

First-Quarter Interim Report

of the AGRANA Group from 1 March through 31 May 2001



**Dear Shareholders,
Dear Sir or Madam,**

AGRANA attained a new level of profitability in the financial year ended 28 February 2001. It aims to sustain the same excellent results in the 2001/02 financial year, notwithstanding changes such as those caused by the amended sugar-market regime and high energy prices.

Developments during the first quarter of the Group's present financial year (1 March through 31 May 2001) were favourable, with revenues, operating profit and profit before and after income taxes all surpassing the same period of 2000/01.

AGRANA Zucker und Stärke AG

The world market price of white sugar continued to recover during the first quarter of 2001/02. Having averaged US\$ 235 per metric ton in February 2001, it increased to an average of US\$ 259 in May and stood at US\$ 280 on 30 June 2001. The monthly average exchange rate of the US dollar rose from € 1.09 to € 1.17 over the same period.

The EU sugar-market regime was to have expired on 30 June 2001, but it was extended for a period of five years ending on 30 June 2006. The storage refund system financed by the sugar industry has been discontinued.

Sugar operations in Austria

We increased areas under beet to 44,700 hectares for the 2001 harvest (previous year: 43,000 hectares). The crop's growth has been in line with the long-term average, so we can expect a beet harvest of 2.5 million metric tons. Given the usual sugar content, we should be able to extract roughly 400,000 metric tons of sugar from that total.

We expect to spend some € 12 million on investments and major repairs at the Hohenau, Leopoldsdorf and Tulln sugar factories this year. Most of the outlay will be on environmental protection, reducing energy consumption, waste water processing and plant replacement.

Domestic sugar sales during the first quarter of 2001/02 came to 78,600 metric tons, which was 13.4 percent less than in the same period of the previous financial year. On the other hand, total sugar sales (with exports) were 1.8 percent up on the year. The household segment accounted for about 2,000 metric tons of the drop in domestic sales. Although sales to

the pharmaceutical and chemical industries fell by nearly 10,000 metric tons, that was due to shifts in the timing of orders within the financial year. First-quarter sales to the soft drinks industry again grew, increasing by 4.5 percent or 1,200 metric tons.

Sugar operations abroad

AGRANA's subsidiaries in Central and Eastern Europe (CEE) have signed growing contracts for 2.6 million metric tons of beet for the 2001 harvest. That is roughly 25 percent more than in 2000. Agricultural conditions are good. If the beet has the usual sugar content, the harvest will yield approximately 350,000 metric tons of sugar. Given AGRANA's present market shares, that will ensure our ability to meet domestic demand in Hungary, the Czech Republic and Slovakia. In Romania, we also refine imported raw sugar.

Two new sugar silos with capacities of 35,000 metric tons each are under construction or have been completed at the sugar factories in Petöhaza (Hungary) and Opava (Czech Republic), giving both factories the use of modern sugar storage capacities as of this year's campaign. Rationalization and restructuring in Hungary will continue after the 2001 beet campaign with the closure of the Acs sugar factory. From 2002, AGRANA will be able to manufacture sufficient sugar in Hungary to cater for its stable domestic market share of 37 percent in just two sugar factories (Petöhaza and Kaposvar).

The merger of Slovakian subsidiaries *Cukrovar Nova a.s.*, Sered, and *Gemer-cukor a.s.*, Rimavská Sobota, to create *Slovenské Cukrovary a.s.* was registered on 30 June 2001.

Starch operations in Austria

Growing contracts for a total of 222,873 metric tons of starch potatoes have been concluded with 2,270 farmers. The crop is developing in line with the long-term average, so we expect the harvest to match contracted amounts, yielding roughly 220,000 to 225,000 metric tons. The starch extracted from that total will approximately equal our EU potato starch quota of 47,691 metric tons.

From mid-year, the Aschach maize starch factory will have an increased maize processing capacity of 260,000 metric tons a year (750 metric tons a day).

Starch sales during the first quarter of 2001/02 were static on the year. We are targeting an increase in both sales and revenues once the new capacities at the Aschach maize starch factory have gone on-line during the second quarter (1 June through 31 August 2001).

Business performance

The AGRANA Group's consolidated first-quarter figures:

€ mn	Q1 2001/02	Q1 2000/01	Change
Revenues	196.4	175.9	11.7%
EBIT (operating profit)	12.1	11.1	9.0%
Profit before income taxes	10.1	8.8	14.8%
Profit after income taxes	6.5	6.4	1.6%
Investment (€ mn p.a.)	23.0 (planned)	38.2	(39.8%)
Workforce	4,141	4,406	(265)

Outlook

We expect to post consolidated revenues of € 805 million during the 2001/02 financial year (2000/01: € 760.2 million). We are confident of being able to sustain the outstanding profit levels achieved by the Group in 2000/01.

The Board of Management
 AGRANA *Beteiligungs-Aktiengesellschaft*

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