AGRANA Group

Report on the First Three Quarters of 2003/04

Period ended 30 November 2003

Dear Shareholder,
Dear Sir or Madam,

Profit
During third quarter of the current financial year lasting from 1 September through 30 November 2003, we were able to sustain the Group's satisfactory development in the second quarter. Sales revenues during the third quarter were € 10.0 million or 4.5 per cent up on the third quarter of 2002/03, and operating profit in the same period was nearly 4 per cent up on the year at € 24.7 million. On the other hand, revenues during the first three quarters of the current financial year were € 26.5 million or 3.8 per cent down on 2002/03 at € 663.2 million and operating profit during the same period declined by € 10.6 to € 62.7 million. However, one must bear in mind that the prior-year periods on which our year-on-year comparisons are based in the case of the *AGRANA International* subsidiaries included two additional months following the relocation of those companies' balance-sheet dates.

New Acquisition
Soon after the start of the fourth quarter of the current financial year, namely on 11 December 2003, AGRANA announced its plans to gradually take over the ATYS Group, which is domiciled in Neuilly-sur-Seine, Paris, France. The ATYS Group is the world's leader in fruit preparations for use by the processing industries. It boasts annual turnover of approximately € 400 million and operates 20 factories in 16 countries spread across all five continents. Signature of the contracts is planned for the end of January 2004 and is subject to approval by the competition regulators.

The AGRANA Share
The AGRANA share kept up its healthy performance in 2002/03 during the first three quarters of the current financial year. It advanced from € 39.60 on 1 March 2003 to € 48.70 on 30 November, which translates into a gain of 23 per cent, and closed at € 54.20 on 30 December 2003 (gain of 36.9 per cent since 1 March). The ATX rose by 33.4 per cent during the same period, closing at 1,545.15 points on 30 December 2003.

Raw Materials and Harvests
The extremely dry summer dented the beet and potato harvests in the autumn of 2003. Group-wide, 636,100 metric tons of sugar (previous year: 765,000 metric tons of sugar) were extracted from 4.2 million metric tons of beet (previous year: 5.3 million metric tons of beet) during the 2003 campaign, and we also made an additional 139,000 metric tons of sugar (previous year: 144,000 metric tons of sugar) from imported unrefined sugar in Romania. That brought AGRANA's total sugar production up to 775,100 metric tons (previous year: 909,000 metric tons), which was 134,000 metric tons or nearly 15 per cent down on the year.
The Austrian Starch Division extracted 32,450 metric tons of potato starch (previous year: 40,100 metric tons of potato starch) from 149,500 metric tons of industrial starch potatoes (previous year: 200,000 metric tons of industrial starch potatoes).
The dry weather led to bad harvests throughout Europe. As a result, production of potato starch in the EU fell to 80 per cent of quota and was 300,000 metric tons down on the year. Aggregate beet sugar output in the EU will also be nearly 10 per cent down on the previous year's figure of 18.2 million metric tons at 16.5 million metric tons.
The maize starch factory at Aschach will be processing 270,000 metric tons of maize this financial year (previous financial year: 267,000 metric tons).

Conditions in the Sugar Market
On 23 September 2003, the European Commission put up for discussion options for the reform of the sugar market regime after 2006 and announced its decision to carry out an impact assessment. The option sets ranged from maintenance of the status quo to a price reduction set to complete liberalization.
We believe that the present system will largely be retained but that it will be modified to allow a flexible future response to both WTO needs and European Union preferential agreements. Intensive dialogue is now underway between the professional associations in Europe (CEFS and CIBE) and the European Commission about the impact the different option sets could have on the environment, agriculture, consumers, competition, the industry, budgeting and supply dependability.
Forthcoming EU parliamentary elections and the European Union's enlargement make it unlikely that a more far-reaching EU Commission proposal for the sugar CMO will be adopted before June 2004.

The Current Financial Year

AGRANA Zucker und Stärke AG

The Austrian Sugar Division

The beet campaigns at our three sugar factories in Austria (Hohenau, Leopoldsdorf and Tulln) already ended on 15 December 2003, having lasted 68 days (previous year: 83 days). Daily beet processing throughput averaged 36,740 metric tons (previous year: 36,800 metric tons). 386,200 metric tons of sugar (previous year: 456,000 metric tons of sugar) were extracted from 2.5 million metric tons of beet (previous year: 3.04 million metric tons of beet). The beet had a sugar content of 17.14 per cent during processing. That was above the previous year's figure of 16.48 per cent, making up for some of the decline in beet volumes. Our sugar output of 386,200 metric tons enabled us to utilize the entirety of our EU sugar quota for the 2003/04 sugar market year, which was 381,547 metric tons. The extreme drought reduced the per-hectare beet yield to 57.5 metric tons, or 16 per cent less than the previous year's figure of 68.5 metric tons. Consequently, the per-hectare sugar yield (8.94 metric tons) was also down on the previous year's outstanding yield of 10.25 metric tons. The area under beet totalled 43,200 hectares, which was 1,259 hectares less than the year before.

Domestic sugar sales during the first three quarters of the financial year came to 259,700 metric tons, which was 17,300 metric tons or 7.2 per cent more than the previous year's total of 242,400 metric tons. The increase was primarily due to growth in our sales in the fermentation segment. Because of the extremely hot summer, sales to the soft drinks industry were 5.4 per cent down on the year (from a temperature of about 80°F, mineral waters are increasingly consumed instead of carbonated soft drinks). Sales to the confectionery and other foodstuffs industries were up on the year.

The Austrian Starch Division

Starch Potato Processing

The Gmünd potato starch factory extracted 32,450 metric tons of potato starch (previous year: 40,100 metric tons of potato starch) from 149,500 metric tons of industrial starch potatoes (previous year: 200,000 metric tons of industrial starch potatoes) during a campaign lasting 91.5 days. Daily throughput averaged 1,633 metric tons (previous year: 1,823 metric tons). The potatoes had a starch content of 18.3 per cent, which was up on the previous year's figure of 17.1 per cent.

We thus utilized a mere 68 per cent of our EU potato starch quota for 2003 (previous year: 84 per cent). The reason was the decline in potato supplies caused by the drought.

In order to encourage potato planting in areas further away from the Gmünd factory and, as a result, to allow us to fully utilize our potato starch quota again in the future, we substantially improved terms for starch potato growers in our contracts for 2004 (payment of growers' freight costs for starch potato deliveries).

Maize Processing

During the current 2003/04 financial year, the maize starch factory at Aschach will be processing 270,000 metric tons of maize into maize starch (previous year: 267,000 metric tons), exploiting its full capacity. Because of poor harvests throughout Europe, raw maize prices are over 30 per cent higher than in 2002/03. The first stage of the increase in the capacity of the Aschach maize starch factory is taking place this financial year.

Starch sales by volume have been up on the year and sales by value have been static. The cost of raw materials has increased starch prices.

AGRANA International

Sugar Operations in Central and Eastern Europe (the CEECs)

The Group's seven beet sugar factories (two in Hungary, two in the Czech Republic, two in Slovakia and one in Romania) processed the following amounts of beet and produced the following quantities of sugar during the 2003 campaign:

	Beet Processed Metric Tons	Sugar Extracted Metric Tons
Hungary	637,100	86,500
Czech Republic	621,600	101,600
Slovakia	346,200	48,100
Romania	114,600	13,700
Total	**1,719,500**	**249,900***

* Plus 139,000 metric tons of white sugar made from imported unrefined sugar in the Group's two sugar factories in Romania (Buzau and Roman).

There was drought-related fall of 25 per cent in the amount of beet harvested in Central and Eastern Europe compared with the previous year's total of 2.3 million metric tons. However, thanks to the beet's increased sugar content, sugar output only fell by just under 20 per cent. The following EU sugar quotas were awarded during accession negotiations:
Hungary: 401,684 metric tons; Czech Republic: 454,862 metric tons; Slovakia: 207,432 metric tons.

The CEEC Starch Division
The increase in maize prices in the wake of extreme weather conditions will dent the profits of our *Hungrana* maize starch and isoglucose factory in Hungary this financial year. Processing at the Group's maize starch factory in Tandarei, Romania, is now running smoothly. Both output and sales are above-plan.

AGRANA Fruit

Having acquired Denmark's *Vallø Saft* in April 2003, the Group increased its stake in *Steirerobst AG* to a total of about 33 per cent on 3 June 2003. On 12 November 2003, the shareholders of *Steirerobst AG* were made a mandatory public offer for the company's free-float shares of € 27.81 per no-par share in conformity with *§ 22 ÜbG* (takeovers act) 1998. In the period up to the end of the offer period on 30 December 2003, 37,622 *Steirerobst AG* bearer shares were submitted for sale. The offer period was subsequently extended to 20 January 2004 in conformity with *§ 19 Abs. 3 ÜbG*.
On 11 December 2003, AGRANA announced its plans to gradually acquire the French ATYS Group, domiciled in Neuilly-sur-Seine, Paris, from *Butler Capital Partners*, Paris. The ATYS Group is the world market leader in fruit preparations for use by the processing industries. The group has annual turnover of approximately € 400 million and operates 20 factories in 16 countries spread across all five continents. It has roughly 1,900 year-round employees and 600 temporary staff. ATYS was set up in 1965, and *Butler Capital Partners* acquired a majority stake from *Pernod-Ricard* in May 2002. AGRANA intends to take over 100 per cent of the ATYS Group in four stages to be completed by the end of 2006. Signature of the contracts is planned for the end of January 2004 and is subject to approval by the competition regulators.
By acquiring the ATYS Group, AGRANA will be taking an important step forward in the development of its fruit juice concentrates and fruit juice preparations segment.

Business performance

During the third quarter of the current financial year lasting from 1 September through 30 November 2003, we were able to sustain the Group's satisfactory development during the second quarter. Sales revenues were € 10.0 million or 4.5 per cent up on the same quarter of the previous year, and third-quarter operating profit increased by nearly 4 per cent to € 24.7 million, although revenues during the first three quarters of the 2003/04 financial year (1 March through 30 November) were € 26.5 million or 3.8 per cent down on the same period of the previous year at € 663.2 million. That was however due to the relocation of the balance-sheet dates of the *AGRANA International* subsidiaries in 2002/03, which added two months to their 2002/03 financial years. Based on genuinely comparable periods, revenues increased by € 13.8 million or 2.1 per cent. The Group posted operating profit of € 62.7 million during the first three quarters of 2003/04, which was € 10.6 million down on the first three quarters of the previous financial year or € 7.4 million down on the year based on genuinely comparable periods. The decline in operating profit took place within the *AGRANA International* subsidiaries, whose markets performed less well than in 2002/03 in both quantity and price terms. Weather-related increases in raw material prices also had a detrimental impact, especially when it came to maize sourcing in Austria and Hungary.
Profit from investing and financial activities in the first three quarters of the current financial year was just under € 4 million down on 2002/03. The fall-off was due to the absence of exceptional income from the sale of interests (2002/03: sale of shares in *Leipnik-Lundenburger Invest Beteiligungs AG*) and the adverse development of a number of CEEC currencies versus the euro.

Outlook

Since the 2003/04 financial year of the *AGRANA International* subsidiaries will be of normal length (12 months, as against 14 months in 2002/03) and given the extremely low world market price of C sugar in euro terms as a result of the strong euro, we expect our revenues during the 2003/04 financial year (inclusive of *Vallø Saft*) to be marginally down on 2002/03. The unsatisfactory state of our *AGRANA International* markets and the poor supply of raw materials caused by adverse weather conditions (low sugar volumes, low potato starch volumes, higher maize prices) lead us to expect a 13 per cent fall in operating profit compared with 2002/03.

Vienna, January 2004 The Board of Management of *AGRANA Beteiligungs-AG*

For further information, please contact Brigitte GAMPE at
Group Communications/Investor Relations, *AGRANA Beteiligungs-Aktiengesellschaft*:
Phone: +43-1-21 137-2930; Fax: +43-1-21 137-2045
e-mail: brigitte.gampe@agrana.at; Internet: www.agrana.com

Consolidated Income Statement for the 3rd Quarter

	3rd QUARTER 2003/04 1 Sept – 30 Nov €000	3rd QUARTER 2002/03 1 Sept – 30 Nov €000	1st – 3rd QUARTER 2003/04 1 Mar – 30 Nov €000	1st – 3rd QUARTER 2002/03*) 1 Mar – 30 Nov €000
1. Sales revenues	233,435	223,468	663,214	689,673
2. Changes in stocks of finished and unfinished products	171,692	186,024	26,649	6,911
3. Other capitalized self-produced items	343	476	1,071	1,092
4. Other operating income	3,439	6,246	9,292	15,147
5. Expenditure on materials and purchased services	(293,000)	(287,686)	(447,456)	(428,803)
6. Expenditure on staff	(36,638)	(37,401)	(74,765)	(76,369)
7. Depreciation/amortization/write-downs of intangible non-current assets (without goodwill) and tangible non-current assets	(19,237)	(20,190)	(30,328)	(32,544)
8. Other operating expenses	(35,378)	(47,211)	(84,984)	(101,831)
9. Profit (loss) from operating activities (subtotal of items 1 – 8)	**24,656**	**23,726**	**62,693**	**73,276**
10. Amortization/write-downs of goodwill	(419)	(657)	(1,262)	(1,898)
11. Net income from restructuring	0	(300)	0	(600)
12. Profit (loss) from ordinary activities (subtotal of items 1 – 11)	**24,237**	**22,769**	**61,431**	**70,778**
13. Net interest income	583	(36)	(459)	(2,873)
14. Net income from interests held as investments	69	449	1,191	2,917
15. Other profit (loss) from investing and financial activities	(1,893)	(26)	(2,634)	1,976
16. Profit (loss) from investing and financial activities (subtotal of items 13 – 15)	**(1,241)**	**387**	**(1,902)**	**2,020**
17. Profit before income tax	**22,996**	**23,156**	**59,529**	**72,798**
18. Income tax expense	(7,948)	(3,967)	(18,535)	(20,126)
19. Profit after income tax	**15,048**	**19,189**	**40,994**	**52,672**
20. Minority interests in consolidated earnings for the year	(426)	(658)	(1,105)	(2,194)
21. Consolidated earnings for the year	**14,622**	**18,531**	**39,889**	**50,478**
Earnings per share	€ 1.33	€ 1.68	€ 3.62	€ 4.58

* Because of the relocation of the balance-sheet dates of the *AGRANA International* subsidiaries to bring them into line with the Consolidated Group's balance-sheet date, the first three quarters of the 2002/03 financial years of those companies lasted 11 months.

Consolidated Cash Flow Statement for the 3rd Quarter

	2003/04 1 Mar – 30 Nov €000	2002/03 1 Mar – 30 Nov €000
Net cash from operating activities	95,360	166,068*
Net cash used in investing activities	(62,140)	(28,593)
Net cash used in financing activities	(40,114)	(55,214)
Net increase in cash and cash equivalents during period	**(6,894)**	**82,261**
Cash and cash equivalents at beginning of period	156,527	97,115
Cash and cash equivalents at end of period	149,633	179,376

* Increased by one-off variations resulting from changes in reporting dates. This figure normalized again to € 91,996 thousand in the period up to the close of the financial year on 28 February 2003.

Consolidated Balance Sheet as of 30 November

	2003/04 30 Nov 2003 €000	2002/03 30 Nov 2002 €000
ASSETS		
A. Non-current assets		
I. Intangible non-current assets	27,731	25,281
II. Tangible non-current assets	272,274	267,535
III. Financial investments	81,335	72,389
	381,340	**365,205**
B. Current assets		
I. Inventories	315,098	298,200
II. Accounts receivable and other assets	151,106	119,883
III. Deferred tax assets	2,486	1,937
IV. Shares and other securities	118,810	112,615
V. Cash, cheques, bank balances	30,823	66,761
	618,323	**599,396**
C. Deferred items	**751**	**1,561**
Total assests	**1,000,414**	**966,162**
EQUITY AND LIABILITIES		
A. Equity		
I. Share capital	80,137	80,137
II. Capital reserves	213,463	213,463
III. Retained earnings reserves	147,012	109,071
IV. Consolidated earnings for the year	39,889	50,478
	480,501	**453,149**
B. Minorities	**9,106**	**10,660**
C. Provisions	**155,601**	**147,906**
D. Accounts payable	**342,407**	**326,590**
E. Deferred items	**12,799**	**27,857**
Total equity and liabilities	**1,000,414**	**966,162**

Consolidated Statement of Changes in Equity for the 3rd Quarter

(without minorities)

	2003/04 1 Mar – 30 Nov €000	2002/03 1 Mar – 30 Nov €000
Balance at beginning of period	**465,732**	**414,182**
Revaluations of available-for-sale securities	(107)	(10)
Currency translation differences	(5,138)	2,696
Other net gains and losses not recognized in the income statement	(26)	141
Net profit for the period	39,889	50,475
Dividends	(19,849)	(14,335)
Balance at end of period	**480,501**	**453,149**

Other disclosures as of 30 November

	2003/04 €000	2002/03 €000
Capital expenditure on tangible non current assets		
– during first three quarters	25,046	27,975
– during year (planned)	51,800	49,700
Working capital	209,310	150,118
Staff	3,919	3,998