable value.

Deferred tax is measured on the basis of the regulatory tax rules and tax rates applicable at the balance sheet date when the deferred tax is expected to become current tax. Changes in deferred tax due to changes in tax rates are recognised in the income statement.

Equity

Dividends are recognised as a liability at the date of adoption at the annual general meeting. Proposed dividend payments for the financial year are disclosed as a separate line item in equity.

Financial liabilities

Other payables, trade payables, payables to subsidiaries as well as other debt, are measured at amortised cost.

Notes to the income statement

2 Financial income and expenses		
(DKKt)	2016/17	2015/16
Financial income		
Financial income from related parties	4,221	3,600
Other financial income	7	-
Total	4,228	3,600
Financial expenses		
Other financial expenses	-221	-2,206
Total	-221	-2,206
Financial income and expenses, net	4,007	1,394

3 Income tax		
(DKKt)	2016/17	2015/16
Current tax on profit for the year	-921	-506
Change in deferred tax	-3	-3
Adjustment of current tax for previous years	-29	-
Total	-953	-509

Notes to the balance sheet

4 Financial assets

(DKKt)	Investment in subsidiaries	Investment in associated companies
Carrying amount at 1 March 2016	2,154,317	811
Additions	-	3,718
Disposals / value adjustment	-	-3,762
Carrying amount at 28 February 2017	2,154,317	767

Companies	Country	Currency	Equity	Profit for the year	Owner's share	Carrying amount Nordic Sugar Holding A/S in DKKt
Subsidiaries						
TitoConcerto AB	Sweden	EUR	121m	12m	100%	54
Nordic Sugar A/S	Denmark	DKK	2,262m	195m	100%	-54
Associated companies						
NP Sweet A/S	Denmark	EUR	0.2m	-1.1m	50%	767

5 Deferred tax asset

(DKKt)	2016/17	2015/16
Deferred tax at 1 March	9	12
Change in deferred tax for current year	-3	-3
Deferred tax at 28 February	6	9

6 Equity

(DKKt)	Share capital	Share premium	Retained earnings	Total
Equity at 1 March 2016	149,450	1,340,550	1,378,418	2,868,418
Transferred, cf. distribution of profit	-	-	61,060	61,060
Dividend paid	-	-	-	-
Total change in equity	0	0	61,060	61,060
Equity at 28 February 2017	149,450	1,340,550	1,439,478	2,929,478

The share capital amounting to DKK 149,450,000 consists of 1,494,500 shares with a nominal value of DKK 100 each.

The share capital has remained unchanged over the past 5 years.

7 Contingent liabilities

Guarantees

Nordic Sugar Holding A/S has issued a bank guaranty of EUR 250,000 regarding NP Sweet A/S's (50% owned joint venture) debt.

Liability for tax in the Danish joint taxation

The parent company is jointly taxed with the Danish subsidiary. As the administrative company, together with the subsidiary, the company has joint and several unlimited liability for Danish corporation taxes and withholding taxes on dividends, interest and royalties in the joint taxation unit. At 28 February 2017, the net taxes payable to SKAT by the companies included in the joint taxation amounted to DKKt 0. Any subsequent corrections of the taxable income subject to joint taxation or withholding taxes on dividends, etc., may entail that the companies' liability will increase. The Group as a whole is not liable to others.