ANNUAL REPORT 2009|10

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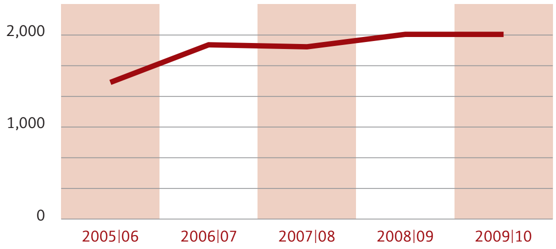
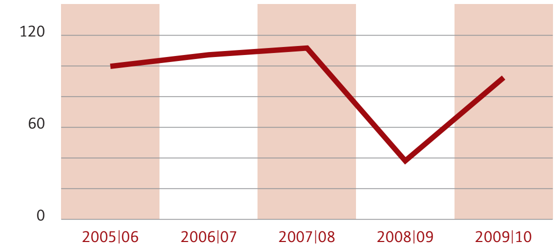
ANNUAL REPORT 2009|10

AGRANA BETEILIGUNGS-AKTIENGESELLSCHAFT
YEAR ENDED 28 FEBRUARY 2010

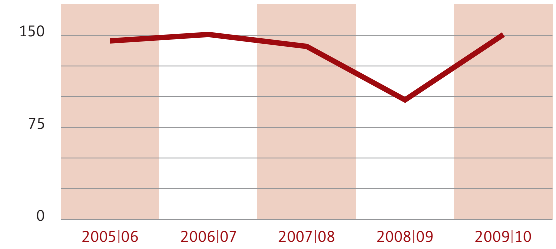
REVENUE (€m)



OPERATING PROFIT BEFORE EXCEPTIONAL ITEMS (€m)



OPERATING CASH FLOW BEFORE CHANGE IN WORKING CAPITAL (€m)



FINANCIAL CALENDAR FOR 2010|11

12 May 2010	Press conference on annual results for 2009|10
2 Jul 2010	Annual General Meeting for 2009|10
7 Jul 2010	Dividend payment and ex-dividend date
14 Jul 2010	Results for first quarter of 2010|11
14 Oct 2010	Results for first half of 2010|11
13 Jan 2011	Results for first three quarters of 2010|11

KEY FINANCIALS
(BASED ON IFRS)

		2009|10	2008|09	2007|08	2006|07[1]	2005|06
BUSINESS PERFORMANCE						
Revenue	€m	1,989.2	2,026.3	1,892.3	1,915.8	1,499.6
EBITDA	€m	176.2	119.2	184.5	187.5	164.6
EBITDA margin	%	8.9	5.9	9.8	9.8	11.0
Operating profit before exceptional items	€m	91.9	37.8	111.4	107.0	99.5
Operating margin before exceptional items	%	4.6	1.9	5.9	5.6	6.6
Operating profit after exceptional items[2]	€m	86.9	34.6	101.5	105.8	75.0
Profit/(loss) before tax	€m	87.4	(32.4)	73.1	93.5	71.7
Profit/(loss) for the period	€m	72.7	(15.9)	63.8	71.1	64.7
Attributable to equity holders of the parent	€m	72.2	(11.6)	64.3	68.9	62.7
Minority interests	€m	0.5	(4.3)	(0.5)	2.2	2.0
Operating cash flow before change in working capital	€m	149.6	97.2	140.8	150.5	145.3
Purchases of property, plant and equipment and intangibles[3]	€m	48.4	73.8	207.7	157.4	91.2
Purchases of non-current financial assets	€m	0.9	1.7	3.4	5.6	7.5
Staff count[4]		7,927	8,244	8,140	8,223	8,130
Return on sales	%	4.4	(1.6)	3.9	4.9	4.8
Return on capital employed	%	6.9	2.8	8.2	8.6	8.6
SHARE DATA AS AT LAST DAY OF FEBRUARY						
Closing price	€	71.56	47.50	72.09	76.00	78.00
Earnings per share	€	5.08	(0.82)	4.53	4.85	4.42
Dividend per share	€	1.95[5]	1.95	1.95	1.95	1.95
Dividend yield	%	2.7	4.1	2.7	2.6	2.5
Dividend payout ratio	%	38.4	neg.	43.1	40.2	44.1
Price/earnings ratio		14.1	neg.	15.9	15.7	17.6
Market capitalisation	€m	1,016.3	674.6	1,023.8	1,079.4	1,107.8
FINANCIAL STRENGTH						
Total assets	€m	1,887.9	1,996.2	2,203.9	1,931.7	1,850.5
Share capital	€m	103.2	103.2	103.2	103.2	103.2
Non-current assets	€m	962.2	978.0	1,018.4	933.3	900.4
Equity	€m	904.7	825.9	922.1	895.5	885.8
Equity ratio	%	47.9	41.4	41.8	46.4	47.9
Gearing (net debt to total equity)	%	41.6	56.9	61.6	37.9	31.8
Net debt	€m	376.6	470.1	567.7	339.4	281.9

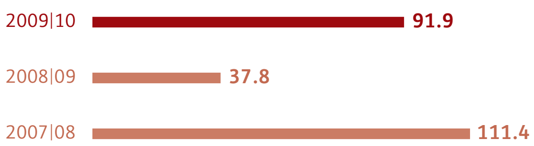
[1] As a result of a change in year end in the Fruit segment, the 2006|07 financial year represented a period of 14 months.
[2] Exceptional items include restructuring.
[3] Excluding goodwill.
[4] In this entire report, any references to staff, employees and other synonyms for these terms refer equally to female and male employees.
[5] Proposal to the Annual General Meeting.

AGRANA QUICK FACTS

- Leading sugar manufacturer in Central and Eastern Europe
- Major manufacturer of custom starch products in Europe and vendor of bioethanol in Austria and Hungary
- World market leader in the production of fruit preparations for the dairy industry
- One of the largest producers of fruit juice concentrates in Europe
- 7,927 employees worldwide
- 52 production sites in 25 countries around the world

REVENUE
€m

OPERATING PROFIT BEFORE EXCEPTIONAL ITEMS
€m



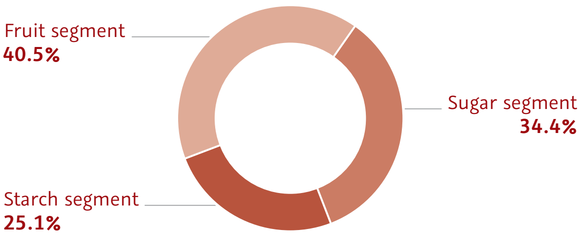
EQUITY
€m

NET DEBT
€m

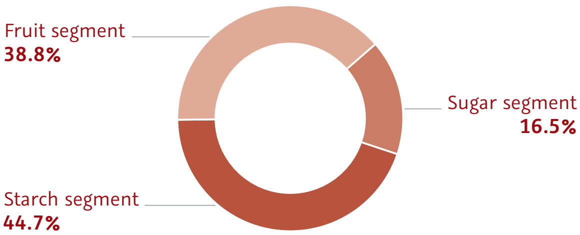
AGRANA PERFORMANCE – 2009|10 FINANCIAL YEAR

- Slight decrease in revenue as lower sales prices outweigh growth in volumes
- Significant improvement in operating profit before exceptional items (from € 37.8 million to € 91.9 million)
- Operating margin of 4.6% (prior year: 1.9%)
- Return on capital employed of 6.9% (prior year: 2.8%)
- Exceptional expense of € 5.0 million, resulting from goodwill impairment for Kaplice, Czech Republic, and relocation of AGRANA Fruit holding company office
- Growth in operating profit after exceptional items from € 34.6 million to € 86.9 million
- Earnings per share of € 5.08 (prior year: loss of € 0.82 per share)
- Further reduction in net debt by € 93.5 million to € 376.6 million
- Strong expansion in free cash flow to € 113.8 million (prior year: € 42.9 million)

REVENUE BY SEGMENT 2009|10



OPERATING PROFIT BEFORE EXCEPTIONAL ITEMS BY SEGMENT 2009|10



JOHANN MARIHART
Chief Executive Officer since 1992

Born 1950. Studied chemical engineering at Vienna University of Technology, majoring in biotechnology and food chemistry. After professional experience in a pharmaceutical company, began his career with AGRANA in 1976 at the starch factory in Gmünd (head of research and development, plant manager, director in charge of starch activities). Member of the Management Board of AGRANA Beteiligungs-AG since 1988. Appointed CEO of AGRANA Beteiligungs-AG in 1992. Present responsibilities: Business Strategy, Production, Quality Management, Human Resources, Communication, Research & Development, and Starch segment.

THOMAS KÖLBL
Member of the Management Board since 2005

Born 1962. Trained in industry and subsequently studied business administration at Mannheim University. Held various positions in the Südzucker group since 1990; was Director in charge of strategic corporate planning, group development and investments prior to his appointment to the Executive Board of Südzucker AG. Responsibility in his capacity as Management Board member of AGRANA: Internal Audit.

WALTER GRAUSAM
Member of the Management Board since 1995

Born 1954. Studied business administration at Vienna University of Economics and Business Administration. Held positions in a tax advisory practice (articled clerk) and in a food group in the controlling department and, from 1987, as a member of management. From 1989 to 1994 held leading positions in an Austrian media group. Appointed to the Management Board of AGRANA Beteiligungs-AG in 1995. Present responsibilities: Finance, Controlling, Treasury, Information Technology and Organisation, Mergers & Acquisitions, Legal, and Fruit segment.

FRITZ GATTERMAYER
Member of the Management Board since 2009

Born 1957. Studied agricultural economics at University of Natural Resources and Applied Life Sciences, Vienna, and history, political science and market research at University of Vienna. Joined AGRANA in 1992. In 1995 became head of the Group-level department "Economic Policy and Raw Materials" at AGRANA Beteiligungs-AG. Before joining the Management Board, most recently was a member of senior management of Sugar and Starch segments in AGRANA Group over a period of eight years. Responsibilities on AGRANA Management Board are Sales, Raw Materials, Purchasing, and Sugar segment.

Dear Investor,

AGRANA delivered solid results for the completed 2009|10 financial year. Although the worldwide recession reached its climax in the 2009 calendar year, AGRANA defied the trend by stabilising its business and financial performance.

Operating profit was more than doubled to € 91.9 million before exceptional items, with slight easing in revenue to € 2.0 billion.

The cost reduction programmes that we initiated showed their effect. We achieved attractive earnings and considerable free cash flow in 2009|10. On slightly lower revenue of about € 2.0 billion, we more than doubled pre-exceptionals operating profit to € 91.9 million (from € 37.8 million in the previous year) and thus restored profitability to near the good results recorded before the 2008|09 financial year. The cash flow trend also enabled us to further reduce net debt by 20% to € 376.6 million.

We were able to demonstrate that AGRANA can generate good profits even in as difficult an economic setting as the one witnessed last year. Our diversification strategy, built on three business segments, has proved highly resistant to crisis. AGRANA has shown itself to be a dependable partner both to its customers and the agricultural sector. Especially in volatile economic times, AGRANA's stability represents a critical strength that is beneficial for all stakeholders.

As the economic environment remains challenging, we have taken further measures to ensure we are well prepared for the future. As a notable example, at the beginning of the year under review we launched an organisational functional streamlining with the goal of identifying and reaping synergies between the individual segments. Internal processes were simplified and harmonised, duplications in structure eliminated and efficiency boosted as a result. This project is well underway and will bear dividends in the present 2010|11 financial year. Also, our capital expenditure will remain well below depreciation for a further year, and this restraint will further increase our financial flexibility.

When leafing through our Annual Report 2009|10, you will see a visual common thread – a recurring red line – that runs through the photo pages of the report. It symbolises the cohesion and ever closer interplay of our individual segments and business activities.

SUGAR SEGMENT

In the Sugar segment, sales volume rose while revenue eased by 2.6% to € 684.1 million (prior year: € 702.5 million) as a result of the price reductions that accompanied the reform of the EU sugar regime. The Sugar segment generated an operating profit of € 15.2 million before exceptional items (prior year: € 15.8 million). With the EU sugar market reform concluded, AGRANA is well-positioned strategically, particularly as many Eastern European countries where AGRANA holds important market positions became net importers. The profitability of the Sugar segment will improve in the long term thanks to efficiency gains and the absence of further sugar regime restructuring levies.

STARCH SEGMENT

Sales quantities in the Starch segment continued to be pushed up in the 2009|10 financial year. The significant price decline in principal products and co-products led to a revenue decrease of about 4%, from the prior year's € 519.4 million to € 499.2 million. The bioethanol activities realised substantial revenue growth through the full utilisation of the bioethanol capacity in Austria and Hungary and the by-product sales of "ActiProt" high-protein feed. With the start-up years behind it, the bioethanol business now generates profits. Overall, the Starch segment's operating profit before exceptional items rose to € 41.1 million (prior year: € 27.5 million).

FRUIT SEGMENT

We were able to stabilise revenue in the AGRANA Fruit division (fruit preparations) in 2009|10, and profitability rallied. We achieved this through the streamlining of production processes and good sales in the USA, Asia, Australia and the Eastern European countries. In the Juice division, AGRANA's very active marketing allowed sales volumes of fruit juice concentrates to be increased from one year earlier.

Newly entered sales regions helped to both lessen the dependence on the highly competitive Central and Western European markets and to better even out price fluctuations. Fruit segment revenue was € 805.9 million (versus € 804.4 million in the prior year) and segment operating profit before exceptional items was € 35.7 million (prior year: loss of € 5.5 million).

OUTLOOK

Even if the signs of a stabilisation in the world economy grew more definite at the beginning of the current new financial year, it is too soon to sound the all-clear. In the Western industrialised countries in particular, we must expect an extended lean period and a slow pace of recovery. The aftermath of the 2008|09 financial crisis – weaker private consumption and a necessary belt-tightening in government spending – will make itself felt. The trend of greater volatility in commodity and raw materials markets will persist in the months to come.

The outlook in emerging markets remains favourable. The positive developments in Asia, Eastern Europe and parts of South America also confirm our expectation that the long-term growth trends for AGRANA remain intact. The shift in consumer preferences towards high-quality, healthful food and drink is promoted by the rising living standards and education in these countries and will be positive for the opportunities in our Fruit segment. The expanding consumer expenditure remains the growth driver in the Sugar and Starch segments, as well. After all, the inevitable growing scarcity and rising prices of petroleum and the climate impacts of the use of fossil fuels will continue to power the demand for biofuels.

For the 2010|11 financial year our goal is, first and foremost, to ensure our healthy profitability through organisational improvements that will have long-term benefits, and through carefully considered acquisitions. This is to serve our aim of not only maintaining but continually expanding our market position where opportunities present themselves.

In closing, I wish to thank all those without whose consistent efforts and loyalty the good performance of our Group would not be possible: our staff, our customers, our suppliers and our shareholders.

Sincerely

Johann Marihart
Chief Executive Officer

View of sugar beet storage area at the sugar factory in Tulln, Austria.

SYNERGY AS STRATEGY.

At AGRANA, making the best use of synergies means looking beyond the horizon of our individual business segments. This approach links all our activities into a greater whole and is symbolised in this report by the red line that visually ties the photo pages together.

AGRANA is an Austrian industrial group with a global focus. AGRANA adds value by processing agricultural raw materials into numerous intermediate industrial products used by downstream manufacturers.

The AGRANA strategy is based on activities in three market segments delineated according to principal products: Sugar, Starch and Fruit. AGRANA controls and manages the value chain from the purchase of agricultural raw materials to the production of the resulting industrial products (and end products for consumers in the case of the Sugar segment). AGRANA utilises the Group's strategic know-how across segment boundaries. This pertains especially to agricultural grower contract management, the knowledge of customer requirements and markets, the opportunities for the development of inter-segment products, and synergies in logistics and purchasing.
The commonalities between business segments form the basis for AGRANA's increasingly strong market position in relation to competitors in all product groups, for its innovative strength and its good cost position.

Strategic positioning with the three business segments, Sugar, Starch and Fruit.

AGRANA pursues a growth strategy oriented to the respective local market opportunities. Long-lasting, stable customer and supplier relationships and continual growth in the value of the company are major cornerstones of the corporate strategy, which is guided by the principles of sustainable business management.

As a result of this Group strategy, AGRANA today is:

- One of the largest suppliers of sugar and isoglucose in Central, Eastern and Southeastern Europe
- In the Starch segment, one of Europe's leading vendors of specialty products and bioethanol
- In the Fruit segment, the world market leader in fruit preparations and one of Europe's leading producers of fruit juice concentrates.

AGRANA's aim is to provide both its multinational and regional customers with the best product quality worldwide, optimum service and innovative product development ideas and expertise.

SUGAR SEGMENT STRATEGY: CONSOLIDATION AND EXPANSION OF THE LEADING MARKET POSITION IN CENTRAL, EASTERN AND SOUTHEASTERN EUROPE

In the Sugar segment, AGRANA as an international supplier is ideally positioned in Central, Eastern and Southeastern Europe thanks to the – in some cases sharp – decline in domestic production in these countries. Through high quality standards, new fully organic products and the careful building of the Group's own regional brands, AGRANA differentiates itself from its competitors.

STARCH SEGMENT STRATEGY: GROWTH IN SPECIALTIES

In the Starch segment, AGRANA focuses primarily on highly refined specialty products. Innovative, customer-driven products supported by application advice and continuous product development, combined with relentless cost optimisation, are the key to the segment's success. Examples are the leading position in organic starches and GMO-free starches (not derived from genetically modified organisms) for the food industry and, in the non-food sector, the leadership role in specialty starches for the paper, textile, cosmetics, pharmaceutical and building materials industries. AGRANA's core competence – adding value to agricultural raw materials by processing them into industrial products – also forms the basis for the bioethanol business. In Austria and Hungary, AGRANA is a leading vendor of this environmentally friendly fuel.

FRUIT SEGMENT STRATEGY: CUSTOMER- AND MARKET-ORIENTED GLOBAL GROWTH

In the Fruit segment, AGRANA's business activities are Fruit (about 80% of segment revenue) and Juice (about 20% of segment revenue):

- AGRANA Fruit acts as a partner to the food industry by producing customer-specific fruit preparations for the dairy, ice-cream and baking industries. With local production units close to customers, AGRANA is the world leader in this global market. Rising nutrition consciousness, the population growth in emerging markets combined with the increasing levels of affluence and education are the growth drivers for the fruit preparations business. AGRANA is further expanding its global presence and following its internationally operating customers.

- AGRANA Juice produces mainly juice concentrates from apples, red fruits and berries. Manufacturing locations near the fruit growing areas allow AGRANA to ensure and expand the global sales to the beverage industry.

Through organic growth and acquisitions as well as cooperative new ventures, the Group is able to consolidate and steadily add to its strong worldwide market position.

CAPITAL MARKET STRATEGY: SHAREHOLDERS AS LONG-TERM PARTNERS

The sound equity base gives AGRANA strategic flexibility. In addition to its ability to self-finance, AGRANA also has access to high, secured credit lines for its overall financing needs. AGRANA sees its shareholders as long-term partners in realising the Group's goals and offers investors an attractive longer-term return on investment at a reasonable level of risk even in a volatile environment. With a policy of open and transparent communication, AGRANA aims to safeguard investors' confidence in the Group and make its business performance and management decisions predictable and easy to understand.

AGRANA PRODUCTION SITES

EUROPE

05 BELGIUM
Fruit preparations in Herk-de-Stad

06 BOSNIA-HERZEGOVINA
Sugar in Brčko

07 DENMARK
Fruit juice concentrates in Køge

08 GERMANY
Fruit preparations in Konstanz

09 FRANCE
Fruit preparations in Mitry-Mory and Valence

10 AUSTRIA
Sugar in Leopoldsdorf, Tulln. Production of instant food products in Dürnkrut. Starch in Aschach and Gmünd. Bioethanol in Pischelsdorf. Fruit preparations in Gleisdorf and Kröllendorf. Fruit juice concentrates in Gleisdorf

11 POLAND
Fruit preparations in Ostrołęka. Fruit juice concentrates in Białobrzegi, Góra Kalwaria and Lipník

12 ROMANIA
Sugar in Buzău, Roman. Starch in Ţăndărei. Fruit juice concentrates in Vaslui

13 RUSSIA
Fruit preparations in Serpuchov

14 SERBIA
Fruit preparations in Grdovići

15 SLOVAKIA
Sugar in Sereď

16 CZECH REPUBLIC
Sugar in Hrušovany and Opava

17 TURKEY
Fruit preparations in Altınova (Yalova)

18 UKRAINE
Fruit preparations and fruit juice concentrates in Vinniza

19 HUNGARY
Sugar in Kaposvár. Starch in Szabadegyháza. Fruit juice concentrates in Anarcs, Hajdúsámson and Vásárosnamény

AMERICAS

01 ARGENTINA
Fruit preparations in Coronda

02 BRAZIL
Fruit preparations in Cabreúva

03 MEXICO
Fruit preparations in Jacona (Michoacán)

04 USA
Fruit preparations in Anna, OH, Bartow, FL, Centerville, TN, and Fort Worth, TX

AFRICA

20 MOROCCO
Fruit preparations at two production sites in Laouamra

21 SOUTH AFRICA
Fruit preparations in Cape Town

ASIA/AUSTRALIA

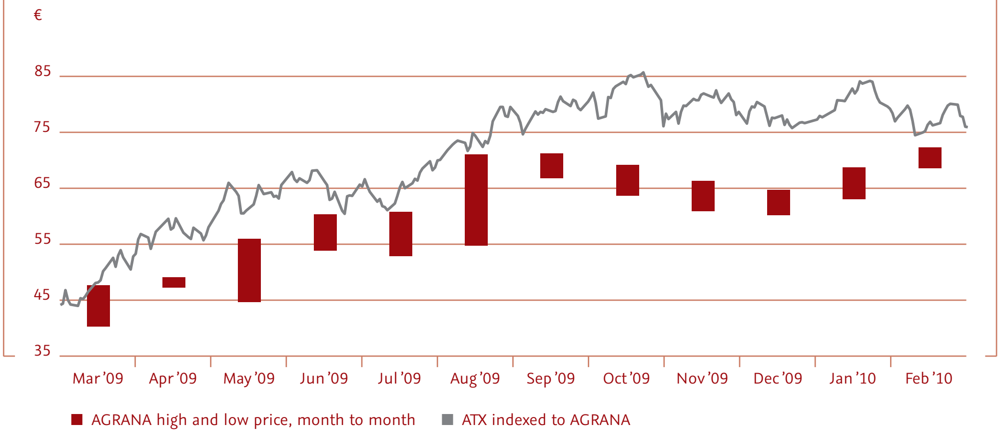
22 AUSTRALIA
Fruit preparations in Central Mangrove

23 CHINA
Fruit preparations in Dachang (Hebei province). Fruit juice concentrates in Xianyang City (Shaanxi province) and Yongji (Shanxi province)

24 FIJI
Fruit preparations in Sigatoka

25 SOUTH KOREA
Fruit preparations in Chung-Buk

AGRANA SHARE PERFORMANCE IN 2009|10



Key share information

ISIN code:
AT0000603709

Market segment:
Prime Market

Share class:
Ordinary shares

Number of shares:
14,202,040

Share capital:
€ 103.2 million

Market capitalisation (28 February 2010):
€ 1,016.3 million

Reuters code: AGRV.VI

Bloomberg code:
AGR AV

Ticker symbol: AGR

In the past financial year, the international capital markets were buffeted by the financial market crisis and the consequences of the worldwide economic slump that began in 2008. In the middle of March 2009 a rally began in financial markets, pointing to an at least interim improvement in the world economy and permitting more optimistic economic forecasts. The ATX, the blue-chip index of the Vienna Stock Exchange, gained 72.1% over the course of AGRANA's 2009|10 financial year.

AGRANA's share price (ISIN: AT0000603709) advanced by 62.3% over the same period. The share closed the financial year at € 71.56. The market capitalisation at the year-end was thus € 1,016.3 million, an increase of 50.7% from one year earlier. The average daily trading volume in AGRANA was approximately 3,100 shares (single-counted), which was below the level of the previous years. In addition to its listing on the Prime Market segment of the Vienna Stock Exchange, AGRANA is traded on the floor of the Frankfurt Stock Exchange and on the Stuttgart and Berlin-Bremen exchanges.

ACTIVE CAPITAL MARKET COMMUNICATION

AGRANA's investor relations and public relations activities are based on the fundamental principles of providing comprehensive information, a high level of transparency and constant communication with investors and analysts. At the press conference presenting the annual results, the financial and industry media were provided with detailed information on the financial results and business performance. In addition, the Management Board gave numerous one-on-one interviews to financial and agricultural journalists and kept the public informed through press releases on current developments.

The Management Board of AGRANA provided Austrian and international institutional investors and analysts with information on the company's performance and the prospects for the AGRANA Group at several road shows and investor conferences held in Austria and abroad. This dialogue was supplemented by numerous individual conversations and conference calls on quarterly and full-year results. Private shareholders had the opportunity to learn about AGRANA's current business performance directly from the Management Board at the GEWINN trade fair. AGRANA's financial market communication was also honoured with an official award. As a winner in the Wiener Börse Preis 2009 awarded in this context, AGRANA was ranked third among all Prime Market companies in the Small and Mid Caps category.

An important element of the investor relations activities is the regular updating of the website (www.agrana.com), where all financial reports, financial news items, ad-hoc announcements, voting rights notifications, directors' dealings disclosures and investor presentations are available as soon as they are published. AGRANA endeavours to make the same information available to all market participants at the same time.

The following national and international investment houses published research on AGRANA in the 2009|10 financial year: Raiffeisen Centrobank, Erste Bank, Goldman Sachs, Berenberg Bank and Sal. Oppenheim. An overview of the current analyst ratings can be found on the Internet at www.agrana.com > Investor Relations.

STEADY DIVIDEND POLICY

€	2009|10	2008|09
Dividend per share	1.95[1]	1.95
Earnings per share	5.08	(0.82)

[1] Proposal to the Annual General Meeting.

AGRANA is committed to a long-term policy of sustained dividends. On 2 July 2010 the Management Board will propose to the Annual General Meeting to pay a constant dividend of € 1.95 per share. Based on 14.2 million shares, the total payout will be € 27.7 million, giving a dividend yield of 2.7% (prior year: 4.1%) based on the share price of € 71.56 at the end of February 2010. Entitled shareholders will be paid the dividend on 7 July 2010 by their custodian.

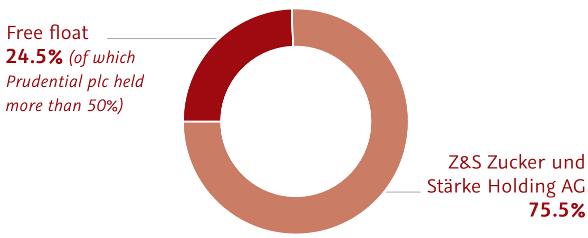
STABLE SHAREHOLDER STRUCTURE

AGRANA has a stable core shareholder structure. In the 2009|10 financial year, Z&S Zucker und Stärke Holding AG ("Z&S"), based in Vienna, held 75.5% of the share capital of AGRANA Beteiligungs-AG, the same amount as in the prior year. Z&S, the majority shareholder, is a wholly owned subsidiary of Vienna-based AGRANA Zucker, Stärke und Frucht Holding AG, which, in turn, is 50% owned by Südzucker AG, Mannheim/Ochsenfurt, Germany ("Südzucker"), and 50% owned by Zucker-Beteiligungsgesellschaft m.b.H., Vienna ("ZBG"). The following five Vienna-based entities are shareholders of ZBG: „ALMARA" Holding GmbH (a subsidiary of Raiffeisen-Holding Niederösterreich-Wien registrierte Genossenschaft mit beschränkter Haftung); Marchfelder Zuckerfabriken Gesellschaft m.b.H.; Estezet Beteiligungsgesellschaft m.b.H.; Rübenproduzenten Beteiligungs GesmbH; and Leipnik-Lundenburger Invest Beteiligungs AG.

Under a syndicate agreement between Südzucker and ZBG, the partners in the syndicate have certain rights to appoint members of the Management Board and Supervisory Board of AGRANA Beteiligungs-AG. Accordingly, Johann Marihart has been appointed by ZBG as a management board member of Südzucker and Thomas Kölbl has been appointed by Südzucker to the Management Board of AGRANA Beteiligungs-AG. Neither individual receives compensation for serving in this respective capacity.

The other 24.5% of the shares are free float. Prudential plc, a British company, holds more than 10% of AGRANA's share capital.

SHAREHOLDER STRUCTURE AT 28 FEBRUARY 2010



AGRANA regards corporate governance to international standards as an integral part of its corporate culture. The company believes that the principles of good corporate governance not only foster the confidence of domestic and international investors but also further AGRANA's sustained ability to create value.

AGRANA is therefore committed to the fundamental principles and standards of conduct of the Austrian Code of Corporate Governance (the Code, available for viewing at www.corporate-governance.at). The Austrian Working Group for Corporate Governance continually updates the Code to reflect changes in Austrian and European capital market law and international standards. The Code is based on the key principles of equal treatment for all shareholders and transparency of governance. It also stipulates supervisory board independence, open communication between supervisory board and management board, avoidance of conflicts of interest for board members, and effective oversight by the supervisory board and auditors.

***Voluntary commitment** to the Austrian Code of Corporate Governance and voluntary external evaluation.*

In the 2009|10 financial year AGRANA applied this Code, which is a voluntary self-regulatory initiative of private industry, as worded in January 2009. In its meeting on 24 February 2005 the Supervisory Board of AGRANA Beteiligungs-AG had unanimously approved AGRANA's adherence to the Austrian Code of Corporate Governance, and in its meeting on 11 February 2010 the Supervisory Board issued the statement of compliance with the 2009 Code for the 2009|10 financial year.

Openness and transparency in communications with shareholders and with the interested public are of the utmost importance to AGRANA. Information given to investors during conference calls and road shows is therefore simultaneously made available to all other shareholders via the Group's website at www.agrana.com.

In the 2009|10 financial year AGRANA complied with all so-called "L rules" of the Code (these are rules based on legal requirements). It also adhered to all of the Code's 2009 "C rules" (comply-or-explain rules) with the exception of the following four:

Rules 31 and 51 (disclosure of compensation of the individual members of the Management Board and Supervisory Board)
For the purpose of disclosure, the compensation of the Management Board members is analysed in terms of fixed and variable components. The disclosure of individual compensation stipulated by Rule 31 is omitted, as the associated encroachment on members' privacy would be out of proportion to the benefits of such an approach. The same applies to the disclosure of individual compensation of Supervisory Board members specified by Rule 51.

Rule 49 (contracts requiring approval)
Under section 95 (5)(12) of the Austrian Stock Corporation Act, the approval of the Supervisory Board is required for contracts with members of the Supervisory Board by which members undertake, outside their role on the Supervisory Board, to provide a service to the company or a subsidiary for a material consideration. This also applies to contracts with companies in which a Supervisory Board member has a significant economic interest. For business policy and competition reasons, the object and terms of such contracts are not published in the annual report as stipulated in rule 49.

Rule 54 (appointment of an independent Supervisory Board member)
AGRANA Beteiligungs-AG has a free float of more than 20%. From this threshold upward, rule 54 of the Austrian Code of Corporate Governance stipulates the election of an independent member of the Supervisory Board who is neither a holder of more than 10% of the company's share capital nor represents the interests of such a shareholder. The Supervisory Board of AGRANA does not have such a free-float representative.

In keeping with the Code, the Management Board and Supervisory Board of AGRANA, and especially their chairmen, are engaged in continual dialogue regarding the Group's performance and strategic direction, both at and between Supervisory Board meetings. The business culture of the AGRANA Group has always included open and constructive teamwork between the Management Board and Supervisory Board, which together ensure that the Code's requirements are fulfilled.

As recommended by the Austrian Code of Corporate Governance, AGRANA commissioned a voluntary external evaluation (by Univ.-Prof. DDr. Waldemar Jud Corporate Governance Forschung CGF GmbH) of compliance with the Code. The report on the external review, based on the questionnaire issued for this purpose by the Austrian Working Group for Corporate Governance, is available to the public on the AGRANA website at www.agrana.com.

AGRANA'S BOARDS

Management Board

The Management Board of AGRANA Beteiligungs-AG has four members.

Name	Year of birth	Date first appointed	End of current term
Johann Marihart Chief Executive Officer since 1992	1950	19 September 1988	30 September 2013
Fritz Gattermayer Member of the Management Board since 2009	1957	1 January 2009	31 December 2013
Walter Grausam Member of the Management Board since 1995	1954	1 January 1995	31 December 2014
Thomas Kölbl Member of the Management Board since 2005	1962	8 July 2005	7 July 2015

The members of the Management Board hold supervisory board or similar positions in the following domestic and foreign companies not included in the consolidated financial statements:

- **Johann Marihart**
  As a result of the syndicate agreement between Südzucker AG, Mannheim/Ochsenfurt, and Zucker-Beteiligungsgesellschaft m.b.H., Vienna, Johann Marihart serves as a member of the management board of Südzucker AG, Mannheim/Ochsenfurt, and as a member of the supervisory boards of the subsidiaries Raffinerie Tirlemontoise S.A., Brussels, Saint Louis Sucre S.A., Paris, and Beneo GmbH, Mannheim.

  In Austria he serves as supervisory board chairman of TÜV Austria Holding AG and Spanische Hofreitschule Wien and is a member of the supervisory boards of Leipnik-Lundenburger Invest Beteiligungs AG, Ottakringer Getränke AG and BBG Bundesbeschaffung GmbH. He is vice-chairman of the supervisory board of Österreichische Forschungsförderungsgesellschaft m.b.H. and a member of the General Council (the supervisory board) of Oesterreichische Nationalbank.

- **Thomas Kölbl**
  Thomas Kölbl holds the following positions: Member of the supervisory boards of Baden-Württembergische Wertpapierbörse GmbH, Stuttgart, BENEO GmbH, Mannheim, Crop Energies AG, Mannheim, Freiberger Holding GmbH, Berlin, Raffinerie Tirlemontoise S.A., Brussels, Saint Louis Sucre S.A., Paris, and Südzucker Polska S.A., Wroclaw. He is also supervisory board chairman of Mönnich GmbH, Kassel, PortionPack Europe Holding B.V., Oud-Beijerland, and Südzucker Versicherungs-Vermittlungs-GmbH, Mannheim.

The Management Board of AGRANA Beteiligungs-AG manages the company's business in accordance with principles of modern governance and with the legal requirements, the Articles of Association and the Management Board terms of reference (the Management Board charter). The members of the Management Board are in ongoing communication with each other and, in Management Board meetings held at least every two weeks, deliberate on the current course of business and make the necessary informal and formal decisions. The company is managed on the basis of the open exchange of information and regular meetings with the division heads and other senior divisional management.

The allocation of responsibilities and the cooperation within the Management Board are set out in its terms of reference. The terms of reference also detail the Management Board's responsibilities with respect to communication and reporting, and list the types of actions which require the approval of the Supervisory Board.

The remits of the Management Board members are as follows:

Name	Responsibilities
Johann Marihart	Business Strategy, Production, Quality Management, Human Resources, Communication, Research and Development, and Starch Segment
Fritz Gattermayer	Sales, Raw Materials, Purchasing, and Sugar Segment
Walter Grausam	Finance, Controlling, Treasury, Information Technology and Organisation, Mergers & Acquisitions, Legal, and Fruit Segment
Thomas Kölbl	Internal Audit

The total compensation of the Management Board in the 2009|10 financial year was € 1,451 thousand (prior year: € 1,745 thousand). In the 2009|10 financial year the Management Board voluntarily waived its right to the performance-based pay component, which is tied to the amount of the dividend paid. In the prior year, a performance-based compensation component of € 670 thousand was paid. The Management Board member of AGRANA Beteiligungs-AG appointed on the basis of the syndicate agreement between Südzucker AG, Mannheim/Ochsenfurt, and Zucker-Beteiligungsgesellschaft m.b.H., Vienna, does not receive compensation for serving in this capacity.

Post-employment benefits granted to the Management Board under the Company's plan are pension, disability insurance and survivor benefits. The pension becomes available when the pension eligibility criteria of the Austrian public pension scheme (ASVG) are met. The amount of the pension is calculated as a percentage of a contractually agreed assessment base. Current contributions of € 410 thousand (prior year: € 356 thousand) were paid to the pension fund and a release of € 612 thousand from provisions for pension obligations was recognised in other provisions (prior year: addition of € 653 thousand to provisions for pension obligations).

In the event of early retirement within ASVG rules, the amount of the pension is reduced. The retirement benefit obligations in respect of the Management Board are administered by an external pension fund. The obligation's excess of € 863 thousand (previous year: € 1,259 thousand) over the existing plan assets at the end of the financial year under review was recognised in provisions. In the event that a Management Board appointment is withdrawn, severance pay has been agreed consistent with the Employees Act.

AGRANA maintains directors and officers liability insurance coverage for management staff. The cost is borne by the company.

Transactions of members of the Management Board are notified to the Financial Market Authority (FMA) in accordance with section 48d (4) Stock Exchange Act and published on the website of the FMA. During the reporting period, Johann Marihart sold 200 shares of AGRANA Beteiligungs-AG.

Supervisory Board

The Supervisory Board of AGRANA Beteiligungs-AG has twelve members, of whom eight are shareholder representatives elected by the Annual General Meeting and four are employee representatives from the staff council.

Name and board positions	Year of birth	Date first appointed	End of current term
Christian Konrad, Vienna, independent			
Chairman of the Supervisory Board	1943	19 Dec 1990	25th AGM (2012)
– Chairman of the Supervisory Board of UNIQA Versicherungen AG, Vienna			
– Vice-Chairman of the Supervisory Board of Südzucker AG, Mannheim/Ochsenfurt, Mannheim			
– Member of the Supervisory Board of DO & CO Restaurants & Catering AG, Vienna			
– Member of the Supervisory Board of BAYWA AG, Munich			
Wolfgang Heer, Ludwigshafen, independent			
First Vice-Chairman of the Supervisory Board	1956	10 Jul 2009	25th AGM (2012)
Erwin Hameseder, Mühldorf, independent			
Second Vice-Chairman of the Supervisory Board	1956	23 Mar 1994	25th AGM (2012)
– Vice-Chairman of the Supervisory Board of STRABAG SE, Villach			
– Member of the Supervisory Board of Südzucker AG, Mannheim/Ochsenfurt, Mannheim			
– Member of the Supervisory Board of UNIQA Versicherungen AG, Vienna			
Ludwig Eidmann, Groß-Umstadt, independent			
Member of the Supervisory Board	1945	2 Jul 2004	25th AGM (2012)
– Member of the Supervisory Board of Südzucker AG, Mannheim/Ochsenfurt, Mannheim			

Name and board positions	Year of birth	Date first appointed	End of current term
Hans-Jörg Gebhard, Eppingen, independent			
Member of the Supervisory Board	1955	9 Jul 1997	25th AGM (2012)
– Chairman of the Supervisory Board of Südzucker AG, Mannheim/Ochsenfurt, Mannheim			
– Member of the Supervisory Board of VK Mühlen AG, Hamburg			
– Member of the Supervisory Board of Crop Energies AG, Mannheim			
Thomas Kirchberg, Ochsenfurt, independent			
Member of the Supervisory Board	1960	10 Jul 2009	25th AGM (2012)
Ernst Karpfinger, Baumgarten/March, independent			
Member of the Supervisory Board	1968	14 Jul 2006	25th AGM (2012)
Christian Teufl, Vienna, independent			
Member of the Supervisory Board	1952	10 Jul 2003	25th AGM (2012)
– Vice-Chairman of the Supervisory Board of VK Mühlen AG, Hamburg			
Employee representatives			
Thomas Buder, Tulln			
Chairman of the Group Staff Council and the Central Staff Council	1970	1 Aug 2006	
Stephan Savic, Vienna			
Chairman of local Staff Council	1970	22 Oct 2009	
Peter Vymyslicky, Leopoldsdorf	1952	22 Dec 1997	
Gerhard Glatz, Gmünd	1957	1 Jan 2010	

In the 2009|10 financial year, the following persons retired from the Supervisory Board:

- **Rudolf Müller, Ochsenfurt, independent**
  On Supervisory Board since 30 March 1995, retired on 10 July 2009
  – Member of the Supervisory Board of K+S Aktiengesellschaft, Kassel

- **Theo Spettmann, Ludwigshafen, independent**
  On Supervisory Board since 14 July 2006, retired on 10 July 2009
  – Member of the Supervisory Board of Mannheimer AG Holding, Mannheim

- **Franz Ennser, Vienna**
  Retired on 21 October 2009

- **Erich Weissenböck, Gmünd**
  Retired on 31 December 2009

Supervisory Board independence

The Supervisory Board of AGRANA Beteiligungs-AG has decided to apply the guidelines for the definition of supervisory board independence as set out in Annex 1 to the Austrian Code of Corporate Governance 2009:

- The Supervisory Board member shall not have been a member of the Management Board or other management staff of the Company or a subsidiary of the Company.

- The Supervisory Board member shall not have a business relationship, of a size significant to the member, with the Company or a subsidiary of the Company, and shall not have had such a relationship in the preceding year. This also applies to business relationships of companies in which the Supervisory Board member holds a significant economic interest, but does not apply to board positions held within the Group.

- The approval of individual transactions by the Supervisory Board under L rule 48 does not automatically imply a member's qualification as non-independent.

- The Supervisory Board member shall not, in the past three years, have been an external auditor of the Company or a partner or employee of the then-current independent auditing firm.

- The Supervisory Board member shall not be a management board member of another company in which a member of the Company's Management Board is a supervisory board member.

- The Supervisory Board member shall not be a member of the Supervisory Board for more than 15 years. This does not apply to Supervisory Board members who are shareholders with a strategic shareholding in the Company or who represent the interests of such a shareholder.

- The Supervisory Board member shall not be a close relative (direct descendant, spouse, common-law spouse, parent, uncle, aunt, sibling, nephew or niece) of a Management Board member or of persons holding any of the positions referred to in the foregoing items.

- The Supervisory Board advises the Management Board in its strategic planning and projects. The Supervisory Board makes decisions jointly with the Management Board in matters where it is required by law, by the Articles of Association or by the Supervisory Board's terms of reference. The mandate of the Supervisory Board is to supervise the Management Board in the management of the Company.

Committees and their members

Where the importance or specialist nature of a particular subject matter makes it appropriate, the Supervisory Board also exercises its advisory and supervisory functions through the following three committees:

The Nomination and Remuneration Committee deals with the legal relationships between the Company and the members of the Management Board. The committee is responsible for succession planning for the Management Board and approves the compensation schemes for the Management Board members. The Strategy Committee prepares strategic decisions of the Supervisory Board by providing decision support, and makes decisions in urgent matters. The Audit Committee prepares for transaction by the Supervisory Board all matters related to the Company's separate financial statements and to the auditing of the accounting records and of the consolidated financial statements. It monitors the effectiveness of the internal control system, audit system and risk management system and verifies the independence and qualifications of the external auditors.

An excerpt from the Supervisory Board terms of reference on the procedures of the committees is available on the AGRANA website at www.agrana.com.

Name	Position on committee
Nomination and Remuneration Committee	
Christian Konrad	Chairman
Wolfgang Heer (from 10 July 2009)	Member
Erwin Hameseder	Member
Strategy Committee	
Christian Konrad	Chairman
Wolfgang Heer (from 10 July 2009)	Member
Erwin Hameseder	Member
Hans-Jörg Gebhard	Member
Thomas Buder	Employee representative
Gerhard Glatz (from 1 January 2010)	Employee representative
Audit Committee	
Erwin Hameseder	Chairman
Wolfgang Heer (from 10 July 2009)	Member
Thomas Buder (from 22 October 2009)	Employee representative

In the reporting period the Supervisory Board convened for four scheduled meetings. The Audit Committee met twice, with the meetings focusing particularly on the supervision of the risk management system, the review of the financial statements documentation and review of the Management Board’s proposal for the appropriation of profit. The Nomination and Remuneration Committee held one meeting.

No Supervisory Board member attended fewer than half of the board’s meetings in the 2009|10 financial year.

On 10 July 2009 the Annual General Meeting approved an annual aggregate remuneration for the Supervisory Board of € 165,000 (prior year: € 165,000) and delegated to the Supervisory Board Chairman the responsibility for allocating this sum. The amount paid to the individual Supervisory Board members is tied to their function on the board. No meeting fees were paid in the year under review.

Vienna, 30 April 2010

The Management Board
Johann Marihart
Fritz Gattermayer
Walter Grausam
Thomas Kölbl

SUPERVISORY BOARD'S REPORT

During the 2009|10 financial year the Supervisory Board, in a total of four scheduled meetings and through regular reports from the Management Board and detailed written information, informed itself about the Company's business situation and financial position, about all relevant matters concerning the business performance, about the financial situation, investment plans and exceptional business transactions as well as the corporate strategy, and discussed these matters with the Management Board. The thorough deliberations in the meetings of the Supervisory Board and its committees centred on the corporate strategy and the opportunities for further development of the Group, as well as the current challenges of the general economic environment. In addition, the Chairman of the Supervisory Board was in regular contact with the Chief Executive Officer to discuss strategy adjustments, business performance and risk management.

The Audit Committee met twice in the 2009|10 financial year; its chairman regularly reported to the Supervisory Board on the work of the committee. The Nomination and Remuneration Committee considered the personnel matters relating to the Management Board members.

No Supervisory Board member attended fewer than half of the board's meetings in the year under review.

The consolidated financial statements, group management report, parent company financial statements and parent company management report of AGRANA Beteiligungs-AG for the 2009|10 financial year presented by the Management Board, as well as the accounting records, were audited by and received an unqualified audit opinion from the two independent auditors appointed by the Annual General Meeting, KPMG Austria GmbH, Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Vienna, and MULTICONT Revisions- und Treuhand Ges.m.b.H., Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Vienna. The compliance review of the corporate governance report under section 243b of the Austrian Commercial Code was performed by Univ.-Prof. DDr. Waldemar Jud Corporate Governance Forschung CGF GmbH, and its final results did not give rise to significant reservations. The Supervisory Board endorses the results of the audits and of the compliance review.

The Audit Committee has reviewed the parent company financial statements and reported to the Supervisory Board in the presence of the auditors. The Supervisory Board has reviewed the consolidated financial statements, group management report, parent company financial statements and the parent company management report and corporate governance report of AGRANA Beteiligungs-AG for the 2009|10 financial year as well as the Management Board's proposal for the allocation of profit. The final results of all of these reviews did not give rise to reservations.

The Supervisory Board has approved the consolidated financial statements and parent company financial statements for the 2009|10 financial year prepared by the Management Board, which are thus adopted for the purposes of section 96 (4) of the Austrian Stock Corporation Act. The Supervisory Board endorses the group management report and parent company management report for the 2009|10 financial year and is in agreement with the proposed appropriation of profit.

The Supervisory Board would like to express its appreciation and gratitude to the Management Board and all of the Company's employees for their commitment and the work accomplished.

Vienna, May 2010

The Chairman of the Supervisory Board
Christian Konrad

AGRANA GROUP STRUCTURE

AGRANA BETEILIGUNGS-AG
Revenue in 2009|10: € 1,989.2m

STARCH SEGMENT	STARCH SEGMENT	FRUIT SEGMENT
Revenue in 2009|10: € 684.1m	Revenue in 2009|10: € 499.2m	Revenue in 2009|10: € 805.9m
AGRANA Zucker GmbH	AGRANA Stärke GmbH	AGRANA Fruit S.A.S.
		AGRANA Juice Holding GmbH

52 production sites in 25 countries

10 production sites	5 production sites	37 production sites

7,927 employees in total

2,336 employees	880 employees	4,711 employees

GROUP MANAGEMENT REPORT 2009|10

GROUP BUSINESS PERFORMANCE	2009|10	2008|09	Change
	€000	€000	%
Revenue	1,989,159	2,026,328	(1.8)
EBITDA	176,246	119,177	+47.9
Operating profit before exceptional items	91,937	37,832	+143.0
Operating margin	4.6%	1.9%	
Exceptional items	(5,007)	(3,190)	+57.0
Operating profit after exceptional items	86,930	34,642	+150.9
Purchases of property, plant and equipment and intangibles[1]	48,382	73,813	(34.5)
Purchases of non-current financial assets	941	1,672	(43.7)
Staff count	7,927	8,244	(3.8)

[1] Excluding goodwill.

The consolidated financial statements for the 2009|10 financial year were prepared in accordance with International Financial Reporting Standards (IFRS). The consolidated financial statements relate to AGRANA's financial year (the twelve months from March 2009 to February 2010), with comparative data presented for the prior year.

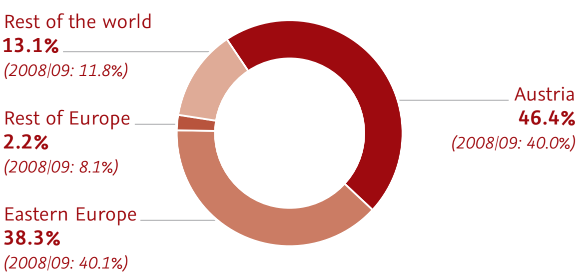
CHANGES IN THE SCOPE OF CONSOLIDATION

With effect from the end of the third quarter of 2009|10, AGRAGOLD Holding GmbH, an Austrian entity which serves primarily to hold the distribution companies in the West Balkan region, was consolidated for the first time. This 50% joint venture is included in the AGRANA Group financial statements by proportionate consolidation.

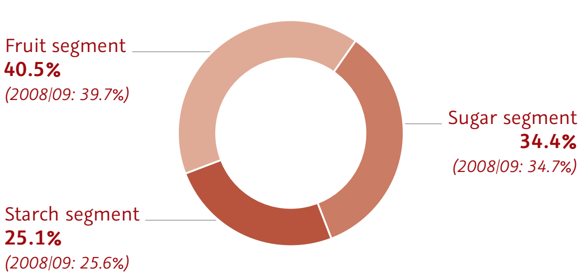
REVENUE AND EARNINGS

Revenue of the AGRANA Group eased by 1.8% in the 2009|10 financial year to € 1,989.2 million. In the Sugar and Starch segments, lower sales prices caused revenue to decline. The volume gains of 16.7% in the AGRANA Group compared to the prior year could not fully make up for the negative price effect. With revenue of € 684.1 million (prior year: € 702.5 million) in the Sugar segment, AGRANA registered a decrease in quota sugar sales, coupled with lower sales prices, against the backdrop of the EU sugar regime after the surrendering of quota. The sales quantities of non-quota sugar grew thanks to the development of new export markets. Revenue in the Starch segment declined to € 499.2 million (prior year: € 519.4 million) despite higher volumes. As a result of their adjustment to the trend in raw material prices, selling prices trended downward. The full utilisa-

REVENUE BY REGION



REVENUE BY SEGMENT



tion of the bioethanol plants in Austria and Hungary meanwhile outweighed the effect of lower prices obtained for ethanol and thus contributed to a rise in bioethanol revenue. In the Fruit segment, revenue, at € 805.9 million, was held at about the year-earlier level (prior year: € 804.4 million) through higher sales volumes. Fruit preparations revenue (accounting for about 80% of Fruit segment revenue) matched the prior-year level despite a slight volume increase. In the fruit juice concentrates business, high growth in sales quantities compensated for the significant year-on-year reduction in sales prices.

Group operating profit before exceptional items rose markedly in 2009|10 from € 37.8 million to € 91.9 million. This increase was driven primarily by the earnings improvement in the Fruit segment, where the profit situation in fruit juice concentrates was successfully stabilised. In the prior year a write-down on apple juice concentrate inventories had weighed on the result. The Starch segment benefited from a normalisation in raw material markets and a satisfactory trend in the earnings situation for bioethanol.

In financial 2009|10, **exceptional items** represented a net expense of € 5.0 million (prior year: net expense of € 3.2 million) and related only to the Fruit segment. They consisted of the expenses for the relocation of the holding company of AGRANA Fruit and goodwill impairment from the already completed closure of the plant in Kaplice, Czech Republic. **Operating profit after exceptional items** in 2009|10 was thus € 86.9 million (prior year: € 34.6 million).

Net financial items improved by € 67.5 million in 2009|10 from a deficit of € 67.1 million to a gain of € 0.5 million. The improvement was driven largely by currency translation gains (especially in Poland, Hungary, Romania and Brazil), but also by declining interest costs on the lower net debt, and gains on the sale of businesses.

As a result, **profit before tax** increased to € 87.4 million (prior year: pre-tax loss of € 32.4 million). After a tax expense of € 14.7 million (representing an effective tax rate of 16.8%), the **Group's profit for the period** was € 72.7 million (prior year: loss for the period of € 15.9 million). The profit for the period attributable to shareholders of AGRANA grew to € 72.2 million (prior year: loss for the year of € 11.6 million); earnings per share were € 5.08 (prior year: loss per share of € 0.82).

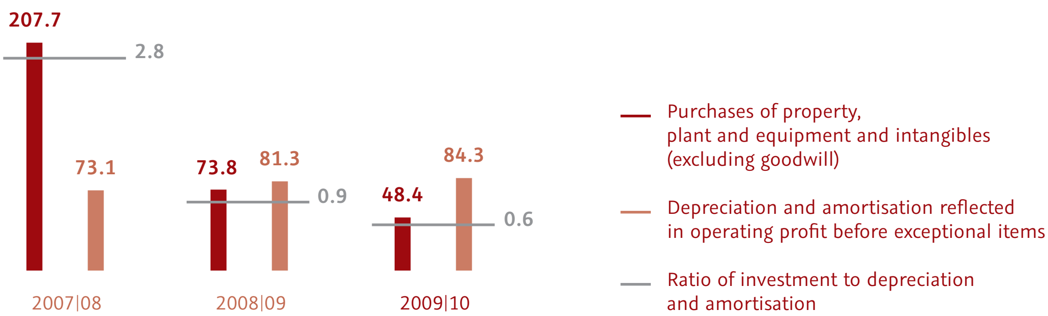
INVESTMENT

Investment (which excludes financial investments) was further reduced in the 2009|10 financial year as planned, from € 73.8 million in the prior year to € 48.4 million. In the Sugar segment, the capital expenditure of € 11.4 million (prior year: € 19.4 million) was used largely for the replacement of plant and equipment and for environmental and energy-related measures. The investment in the Starch segment of € 10.8 million (prior year: € 23.8 million) served process optimisation and the improvement of energy efficiency. In the Fruit segment, the investment of € 26.1 million (prior year: € 30.6 million) included maintenance projects and production expansion in Russia, the United States, Argentina and Austria.

FINANCIAL POSITION

Total assets at 28 February 2010 amounted to € 1,887.9 million, a reduction of € 108.3 million from the year-earlier level of € 1,996.2 million. There was a decrease of € 15.5 million in non-current assets, due mainly to the lower investment. Current assets declined by € 92.8 million. While inventories and cash and cash equivalents contracted, trade receivables rose. The inventory reduction in the Sugar segment was the result of the lower sugar volumes in inventory and lower valuations for quota sugar after the EU restructuring levy's elimination from the 2009|10 sugar marketing year onward. At the same time, inventory value declined in the Fruit segment, reflecting higher sales quantities of apple juice concentrate and reduced valuations as a consequence of the lower raw material prices.

INVESTMENT VERSUS DEPRECIATION (€m)



AGRANA further improved its capital structure in the 2009|10 financial year. With an equity ratio of 47.9% (prior year: 41.4%) at the balance sheet date, equity increased to € 904.7 million from the level of 28 February 2009 of € 825.9 million. Net debt at 28 February 2010 stood at € 376.6 million, a reduction of 19.9% from the year-ago level of € 470.1 million. The reduction in current borrowings resulted from the lower investment, lower working capital financing and the refinancing to long-term credit lines in combination with the locking-in of favourable interest rates. Trade and other payables fell, as the final payment of the EU restructuring levy was made in October 2009.

CASH FLOW

Net cash from operating activities rose in the 2009|10 financial year from € 115.0 million to € 162.2 million. This reflected the inventory decrease, the receipt in June 2009 of the EU restructuring premium of approximately € 40 million for the quota already returned in the 2008|09 sugar marketing year, and the last payment to the EU restructuring fund for the 2008|09 marketing year of about € 70 million. Net cash used in investing activities, at € 48.4 million (prior year: € 72.1 million), was considerably less than in the year before. The reduction of external current borrowings led to a net cash outflow of € 123.7 million from financing activities (prior year: € 50.1 million). The AGRANA Group recorded free cash flow of € 113.8 million in the 2009|10 financial year (prior year: € 42.9 million).

SEGMENT FINANCIAL RESULTS

Sugar segment

€000	2009|10	2008|09
Total revenue	737,015	751,086
Inter-segment revenue	(52,963)	(48,583)
Revenue	684,052	702,503
Operating profit before exceptional items	15,214	15,810
Operating margin	2.2%	2.3%
Operating profit after exceptional items	15,214	14,897
Purchases of property, plant and equipment and intangibles[1]	11,420	19,402
Purchases of non-current financial assets	537	862
Staff count	2,336	2,464

Revenue in the Sugar segment for the 2009|10 financial year eased by 2.6% to € 684.1 million. The key reason was the combination of the lower quota sugar sales volume and declining prices. Despite intra-year fluctuation in the export activity of industrial customers, AGRANA was able to hold constant the sales quantities of quota sugar to industry. In non-quota sugar, the volume of exports to destinations outside the European Union was increased by opening up new markets. The Sugar segment accounted for 34.4% of Group revenue (prior year: 34.7%). Consumers remained reticent in their purchasing behaviour, particularly in Eastern Europe. In the West Balkan region, market developments were additionally influenced by the rise in world market prices, which led to a decline in demand.

The segment's operating profit in 2009|10 of € 15.2 million before exceptional items was almost level with the year-earlier figure of € 15.8 million. The lower quota sugar revenue was almost fully offset by the non-recurrence of the EU restructuring levy and the optimisation of energy procurement for the 2009 campaign. The capacity utilisation of the raw sugar refineries in Romania and Bosnia-Herzegovina was below the prior-year level because of the price trends in the world market and resulting lower availability of raw sugar. The profitability of refined sugar from these facilities was restricted in the 2009|10 financial year by the higher purchasing costs and the prices achievable locally.

Starch segment

€000	2009|10	2008|09
Total revenue	533,788	551,979
Inter-segment revenue	(34,586)	(32,540)
Revenue	499,202	519,439
Operating profit before exceptional items	41,055	27,523
Operating margin	8.2%	5.3%
Operating profit after exceptional items	41,055	25,246
Purchases of property, plant and equipment and intangibles[1]	10,836	23,798
Purchases of non-current financial assets	1	254
Staff count	880	853

In the 2009|10 financial year, revenue in the Starch segment declined by 3.9% from the previous year to € 499.2 million. Although sales volumes were pushed up significantly, revenue was set back by the lower sales prices resulting from the

[1] Excluding goodwill.

raw-material-driven adjustment of sales contracts with customers. Against the business-cycle-driven market trend, AGRANA was able to boost volumes of starch sales in the non-food sector. Quantities were also expanded in native starches and saccharification products. The operation of the bioethanol plants in Austria and Hungary at full capacity translated into increased bioethanol revenue. The trend in co-product (by-product) revenue was satisfactory. The share of the Starch segment in Group revenue reached 25.1%, compared to 25.6% in the prior year.

Operating profit before exceptional items, at € 41.1 million, was up substantially from the prior year's € 27.5 million. The overall easing of prices in raw material markets, along with the accompanying lower energy costs, had a beneficial effect on production costs. The earnings situation in the bioethanol activities improved to a gratifying extent. The operating margin in the Starch segment reached 8.2% for the 2009|10 financial year, compared with € 5.3% in the prior year.

Fruit segment

€000	2009|10	2008|09
Total revenue	805,988	804,476
Inter-segment revenue	(83)	(90)
Revenue	805,905	804,386
Operating profit before exceptional items	35,668	(5,501)
Operating margin	4.4%	neg.
Operating profit after exceptional items	30,661	(5,501)
Purchases of property, plant and equipment and intangibles[1]	26,126	30,613
Purchases of non-current financial assets	403	556
Staff count	4,711	4,927

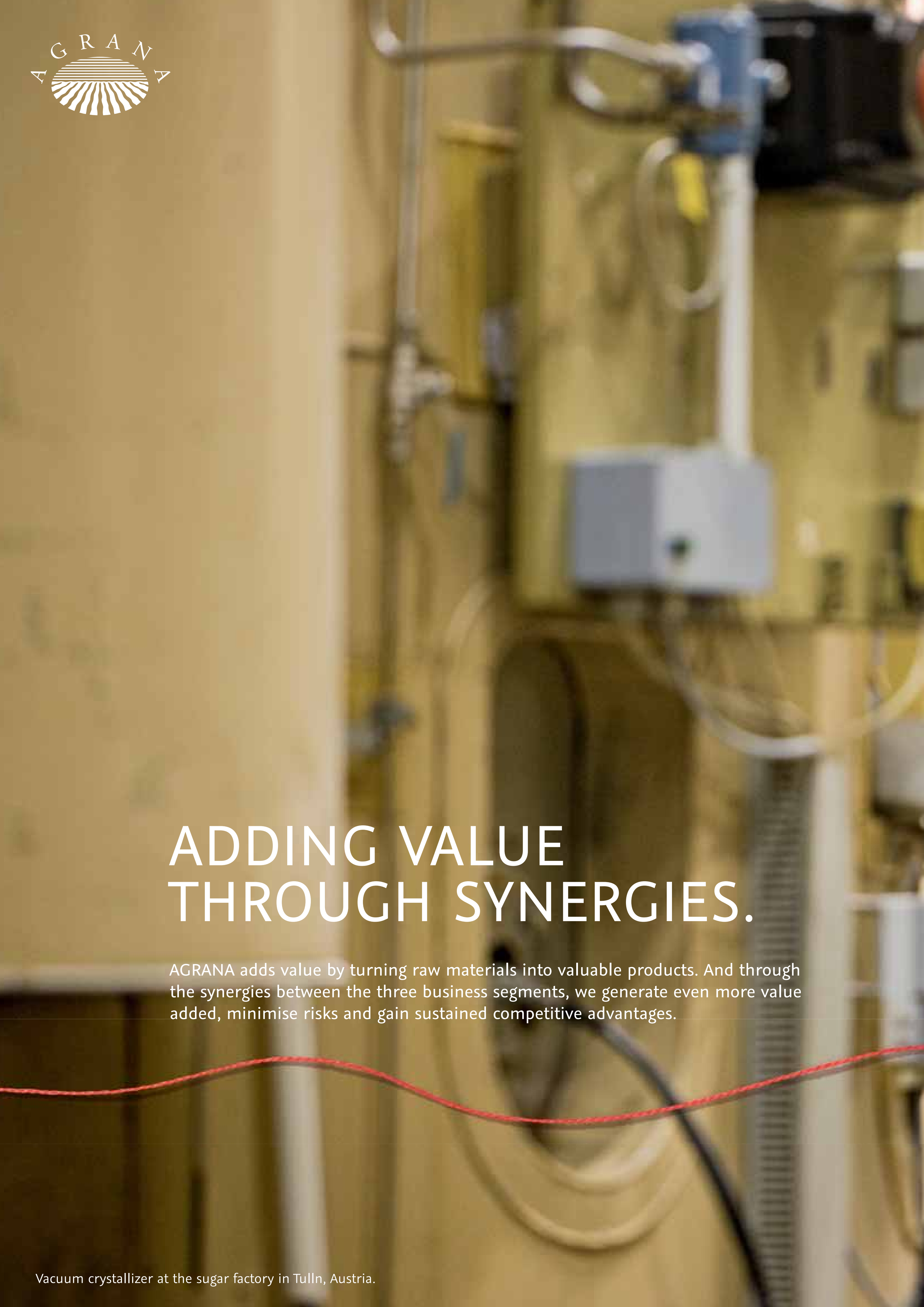
Revenue in the Fruit segment, at € 805.9 million, was essentially unchanged from the prior-year level of € 804.4 million. Increases in sales volumes of fruit juice concentrates and slight volume growth in fruit preparations cancelled out the effect of the lower sales prices. The market for fruit preparations showed widely different trends from region to region. Weaker markets in Latin America (especially Argentina and Mexico) were juxtaposed with growth in the Asia-Pacific region and Eastern Europe. Central and Western Europe saw a stable trend in volume. The prices for apple juice concentrate were well below the previous year's level, although they stabilised towards the end of the 2009|10 financial year and exhibited a rising trend. The Fruit segment accounted for 40.5% of Group revenue (prior year: 39.7%).

Fruit segment operating profit before exceptional items grew to € 35.7 million, from an operating loss of € 5.5 million in the prior year when the apple juice concentrate inventories were written down. Excluding that prior-year non-recurring charge of € 32.4 million, 2009|10 operating profit before exceptional items was up € 8.8 million from the prior year. Significant growth in sales volumes and lower raw material costs more than made up for the impact of lower selling prices in the 2009|10 financial year. The introduction of lean management permitted the cost structure in the concentrate plants to be fine-tuned and brought into line with market requirements. Thanks to the flexibility of its production, AGRANA dealt successfully with the economic-crisis-induced greater volatility of new orders in the fruit preparations plants. At AGRANA Fruit, a total net finance expense of € 5.0 million was recognised for restructuring costs (move of holding company office location) and the goodwill write-down for AGRANA Fruit Bohemia in the Czech Republic.

EVENTS AFTER THE REPORTING DATE

No significant reportable events relevant to the financial performance or financial position occurred after the balance sheet date of 28 February 2010.

[1] Excluding goodwill.



ADDING VALUE THROUGH SYNERGIES.

AGRANA adds value by turning raw materials into valuable products. And through the synergies between the three business segments, we generate even more value added, minimise risks and gain sustained competitive advantages.

Vacuum crystallizer at the sugar factory in Tulln, Austria.

SEGMENT KEY FIGURES	2009|10 €m	2008|09 €m	Change %
Revenue	684.1	702.5	(2.6)
Operating profit before exceptional items	15.2	15.8	(3.7)
Operating margin	2.2%	2.3%	
Purchases of property, plant and equipment and intangibles[1]	11.4	19.4	(41.1)

[1] Excluding goodwill.

AGRANA is superbly positioned as the leading sugar producer in the Central and Eastern European core markets.

AGRANA Zucker GmbH, as the parent company for the Group's Sugar activities, has direct Austrian operations and acts as the holding company for the Sugar segment's businesses in Hungary, the Czech Republic, Slovakia, Romania, Bulgaria and Bosnia-Herzegovina. The Sugar segment also includes INSTANTINA Nahrungsmittel Entwicklungs- und Produktionsgesellschaft m.b.H. in Austria. The sugar distribution activities and the distribution of the catering products by HELLMA Lebensmittel-Verpackungs Ges.m.b.H. (a member of the PortionPack Europe group) are also conducted by AGRANA Zucker.

MARKET ENVIRONMENT

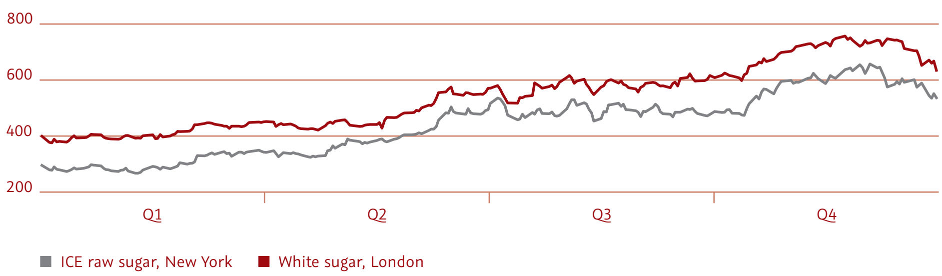
World sugar market

Crop losses in the 2009 calendar year in Brazil and India, the world's two largest producers, drove up world market prices. The raw sugar quotation in New York reached a thirty-year high on 1 February 2010 at € 670.2 per tonne. White sugar futures likewise jumped to a record high, quoting at € 767.0 per tonne on 21 January 2010. Since then, the commodity exchange prices have seen a downward trend.

In its current forecast for world sugar production in the 2009|10 sugar marketing year (October 2009 to September 2010), F.O. Licht, a German-based analytics firm, predicts an increase of 5.1 million tonnes in global production to 156.0 million tonnes. Of this total, about 34.6 million tonnes represents production from sugar beet (up 2.5 million tonnes from the 2008|09 sugar marketing year) while cane sugar accounts for approximately 121.4 million tonnes (up 2.6 million tonnes). Despite the anticipated rise in global sugar output, a sugar deficit is predicted for the 2009|10 marketing year in view of estimated consumption of 163.3 million tonnes.

INTERNATIONAL SUGAR PRICES IN THE AGRANA 2009|10 FINANCIAL YEAR

US$ per tonne



Sugar regime

The EU sugar regime which took effect on 1 July 2006 is in force until September 2015. The key elements of the sugar market reform are the reduction in the reference price for EU quota sugar by 36%, a cut in the beet price by 40% and the lowering of European sugar production by 6 million tonnes. A total of 5.8 million tonnes of production quotas (for sugar, isoglucose and inulin syrup) was surrendered to the restructuring fund. The restructuring premiums for the quota surrendered by AGRANA during the 2008|09 sugar marketing year were received in full in June 2009. AGRANA holds a production quota of about 618,000 tonnes. In January 2010 the European Commission announced that there will not be a final quota reduction.

Since 1 October 2009 the European sugar market is open to imports from the world's Least Developed Countries (LDC) through the Everything But Arms (EBA) initiative and open to imports from the African, Caribbean and Pacific (ACP) group of states under the Economic Partnership Agreements (EPA). Tariffs and volume limits were entirely eliminated. A special safeguard provision is in place to permit the renewed introduction of protective duties when certain import quantities are exceeded.

For the 2009|10 sugar marketing year, the Commission has granted the chemical industry a duty-free import quota of 400,000 tonnes of out-of-quota sugar. To compensate for the import quota, it allowed the sugar industry to make unsubsidised exports of 650,000 tonnes of out-of-quota sugar and 50,000 tonnes of isoglucose to the world market. In view of the exceptionally favourable weather conditions and resulting good yields for non-quota sugar, the Commission on 14 October 2009 increased the export licences for non-quota sugar to 1,350,000 tonnes. This export volume limit was further raised in January 2010 in response to world market prices through a one-time increase of 500,000 tonnes of non-quota sugar to a new total of 1,850,000 tonnes. AGRANA has sufficient export licences for the non-quota sugar sales in the 2009|10 marketing year.

Sugar exports

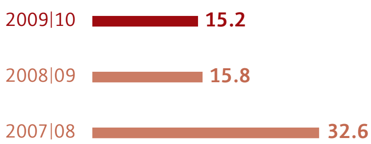
The WTO-II negotiations running since 2001 have thus far remained inconclusive. Their successful completion in the near future is currently regarded as highly unlikely. The negotiating mandate given to the European Commission by the member states remains in effect.

RAW MATERIALS, CROPS AND PRODUCTION

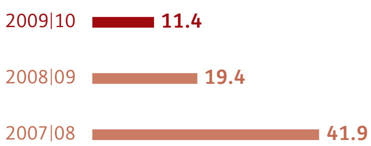
On a total crop area of about 83,550 hectares (prior year: 71,750 hectares), in the 2009|10 financial year about 5.08 million tonnes (prior year: 4.71 million tonnes) of sugar beet were harvested for the AGRANA Group and processed. Variable weather conditions during the growing season and harvest led to good yields, but to a lower-than-usual sugar content in the crop. The approximately 8,520 beet growers (prior year: 8,650) achieved beet yields averaging about 60.8 tonnes per hectare (prior year: 65.5 tonnes) and an average sugar content of 16.3% (prior year: 17.1%).

REVENUE
€m

OPERATING PROFIT BEFORE EXCEPTIONAL ITEMS
€m



PURCHASES OF PP&E AND INTANGIBLES
€m



The seven beet-using factories processed a combined daily average of approximately 46,000 tonnes of beet (prior year: 46,500 tonnes) over an average of 113 days (prior year: 105 days) into about 747,000 tonnes of sugar (prior year: 720,000 tonnes). Sugar production significantly exceeded the AGRANA beet sugar quota of 618,000 tonnes. The quantities in excess of the quota are marketed as non-quota sugar to the chemical industry or exported to the world market. In addition, in Romania and Bosnia-Herzegovina, about 176,000 tonnes of white sugar (prior year: 183,000 tonnes) were refined from raw sugar in the 2009|10 financial year.

In most countries, beet processing began between 16 and 24 September 2009. The Austrian plant in Tulln, as a result of the large volume of beet, had the longest sugar campaign in the Group, completing the beet processing on 25 January 2010. In the concluded campaign, about 42% of the primary energy needs in Hungary were met from the biogas produced on-site. AGRANA boosted the production of organic beet sugar from certified organic beet to 2,900 tonnes (prior year: 1,800 tonnes) in the 2009|10 financial year.

In light of the changed market conditions, AGRANA was able to conclude new agreements with the umbrella organisation of Austrian sugar beet farmers (“Die Rübenbauern”) and the local farmers’ representatives in the other countries for beet cultivation in 2010.

INVESTMENT

Investment in the Sugar segment amounted to € 11.4 million (prior year: € 19.4 million), mainly for the replacement of plant and equipment. In Kaposvár, Hungary, during the 2009|10 financial year AGRANA invested in two beet pulp presses. The installation of a beet pulp press at the Czech plant in Hrušovany completed the modernisation of the facility’s press operation. In Sereď, Slovakia, a new warehouse for packaged product was built. The commissioning of the one-kilogram packaging station is planned for the 2010|11 financial year. Through operational adjustments in the raw sugar refinery in Brčko, Bosnia-Herzegovina, the average processing volume was increased to 500 tonnes per day.

SUGAR: AUSTRIA

Sugar revenue in Austria eased by about 4% to € 348.1 million (prior year: € 364.2 million). This resulted from the combination of reduced quota sugar sales volume and declining prices. Even with volatility in sales quantities amid the economic crisis, AGRANA was able to hold sugar sales to the food industry constant over the full financial year. Sugar sales to food retailers saw a decrease. Through the positioning of AGRANA sugar under the “Wiener Zucker” brand as an Austrian high-quality product, the market shares were successfully defended at the prior-year level. From the middle of 2009, the rising world market price for sugar had a positive effect on exports of non-quota sugar. Thus out-of-quota sugar exports to non-EU countries were significantly expanded by targeting new markets (such as Israel, other Middle Eastern countries and Uzbekistan). With the addition of organic sugar to its product portfolio, AGRANA has entered a new market segment. The selling prices for co-products (molasses and dried beet pulp) decreased in parallel with grain prices.

The absence of the restructuring levy from the 2009|10 sugar marketing year onward and cost reductions in energy purchasing were positive factors, although lower processing throughput resulting from beet quality differences led to higher costs in production.

SUGAR: HUNGARY

In the 2009|10 financial year, Sugar segment revenue in Hungary declined from € 122.2 million to € 106.6 million. Revenue from quota sugar fell as budgeted, reflecting reduced quota sugar sales as a result of the relinquished quota, and the lower prices for quota sugar. The Hungarian market was also characterised by aggressive price competition.

SUGAR: CZECH REPUBLIC

Volumes sales gains especially in non-quota sugar led to revenue growth of about 17% to € 96.2 million (prior year: € 82.0 million). Sugar was exported to new markets and supplied to customers in the chemical industry. Quota sugar revenue was down as a result of the lower prices.

SUGAR: SLOVAKIA

AGRANA significantly lifted revenue in Slovakia from € 44.3 million to € 55.0 million. This reflected higher sales volume of non-quota sugar and considerable growth in the agricultural products trading business. While domestic sugar sales to food retailers were steady, industrial sugar sales decreased. Consumers are showing a degree of reluctance to spend, which triggered intense competition between local sugar producers.

SUGAR: ROMANIA

Romanian revenue retreated in the 2009|10 financial year from € 155.1 million to € 139.6 million. This was attributable to the declining volumes and prices of quota sugar. Quantities fell both in industrial sales and the sugar trading business. The market share was slightly below the prior-year level of almost 50%.

In the financial year under review, the rising world market price of sugar posed a significant challenge in the purchasing of raw sugar and caused elevated margin pressure for the refinery in Romania. The raw sugar imports from the LDC and ACP countries to the EU are subject to a minimum price. As the increased EU demand for raw sugar currently exceeds the supply from these countries, this led to import prices that were well above the world market price and the minimum price.

When the Romanian currency strengthened in the course of the 2009|10 financial year, a portion of the currency translation losses from the prior 2008|09 financial year was recouped.

SUGAR: BOSNIA-HERZEGOVINA

In 2009|10 the raw sugar refinery operated together with a joint venture partner, Studen, generated revenue of € 33.9 million (prior year: € 9.4 million). With higher sugar sales volume, AGRANA won significant additional market share in Bosnia-Herzegovina.

Market developments in the 2009|10 financial year were shaped by the rise in world market prices. AGRANA buys the raw sugar required for the refinery in the world market. However, the profitability of refined sugar was hurt by the higher production costs and the prices which could be obtained locally. Moreover, high white sugar prices made customers less willing to buy.

SUGAR: BULGARIA

Revenue in Bulgaria for the 2009|10 financial year was € 20.3 million (prior year: € 36.2 million). The economic crisis weighed on consumer confidence and drove declines in sugar sales to food retailers and the industrial market segment.

In the 2009|10 financial year AGRANA acquired sole ownership of the distribution and packaging firm that was previously jointly owned with Bulgarian sugar company Zaharni Zavodi AD. AGRANA is continuing the trading activities in Bulgaria with sugar available in the Group in order to ensure the security of supply to the market. The temporary undersupply and partial disruptions of business resulting from the termination of the joint venture arrangement adversely affected the operation's performance. As a consequence, plans for the 2010|11 financial year call for cost reductions and business consolidation.

AGRANA headquarters in Vienna, Austria.

SYNERGIES IN ORGANISATION.

When it comes to administrative costs, the centralisation of cross-segment activities lets AGRANA operate far more efficiently than other vendors.

SEGMENT KEY FIGURES	2009|10	2008|09	Change
	€m	€m	%
Revenue	499.2	519.4	(3.9)
Operating profit before exceptional items	41.1	27.5	49.3
Operating margin	8.2%	5.3%	
Purchases of property, plant and equipment and intangibles[1]	10.8	23.8	(54.5)

[1] Excluding goodwill.

Niche strategy enables AGRANA's Starch business to differentiate itself from competitors.

The Starch segment comprises AGRANA Stärke GmbH, with the Austrian starch products of the potato starch factory in Gmünd and the corn starch plant in Aschach, as well as the operational management and coordination of the international holdings in Hungary and Romania. The bioethanol business also forms part of the Starch segment.

MARKET ENVIRONMENT

Under the reform of the Common Agricultural Policy (the "Health Check"), the existing Common Market Organisation for potato starch will expire at the end of the 2011|12 grain marketing year, which runs from July 2011 to June 2012. At that time the production quota for potato starch, the linked aid and the floor price will thus be eliminated. The reference period for the decoupling of the direct aid to farmers and industry in Austria will be the year 2010, with the contract volumes of the starch potato grower contracts in 2010 forming the basis for the decoupled aid from 2012 onward.

The EU-27 isoglucose quota for the 2009|10 marketing year is approximately 690,000 tonnes. In view of the market conditions, the EU decided to forego the final quota cut that had been a possibility under the sugar market reform. HUNGRANA, at 220,000 tonnes, holds Europe's largest isoglucose quota.

RAW MATERIALS, CROPS AND PRODUCTION

The crop forecasts of the International Grains Council (IGC) in London indicate good grain supplies worldwide. For the current 2009|10 grain marketing year (July 2009 to June 2010), world grain production is expected to reach the second highest level in history. For global corn (maize) production in 2009|10, growth of 6.0 million tonnes to 797 million tonnes is projected. For wheat, the IGC is predicting that the 2009|10 crop will represent a modest reduction to 675 million tonnes (prior year: 686 million tonnes).

The 2009 European harvest in the EU-27, as estimated by Stratégie Grains, brought a crop of about 57 million tonnes of corn (prior year: 63 million tonnes) and about 130 million tonnes of wheat (prior year: 120 million tonnes). For corn, 2009|10 was the final marketing year in which corn was eligible for intervention, up to a limit of 700,000 tonnes. Most of the intervention volume of about 550,000 tonnes came from Hungary and Slovakia.

The good supply made itself felt in the commodity prices quoted on the Euronext Liffe commodity derivatives exchange in Paris (formerly known as MATIF). After strong swings, grain prices showed a significant downward trend amid the crop expectations. At present, grain prices appear to have reached bottom. Forecasts for the 2010 crops (the 2010|11 grain marketing year) predict a decrease of about 1.5% in grain production both worldwide and for Europe.

COMMODITY PRICES IN AGRANA'S 2009|10 FINANCIAL YEAR
€ per tonne (Paris commodity exchange)

Corn starch

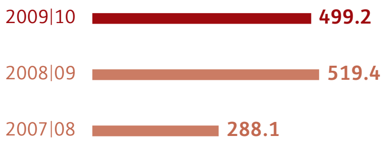
Total corn processing volume (excluding corn for bioethanol) in the AGRANA starch plants (including the 50% share in HUNGRANA) increased in the 2009|10 financial year to about 630,900 tonnes (prior year: 593,300 tonnes). Within this figure, processing of freshly harvested wet corn totalled 182,400 (prior-year 163,700) tonnes. The production of core starch products (i.e., excluding bioethanol and by-products) reached 540,600 tonnes (prior year: 512,200 tonnes).

Despite a difficult business environment especially for refined non-food starches, the capacity utilisation of the manufacturing plants was high. The economic conditions led to intra-year fluctuation in demand for products for the paper and corrugated board industry and stagnation in products for the building sector. AGRANA was able to make up for this in the food sector by raising production volumes of saccharification products such as isoglucose and liquid dextrose, as well as of native starches.

Potato starch

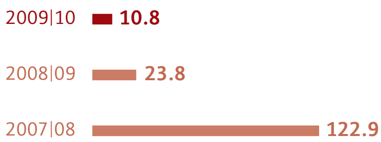
In the 2009 campaign, the Austrian starch plant in Gmünd, in a campaign of 111 days (prior year: 116 days) processed about 187,400 tonnes of starch potatoes (prior year: 198,500 tonnes) into 40,200 tonnes of potato starch (prior year: 42,400 tonnes). The organic portion of this was approximately 2.7% (prior year: 3.2%) measured by input volume. For the 2010 campaign year the full quota of 47,691 tonnes of potato starch is available, and contracts with farmers were concluded to be able to produce this amount. From about 25,000 tonnes of food potatoes, approximately 4,000 tonnes of long-life potato products were manufactured, with 22% of this being organic products.

REVENUE
€m



OPERATING PROFIT BEFORE EXCEPTIONAL ITEMS
€m

PURCHASES OF PP&E AND INTANGIBLES
€m



INVESTMENT

€ 10.8 million (prior year: € 23.8 million) was invested in the Starch segment during the 2009|10 financial year. This paid for process optimisation and energy efficiency improvements (for example, in the form of waste heat recovery systems at the Austrian starch plants and the switch in Romania to natural gas as the primary energy source). At the Hungarian plant, after completing the expansion of production capacity for isoglucose, the co-products area (corn gluten meal and corn gluten feed) was optimised.

STARCH: AUSTRIA

In the 2009|10 financial year, revenue decreased by € 36.5 million to € 307.9 million (prior year: € 344.4 million), which was due largely to the price decline in principal products and co-products, as well as lower sales volumes of specialty starches. Total sales increased from 948,900 tonnes in the prior year to 1,034,900 tonnes. This was explained by higher sales quantities of native starches, saccharification products and the by-products of AGRANA Bioethanol GmbH and HUNGRANA distributed through the feedstuffs department. The volume growth in core products was not able to make up for the price effect, thus leading to the revenue reduction in the 2009|10 financial year.

Particularly in native starches (potato and corn starch) and saccharification products, AGRANA surpassed the volumes of the prior year. With market prices falling, however, revenue fell short of the prior-year level. In non-food starches, there was an increase in quantities sold into the paper, corrugated board, textile and building industries. Overcoming the market trend, AGRANA was able to add volume especially in sales to the paper industry and win market share. In food starches, sales volume was steady compared with the prior year. Fallen raw material prices and a general oversupply in the European market ushered in significant price erosion, particularly from the second quarter of the 2009|10 financial year.

Sales of co-products (including feedstuffs purchased for resale) increased to 639,100 tonnes (prior year: 596,300 tonnes), driven primarily by sales of ActiProt. Lower grain prices caused a sharp decline in sales prices of co-products.

STARCH: HUNGARY

Starch revenue in Hungary in the 2009|10 financial year, based on AGRANA's 50% share, decreased by € 7.8 million to € 126.4 million (prior year: € 134.2 million). The main reason, next to currency effects, was a reduction in sales prices of isoglucose and by-products. The positive trend in the bioethanol business and increase in sales of saccharification products translated into sales volume growth to a new total of 420,100 tonnes (prior year: 390,600 tonnes).

Together with the sales volume expansion, the improvement in the raw material market and resulting lower corn prices were the main drivers of the improvement in operating profit.

STARCH: ROMANIA

In Romania, AGRANA recorded revenue of € 8.9 million (prior year: € 9.5 million). Sales volume increased, but this only partly offset the effect of lower sales prices of core and by-products, most notably in native starches and saccharification products.

Nonetheless, the higher sales quantities and reduced raw material costs generated a profitability improvement in the 2009|10 financial year.

BIOETHANOL

Legal environment

On 26 March 2009 the European Parliament and European Council adopted the final Renewable Energy Directive (the Directive on the promotion of the use of energy from renewable sources and amending and subsequently repealing Directives 2001/77/EC and 2003/30/EC). The EU Directive 2009/28/EC sets the following targets to be reached by the year 2020: 20% less greenhouse gas emissions and a 20% share of renewable energy in the EU's total energy mix, with 10% of transport energy to come from renewable sources.

Under this Directive, the reduction in greenhouse gas (GHG) emissions through biofuels, calculated over the biofuels' life cycle, must be a minimum of 35% beginning in 2013. From 1 January 2017, a GHG emissions saving of at least 50% must be achieved, and plants which begin production after that date must save at least 60% of GHG emissions.

With the implementation of the EU Directives, a biogenic fuel share of 5.75% in the total energy mix of all transport fuels in the country has already been a legal requirement in Austria since 1 October 2008. Fuels eligible for meeting this substitution requirement include both concentrated biofuels such as the environmentally friendly SuperEthanol E85, and biogenic components in fuel blends that consist primarily of diesel or petrol. As a tax incentive to support the achievement of the substitution target, the biogenic portion of fuels is exempt from Austrian transport fuel tax.

Since 1 July 2009, Hungary also has a bioethanol fuel share requirement, set at 3.1% of petrol by energy content, which means that petrol must contain 4.8% bioethanol by volume, failing which a higher rate of fuel tax is payable.

Production

AGRANA together with the Austrian beet farmers' association ("Die Rübenbauern") operates a bioethanol plant in Pischelsdorf, Austria (in which AGRANA Stärke GmbH holds an ownership interest of 74.9% and the beet farmers' Rübenproduzenten Beteiligungs GesmbH holds 25.1%). Through its 50% ownership of HUNGRANA Kft., AGRANA also operates a combined starch and bioethanol production plant in Szabadegyháza, Hungary. Bioethanol from AGRANA's manufacturing plants in Austria and Hungary reduces greenhouse gas emissions by about 50% over its entire lifecycle, according to studies over the full lifecycle by Joanneum Research Forschungsgesellschaft from the production (including fertilising), transportation and processing of the raw materials, to the use of the bioethanol in engines.

The total theoretical bioethanol production capacity of the two plants in Austria and Hungary is in excess of 400,000 cubic metres per year.

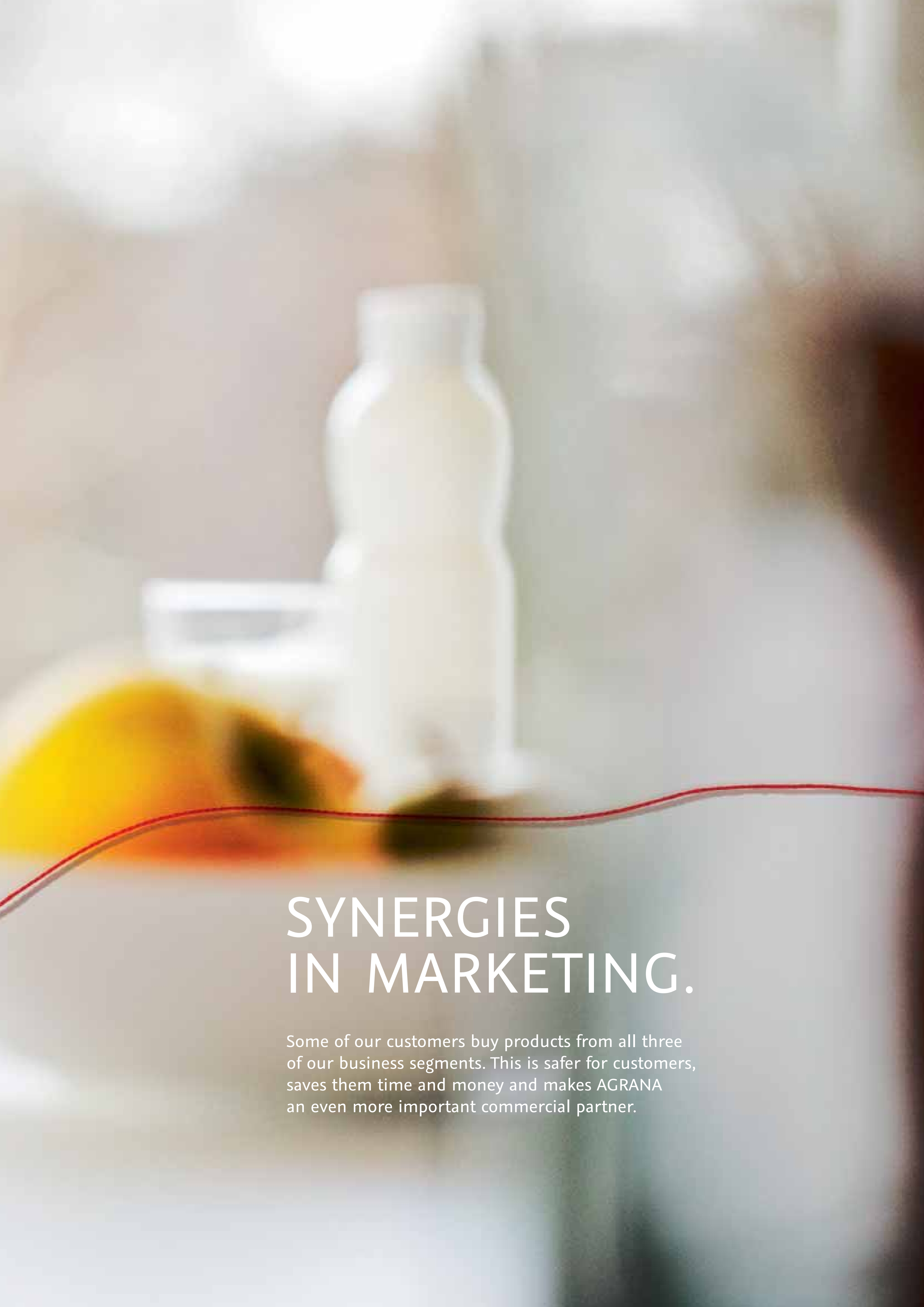
The bioethanol plant in Austria can use wheat, corn and triticale as raw materials. In addition to bioethanol, it produces up to 190,000 tonnes of high-protein animal feed (ActiProt) annually. In the 2009|10 financial year the plant's input materials came largely from Austrian production. Total processing throughput was approximately 470,000 tonnes (prior year: 311,000 tonnes), with a ratio of wheat and triticale to corn of about 3 to 1. For the 2010 crop, cultivation contracts for 160,000 tonnes of ethanol wheat and ethanol triticale were offered. Unlike the past contract framework, there is a purchase guarantee, but pricing is not tied to commodity exchange quotations.

The ethanol production in Hungary is integrated in a starch factory that processes corn into starch, isoglucose and bioethanol. During the harvest, freshly harvested so-called "wet corn" is used as feedstock for the facility. Co-products are corn germ for oil extraction, and corn gluten meal and corn gluten feed for use as animal feedstuffs.

Business performance

Sales of bioethanol (on a consolidated basis including Austria and AGRANA's 50% share of results in Hungary) grew by about 74,000 cubic metres to 294,000 cubic metres. Most of the sales were in Austria. The higher processing volume also drove up the sales of ActiProt protein feed, by approximately 71,300 tonnes to a new total of about 153,500 tonnes (prior year: 82,200 tonnes).

AGRANA as partner in the food industry.



SYNERGIES IN MARKETING.

Some of our customers buy products from all three of our business segments. This is safer for customers, saves them time and money and makes AGRANA an even more important commercial partner.

SEGMENT KEY FIGURES	2009|10	2008|09	Change
	€m	€m	%
Revenue	805.9	804.4	0.2
Operating profit before exceptional items	35.7	(5.5)	> 100
Operating margin	4.4%	neg.	
Purchases of property, plant and equipment and intangibles[1]	26.1	30.6	(14.6)

[1] Excluding goodwill.

AGRANA is the world market leader in fruit preparations and a leading vendor of high-quality fruit juice concentrates.

All subsidiaries in the Fruit segment in Austria and abroad are directly or indirectly held by AGRANA J&F Holding GmbH. Coordination and operational management of the segment are provided by two holding companies. For the fruit preparations activities, this is AGRANA Fruit S.A.S., whose registered office was moved in the third quarter of the 2009|10 financial year from Paris to the location of AGRANA Fruit France in Mitry-Mory, France. For the fruit juice concentrates business, the holding company is AGRANA Juice Holding GmbH, based in Gleisdorf, Austria.

MARKET ENVIRONMENT

Market environment

Market research data showed a stagnation in demand for fruit yoghurts in 2009. From the third calendar quarter of 2009, a general economic uptrend brought renewed modest growth. With continuous marketing activities by the brand name manufacturers, demand for fruit yoghurts strengthened in Europe. In the USA, it led to a small increase in per-capita consumption, although from a low base compared to that in Europe.

Amid the heightened price sensitivity of consumers, demand in 2009 shifted towards lower-priced products and sales promotions, both for traditional and store brands. However, this tendency was counteracted by the trend of upgrading in favour of higher-quality, more expensive products. In the brand mix, the consumer trend was towards higher-priced probiotic fruit yoghurts and organic products. In the dairy industry there is visible renewed interest in new developments and product innovation as a way of stimulating consumer demand.

In the concentrate business in some cases, market shifts were occurring from 100% fruit juice towards more fruit juice nectar, fruit juice drinks and flavoured water with a very low fruit content. The price pressure in the trading business increased further through market share gains of up to 2% made by discount grocery chains.

After the volatility in the prior year and at the beginning of 2009|10, the market prices for fruit juice concentrates stabilised at a low level towards the end of the first six months of 2009|10. Despite the low prices, consumer expenditure was shrinking. This led to very cautious purchasing behaviour on the part of the large bottlers and a sales volume decline in the CIS markets of between 15% and 20%. Owing to the low European prices for apple juice concentrate, imports from China fell significantly. Additionally, in spite of a good apple crop in China, the availability of apples for pressing was limited and Chinese raw material prices were in fact 10% higher on average over the season than the (albeit record low) European levels. As a result of the higher raw material costs and the duty on imports to the EU, Chinese apple juice concentrate was barely competitive in the European market from September 2009 to February 2010.

A slight recovery in the concentrate market is discernible since January 2010. The lower import volumes of Chinese apple juice concentrate could be beneficial for the price increase in European concentrate.

Production locations

AGRANA is the world-leading manufacturer of **fruit preparations** for the dairy, bakery and ice-cream industry, with a market share of about 37% across these industries.The Group has a total of 25 production sites for fruit preparations in 19 countries.

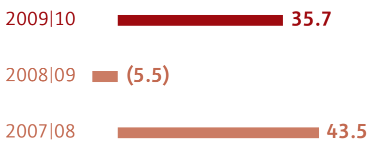
In the Middle East and Africa, adding to the existing production facilities in Turkey and South Africa, AGRANA will expand its presence by adding a plant in Egypt during the 2010|11 financial year. Together with an Egyptian company, Nile Fruit, the markets in the North African and the Middle East are to be developed through a joint venture in which AGRANA will hold a 51% ownership interest.

With ten European production sites, AGRANA is one of the leading producers of **apple and berry juice concentrates** in Europe. Through the strategic alliance established in 2006 with its Chinese partner, Yantai North Andre, AGRANA operates two 50% owned joint-venture plants in the world's largest apple growing region. The two production sites in Xianyang (Shaanxi province) und Yongji (Shanxi province) were marked by a good raw material supply in the financial year.

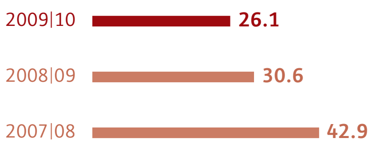
The main target markets for "sweet" (low-acid) Chinese apple juice concentrate are the USA, Russia, Japan and Europe. Sweet concentrate is used as a base for other fruit juice beverages and is an ingredient in numerous recipes and blends. The European concentrate facilities produce mainly apple juice concentrate with a higher acid content, used to make pure apple juices and non-alcoholic apple spritzers. Besides apples, AGRANA also processes berries into berry juice concentrates for the European and international market.

REVENUE
€m

OPERATING PROFIT/(LOSS) BEFORE EXCEPTIONAL ITEMS
€m



PURCHASES OF PP&E AND INTANGIBLES
€m



INVESTMENT

The investment of € 26.1 million in the Fruit segment (prior year: € 30.6 million) was directed to maintenance work on the production facilities for fruit juice preparations and to the addition of a production line for bake-stable fruit preparations in the USA. In addition to the expansion of the freezer warehouse in Argentina, in the fourth quarter of 2009|10 the transfer began of a production line from the closed facility in the Czech Republic. The Russian site in Serpuchov was enlarged in the 2009|10 financial year by installing its fifth production line. As part of the complete SAP roll-out across AGRANA Fruit, the facilities in Mexico and Poland implemented the system; the programme is being continued at further AGRANA Fruit locations in the subsequent financial year. At AGRANA Juice, the investment primarily addressed efficiency improvement measures on the manufacturing side.

RAW MATERIALS AND CROPS

The trend in prices for fruits from the 2009 crops was marked by slack demand as a consequence of the recession. Coupled with significant supply overhangs from the prior year, this resulted in lower prices. AGRANA Fruit's global procurement company proved its worth in the centralised coordination and execution of fruit purchasing. The goal is greater sourcing of fruit from the Group's own cold storage plants in countries like Mexico, Morocco, Argentina and Poland and close collaboration with exclusive suppliers for the most important fruits and production sites worldwide.

For the financial year 2010|11, AGRANA expects rising purchasing volumes for fruit preparations and a general increase in fruit prices. The factors leading to this anticipated increase are partly a reduction in crop areas in the wake of last year's low prices, and the expectation of lower available volumes because of the weather-induced late start to the harvest in Morocco and Mexico. Chile is considered one of the main suppliers of raspberries, blackberries and cultivated blueberries. Chilean shipments to Europe and the USA are significantly reduced after the earthquake in February 2010.

A good European apple and berry crop enabled AGRANA to attain high rates of capacity utilisation at the twelve plants. Weather conditions in the main growing regions were consistently favourable and there was no frost damage. Berry processing ran from June to the beginning of September 2009. The apple campaigns in Europe and China began in mid-August and were completed in December 2009.

Although the European apple crop, at approximately 11 million tonnes, was about 5% lower than in the record year 2008 and raw material prices were below the prior-year level, AGRANA Juice was able to buy the required amounts through country-specific local adjustments in its purchasing strategy. The mild autumn resulted in a crop of processing apples of above-average quality. For the first time, apple juice concentrate from organically grown fruit was produced in Hungary. Demand for organic grades is expected to rise with the labelling requirement under the EU organic legislation taking effect on 1 July 2010. For the 2010|11 financial year, AGRANA therefore plans to expand the product range and volumes of organically produced fruit juice concentrates.

Despite a projected bumper harvest of about 32 million tonnes of apples, in China the apple supply for industrial processing was reduced by greater demand for the fresh market. Yields from the 2009 apple harvest were higher than in the year before. According to estimates, total Chinese production volume of apple juice concentrate in 2009 was about 65% of the record amount reached in 2008.

In red berries, despite reduced raw material prices, AGRANA was able to buy the necessary quantities, largely in Poland, Denmark, Hungary and Ukraine (the industry term "red berries" includes strawberries, raspberries, black and red currants, sour cherries, chokeberries and elderberries).

BUSINESS PERFORMANCE

The fruit preparations business saw mild volume growth in the 2009|10 financial year across all regions. AGRANA was able to expand its overall market share. One of the crucial factors which made this possible was the single-minded further enhancement of quality and service standards. This was positive for the sales situation in Western and Eastern Europe and the Asia-Pacific region. In Russia and Ukraine, AGRANA recorded healthy growth in revenues and in profits despite the economic downturn in 2009. AGRANA's growth also accelerated in China and South Korea. Sales volume fluctuation was registered intra-year in Latin America (specifically, in Argentina and Mexico). In highly competitive markets such as Germany and the USA, AGRANA held its own well during 2009|10 thanks to innovative products and intensified marketing.

AGRANA successfully counteracted the effect of the lower sales prices for fruit preparations through efficiency improvements in procurement, in the internal organisational structure and in-house processes. The ongoing standardisation of processes and raising of synergies between the business segments is expected to continue to improve the earnings situation going forward.

Since the fourth quarter of the 2009 calendar year, customers are showing renewed interest in innovations. Examples are concepts related to weight management, naturalness, functional value added and children's products, but also new fruit preparations that are combined with chocolate products and cereals. In the USA, fruit preparations will now also be produced for baked goods.

Higher sales volumes of fruit juice concentrates more than offset the lower selling prices. In the large Western European markets (particularly Germany and the United Kingdom), AGRANA held volumes stable. The drastic fall in product sales prices followed the much-reduced raw material prices from the 2008 harvest. The prices for apple juice concentrate were on average one-third lower than one year earlier, with a stabilisation in the second half of 2009|10. From January 2010 AGRANA registered a small increase in prices that was triggered by brisk demand for and limited availability of concentrate volume. Through one-year contracts with large fruit juice bottlers, sales of most of the production of apple juice concentrate were already contractually secured during the campaign.

AGRANA expanded the size and structure of its customer base in the 2009|10 financial year and opened up new sales regions in order to reduce dependence on the very competitive Central and Western European markets and to better even out price fluctuation. By the end of 2009, reorganisation measures to implement lean production principles were successfully put in place at all European manufacturing sites. Through the tightening of production costs, competitiveness is to be assured and enhanced.

Most of the production facilities of AGRANA Juice are located in the Eastern European fruit growing areas (Hungary, Poland, Ukraine and Romania). In the 2009|10 financial year, hedging of foreign exchange rates and a strengthening in the zloty and forint against the euro helped recoup a substantial portion of the currency translation losses reported in 2008|09.

Assessment of sugar beet field in Lower Austria.

SYNERGIES IN SOURCING RAW MATERIALS.

Our business is strongly driven by developments in commodity markets. The synergies from purchasing for all three of our segments secure a privileged position for AGRANA.

An integral part of AGRANA's corporate philosophy is sustainability as a daily practice. This attention to sustainability begins long before the actual industrial processing of the raw materials – it starts with their procurement. For many years now, in its approach to contract growing, AGRANA has emphasised providing advisory support to agricultural producers to ensure food safety, quality management and the full traceability of materials back through the production chain, a capability that is of particular significance in the increasingly important organic product segment. Moreover, AGRANA is committed to sustainable management and the frugal use of natural resources through materials cycles that are as closed as possible, the utilisation of by-products, application of the latest environmentally friendly technologies and adherence to social standards.

PROCUREMENT OF ORGANIC RAW MATERIALS IN THE FRUIT SEGMENT

A sustainable, respectful approach to nature and the frugal management of natural resources are ingrained in our corporate culture.

The growing environmental and sustainability consciousness evident especially in Austria and Germany is increasingly reflected in product selections available in supermarkets. The trend to natural fruit yoghurts from organic ingredients places high demands on traceability of ingredients both for the manufacturers of the fruit preparations and for the dairy industry that uses them in the final products. Whereas until recently the standards for the production of fruit preparations were largely product-quality requirements related to the raw materials used, more and more the environmental and social aspects of how the agricultural raw materials are grown and processed are also acquiring greater significance.

In 2007, to improve the control and availability of procurement synergies, the fruit purchasing function was centralised by transferring it from the local manufacturing sites to AGRANA Fruit Services GmbH. Operating in all major fruit growing regions worldwide, this unit is the global fruit purchasing organisation for AGRANA Fruit.

To be able to optimise economic, environmental and social aspects of the supply chain, AGRANA operates its own primary-processing plants in Argentina, Morocco, Mexico, Poland and Ukraine where the freshly harvested fruit is sorted, cleaned and chilled. As well, the Group strikes strategic alliances with fruit producers, especially in organic raw materials. The direct sourcing through contract growing and exclusive supply contracts permits an ever tighter traceability and, through the closer collaboration with fruit producers, allows AGRANA to meet the requirements of its food industry customers even more precisely and effectively.

The manufacture of fruit preparations for use in 100% natural organic yoghurts places particularly high demands on all stages of production, from cultivation all the way to careful processing. Neither flavours nor preservatives or dyes must be added – yet the products must always achieve consistent flavour intensity. As a result of variation in weather conditions, harvest times and fruit sources, the typical strawberry flavour expected by the consumer in an organic strawberry yoghurt can only be achieved by blending different strawberry varieties.

To select the most flavourful varieties with the best characteristics for production in Europe, AGRANA started a variety selection programme in 2009 together with Vienna's University of Natural Resources and Applied Life Sciences and Vienna University of Technology. By 2012 the most intensely flavoured strawberry varieties will be chosen and cultivated for large-scale use in partnerships with organic strawberry producers.

At the beginning of 2010 AGRANA launched a collaboration with organic farmers in Poland. The purpose is to ensure the future raw material base of the best and strongest-tasting organic quality. Under the agreements with the participating organic farmers, AGRANA supports them by providing strawberry plants and cultivation expertise. The resulting fruit crops are directly processed at the AGRANA facility in Ostrołęka, Poland, where they are either frozen for use in AGRANA organic strawberry preparations or aseptically processed further.

SUSTAINABILITY THROUGH UTILISATION OF BY-PRODUCTS

An important dimension of corporate responsibility is sustainability in environmental terms. AGRANA as an energy-intensive industrial concern has been working on this front for years. In pursuit of a circular flow of resources that maximises the utilisation of materials and energy, select agricultural raw materials are turned not only into the well-known consumer foods and ingredients for the food industry, but also into valuable co-products. They are used by food manufacturers and in pet food, as fertiliser and even in energy generation. The result is the almost complete utilisation of the agricultural raw materials involved. In turn, the reduction of waste means less impact on the environment.

By the nature of the inputs and processes in the different businesses, most of the by-product use occurs in the Sugar and Starch segments, although the Fruit segment, too, utilises some co-products.

Sugar segment

Beet pulp

The spent beet pulp from the extraction tower still contains nutrients that make it valuable as animal feed: residual sugar as well as protein, raw fibre and minerals. The pulp is ideally suited for feeding to ruminants. For this purpose, it is pressed, dried, molasses is added and the product is pelleted for sale. In addition to being marketed as a feedstuff, beet pulp is used to produce biogas, reducing the need for natural gas as an energy source.

Molasses

Molasses is the viscous juice produced in centrifugation, the last stage of sugar production. Molasses still contains about 50% sugar and, like the beet pulp, is rich in protein and minerals. It is used in this form as feed or for fermentation purposes. The sugar in the molasses can be partly recovered in a further process step known as chromatography. The resulting residual molasses, containing only 25% sugar, is used mainly for adding to dried beet pulp and thus also enters the feed chain.

Beet tops

The beet tops and tips are removed during the initial washing of the beet, then mechanically dewatered and sold directly to end-users. The main buyers are biogas plants, which use the biomass as a renewable energy source. The beet tops are also used as animal feed.

Carbokalk

"Carbokalk" (dewatered carbonation mud) is a premium calcium carbonate fertiliser produced during beet juice purification. It is sold to farmers for soil improvement.

Starch segment

The widest range of co-products is found in the Starch segment, thanks to the variety of agricultural raw materials used in its processes (potato, corn, wheat and triticale).

Wheat germ

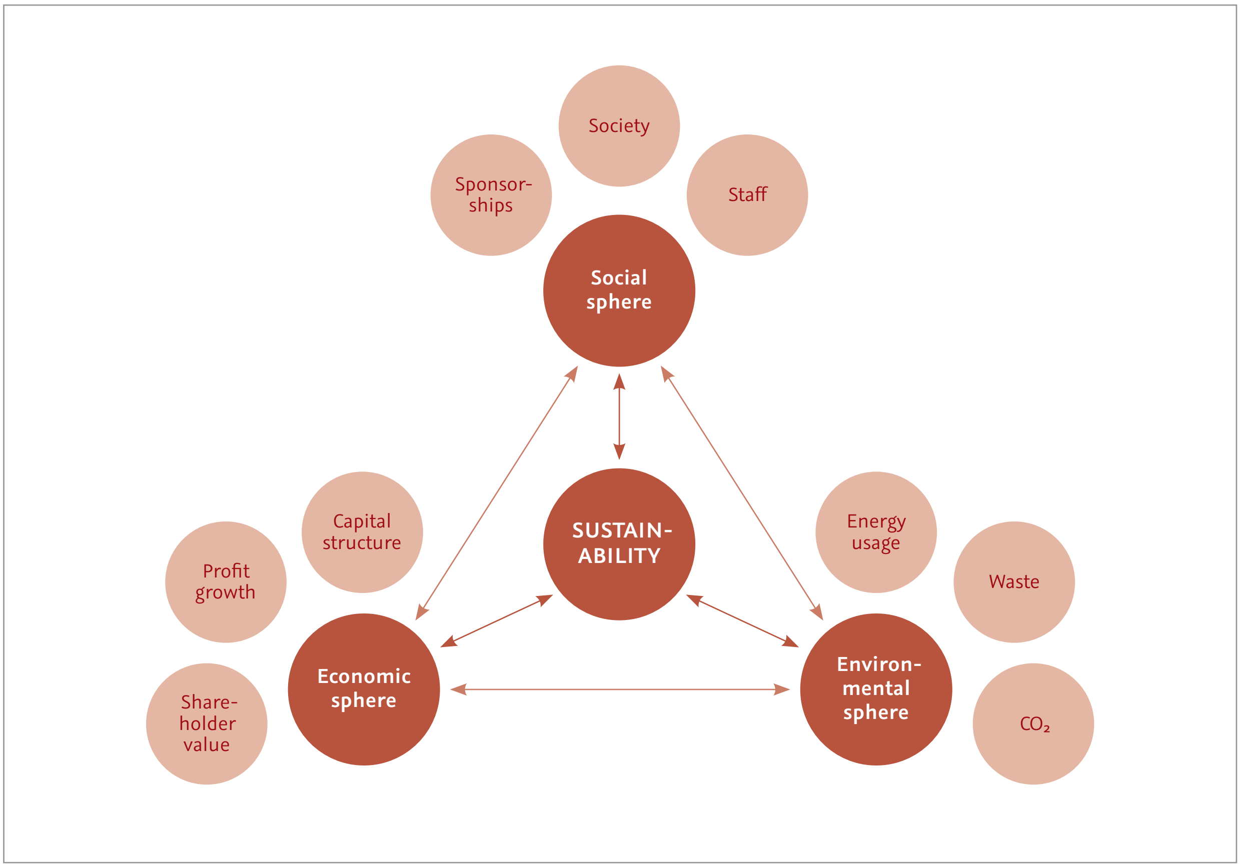
Wheat germ is a by-product of corn starch production. With its high content of corn oil, it is used for oil extraction by the downstream food industry.

DDGS (distillers dried grains with solubles)

As a co-product of bioethanol production, DDGS, a high-protein feedstuff, is produced from corn, wheat, triticale and concentrated sugar beet juice. This feed product, which AGRANA successfully markets under the "ActiProt" brand, represents an important contribution to the overall environmental and economic balance sheet of the bioethanol production activities. It has the effect of reducing Austrian imports of soy-based feedstuffs from overseas by about one-quarter. ActiProt is employed largely as a high-protein straight feedstuff for ruminants and monogastrics (mammals with a single-chambered stomach, such as swine).

Corn gluten meal

Corn gluten is extracted in a gentle process as a by-product of corn starch production. Next to its defining protein content, it contains large amounts of xanthophyll. This straight feedstuff, which is also available in an organic grade, is used mostly in compound feeds formulated for ruminants and monogastrics.



Corn gluten feed

Corn gluten feed, another co-product of corn starch production, consists of a mix of corn steep liquor (the water in which the corn has been soaked to swell the kernels, and consisting mainly of soluble corn gluten), corn bran (the kernel hulls and fibre) and fine particles of kernel. Corn gluten feed is used primarily as an ingredient in compound feds for ruminants and monogastrics.

Potato protein

Using a special thermal process known as coagulation, potato protein is recovered from the potato "liquor" (the slurry of grated potatoes) produced during starch extraction and is then carefully dried. Potato protein, by virtue of its content of digestible crude protein and its so-called "biological value" (a high content of the "limiting" amino acids lysine, methionine, cystine and cysteine) is a very high-quality form of protein and thus lends itself as a feedstuff for all species of livestock. Potato protein is also available in an organic grade.

Potato pulp

Potato pulp, which consists of the post-press cell residue of potatoes, is a further by-product of potato starch extraction and is marketed as a straight feedstuff, usually direct to farmers.

Potato liquor concentrate

Potato liquor concentrate is thickened potato liquor produced in the course of potato starch separation. As an organic complete fertiliser that is especially high in proteins (and therefore nitrogen) and minerals, this concentrate is used in agriculture and forestry, in vegetable and fruit production and in horticulture.

Bio-Agenasol

Bio-Agenasol is an organic fertiliser made up of distillers dried grains with solubles (DDGS) from alcohol distillation, mixed with residual molasses from sugar production.

Fruit segment

Pomace

In the Fruit segment, the most notable by-product is pomace, the spent fruit pulp from juice concentrate production. The recovered pomace is used for pectin production in the food industry, as animal feed and for heat generation.

SOCIAL RESPONSIBILITY

AGRANA as an industrial group with a global presence seeks to fulfil its obligations to society in all its business areas and in every respect. The harmony between business success, environmental soundness, and the responsibility towards people as a core element of corporate social responsibility in the wider sense, is an important principle for AGRANA.

Examples of AGRANA's engagement in the sphere of social responsibility range from participation in making fair trade products, to numerous social action projects and support for charitable work around the globe, to sponsoring cultural activities.

Sustainable development and responsible business practices in the economic, environmental and social dimensions are also the goals of SEDEX (Supplier Ethical Data Exchange). SEDEX is an organisation for businesses committed to continuous improvement of their own ethical performance and that of their supply chains. In 2009, AGRANA became a member of SEDEX to give its customers maximum transparency in matters of corporate social responsibility.

Laboratory at the sugar plant in Tulln, Austria.

SYNERGIES IN RESEARCH AND DEVELOPMENT.

Research and development are an investment in the future and maximise our ability to outperform competitors. The synergies which AGRANA mobilises in R&D create important competitive advantage.

AGRANA's strategic objective in a highly competitive market environment is to set itself apart from the competition through product innovation. Working closely with its customers, AGRANA continually develops new recipes, specialty products and innovative applications for existing products. For example, in starch technology a thickening system for emulsion paints was taken to market readiness. An innovation in fruit preparations was related to fruit fillings for chocolate and dairy products. Such initiatives help ensure lasting commercial success for AGRANA and its customers and will remain integral to the corporate strategy of sustainable performance.

Continual expansion of innovation activities: AGRANA put 0.67% of Group revenue into research and development.

To put this strategy into practice and continuously expand the extensive development know-how, AGRANA maintains several research and development facilities. For Sugar and Starch, these R&D activities are concentrated primarily at Zuckerforschung Tulln Gesellschaft m.b.H. (ZFT) in Austria. The spectrum of work undertaken by ZFT ranges from agricultural R&D, to food, sugar and starch technology, all the way to microbiology and biotechnology projects.

Research and development for the fruit preparations business is concentrated at the Centre of Innovation and Excellence in Gleisdorf, Austria, and its US sister R&D facility in Brecksville, Ohio. The two research centres are responsible for the development of new products and production methods, in addition to conducting long-term R&D projects. The goal is to provide AGRANA's international customers with innovative solutions that are attuned to the market. The innovation centre in Brecksville concentrates mainly on the particular requirements of the North American market. Both innovation hubs are supported by the centralised market development unit in Mitry-Mory, France.

In the 2009|10 financial year, AGRANA invested approximately € 13.3 million (prior year: € 12.5 million) in research and development. This represented 0.67% of Group revenue (prior year: 0.62%). In the AGRANA Group, an average total of 287 employees (prior year: 195) were working in research and development.

SUGAR SEGMENT

In the 2009|10 financial year, the focus of Sugar research activities was on the industrial processing of sugar beet that has been stored for longer periods and the impact of the extended storage time on the throughput of the sugar factories. A project supported by Austria's Research Promotion Agency (Forschungsförderungsgesellschaft) investigated beet juice purification and generated recommendations to achieve better filterability of the juices. AGRANA was awarded a new patent for the use of natural antibacterials as silage additives (to suppress undesirable kinds of fermentation in silage).

STARCH SEGMENT

Through a rigorous focus on product development in the specialty segment in close cooperation with customers, AGRANA is well-positioned in the starch market.

In the food sector, the work revolved mainly around research into specialised binders and thickeners. Synergies between the main business segments were used to further develop and optimise stabilisers for organic products and new modified waxy corn starches for the fruit preparations business.

The development of starch products for non-food applications in the building, adhesives and paper sectors was an important area of research in the 2009|10 financial year. Besides sophisticated starch derivative products for use in plasters and tile adhesives, a novel thickener system for emulsion paints was readied for market. In the packaging industry, there is demand for custom-designed adhesives made from renewable resources. New, intelligent starch products were created in collaboration with customers, especially in the paper converting sector. Based on advanced research methods, new modified starches were introduced as adhesives for bottle labelling. In the area of paper sizing, innovative cold-water-soluble starch products are used as latex substitutes.

Regarding AGRANA's bioethanol production, the research focus was on the search for and selection of suitable yeast strains to enhance the profitability of the entire ethanol production process. New raw material batches and process supplies require a careful projection of the yields that can be expected. Further successful feeding trials at the University of Veterinary Medicine in Vienna substantiated the positive track record of ActiProt, the high-protein feedstuff produced by AGRANA.

Through special blends of by-products from sugar, starch and bioethanol production, high-quality non-synthetic fertilisers were developed that are appropriate for use in organic agriculture.

R&D EXPENDITURE
€m

R&D-TO-SALES RATIO[1]
%

[1] R&D expenditure as a share of revenue.

FRUIT SEGMENT

The fruit preparations research activities in the 2009|10 financial year had the goal of market diversification. With the creation of a New Business Development department, it is planned to develop fruit preparations for the non-dairy food industry. A new technology developed by AGRANA is an innovation in the area of fruit fillings for chocolate and dairy products. Next to their use in chocolates, the fruit preparations also work well in chocolate particles within yoghurt. The big challenge in fruit fillings for use in chocolate products is to achieve a fruit preparation that is aseptic and has a long shelf life, yet preserves the flavour and consistency of the fresh fruit – something that until now was possible only through a high alcohol or sugar content in the fruit product.

To promote the systematic improvement of processes and recipes, AGRANA set up a cross-divisional system for the management of ideas and knowledge. The growing European consumer preference for freshness and naturalness was the key area of study. In the use of the new technologies for the stabilisation of fruit preparations, certification was achieved as a "clean label" product without additives. In North America, tests are under way on the process stability and storage stability of functional substances in the end products for health concepts.

As well, a comprehensive, systematic reference handbook was prepared of the twelve most important fruits, compiling the sensory, technological and commercial information on the individual varieties of each fruit.

In the fruit juice concentrates business, through the development of better production processes for berry juice concentrates, AGRANA added value by achieving a significant improvement in colour yield and colour quality of concentrates. In the context of the utilisation of by-products such as pomace and fruit seeds, AGRANA conducted research on the production of various seed oils and the use of apple fibres as a natural thickening agent in food manufacturing. In cooperation with university facilities, AGRANA studied the health benefits and applications of apple polyphenols separated from the juice during the production process.

AGRANA'S STAFF

In the 2009|10 financial year the AGRANA Group employed an average of 7,927 people (prior year: 8,244). Of this total, 1,735 employees (prior year: 1,730) were based in Austria and 6,192 (prior year: 6,514) worked in the Group's international companies.

The average number of employees in each business segment was as follows:
- Sugar segment: 2,336 employees (prior year: 2,464);
- Starch segment: 880 employees (prior year: 853);
- Fruit segment: 4,711 employees (prior year: 4,927).

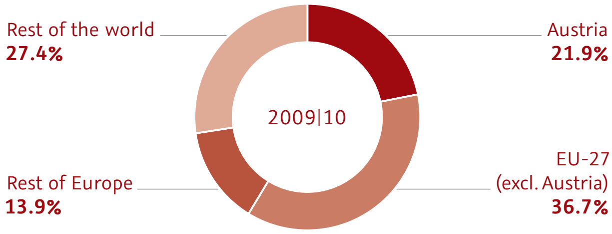
Despite higher capacity utilisation in all sugar beet processing plants and a longer beet processing season, the staff count in the Sugar segment decreased by 128 people based on the average for the year. In connection with a restructuring in the Eastern European factories, Romania's S.C. Romana Prod s.r.l. was merged into AGRANA Romania S.A. and the Hungarian manufacturing operation of INSTANTINA Hungaria Kft. was transferred to Austria. As a result of the expansion of the starch facility in Gmünd, Austria and the capacity expansion in bioethanol production, the average number of employees in the Starch segment grew by 27 staff members.

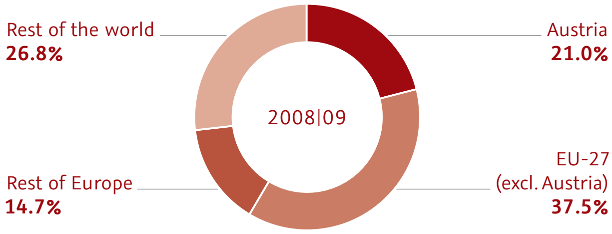
The decrease of 216 employees in the fruit preparations activities is explained by reorganisation measures, such as the closure of the plant in Kaplice, Czech Republic, the use of fewer seasonal employees in Ukraine and the streamlining of work processes. In the third quarter of 2009|10 the corporate office of the holding company, AGRANA Fruit S.A.S., was moved from Paris to the location of AGRANA Fruit France in Mitry-Mory, France. In the fruit juice concentrates business, the staff count fell as a result of multiple factors: restructurings in the production operations in Poland, shorter production campaigns in China, the centralisation of logistics and the entire sales support function, and more central management from Austria of accounting and human resources.

HUMAN RESOURCES STRATEGY AS A LONG-TERM OPPORTUNITY

The human resources strategy of AGRANA has the long-term aim of helping to achieve the Group's success through the superior commitment of all staff members. Towards this goal, the ongoing staff training and development measures in the AGRANA Group are vigorously continued, with varying content depending on the target group. In 2009|10 particular focus was placed on the improvement of work processes, with a view to the accompanying efficiency gains and reduction in productivity losses. The task of making organisational structures and workflows even better will remain a human resources management priority for the 2010|11 financial year.

EMPLOYEES BY REGION





GROUP STAFF COUNT

SUGAR SEGMENT STAFF COUNT

STARCH SEGMENT STAFF COUNT

FRUIT SEGMENT STAFF COUNT

To further encourage the achievement of strategic goals and objectives, the Group uses a performance-based incentive pay system for management staff. In addition to targets related to the company's financial position and earnings (such as operating profit), the criteria for the variable portion of compensation also include individual performance targets. In the 2009|10 financial year, about 5% of all employees were encompassed by this incentive-enhanced compensation scheme.

The human resources strategy for the year 2010|11 will maintain the ongoing intensive programme of skills upgrading and development for the Group's staff. In the 2009|10 financial year AGRANA provided training to a total of 60 apprentices in Austria and Germany in preparation for careers as, for example, mechanical engineering technicians, process control technicians, plant electricians, chemical lab technicians, food technicians, mechatronics technicians, computer technicians and industrial sales representatives.

STAFF DEVELOPMENT AND TRAINING IN THE AGRANA GROUP

Carefully targeted training and qualification-building initiatives for staff and management remained front and centre in the 2009|10 financial year under review.

AGRANA continued the talent development process which provides special training-and-development support to highly mobile and flexible key people throughout the Group and qualifies them for new responsibilities. The emphasis was on creating and executing a group-instruction-based development programme for a group of high-potential individuals. Fifty employees from about 20 countries took part in the twelve-day training programme. Alongside behaviour-centred training on the subjects of strategic direction, market orientation and customer orientation, innovation, change management and team leadership, the programme emphasised work on strategic projects relevant to the AGRANA Group. Frequent discussions with AGRANA's senior management rounded out the experience. The talent development process continues in the 2010|11 financial year.

In the Sugar segment, important goals are to consolidate the productivity gains achieved and ensure AGRANA's sustained competitive strength. Organisational optimisation with the aim of simplifying and automating processes has become a permanent part of managers' work. In this context of efficiency improvement, as part of a Group-wide project, 2009|10 brought further implementation steps in the areas of administration and management. The training curriculum included, for instance, improvement in managers' communication behaviour, English courses (reflecting the Group's corporate language), leadership seminars and IT training in Austria and Eastern Europe, and facility hygiene and quality assurance training in Romania.

In the fruit preparations activities, staff development efforts in the 2009|10 financial year had a management development programme as their special focus. Its purpose is the division-wide sharing and diffusion of management knowledge. A further initiative in this business area is a project known as "Kick off the AGRANA way", revolving around communicating and discussing the vision and strategy of AGRANA Fruit and the values of the AGRANA Group. The goal of supporting internal recruiting was achieved in 2009, when 60% of management positions were filled from inside AGRANA's ranks. In 2009|10, AGRANA Fruit also for the first time conducted a staff survey at all its locations in the respective local language. The participation rate was a gratifying 65%. After it is analysed by location and region, as well as for the division as a whole, the staff's valuable input will form an important basis for improvements and innovations in the 2010|11 financial year at all levels of the organisation. The local training programme within AGRANA Fruit comprised trainings in communication, presentation skills and innovation management. A further priority was the development and implementation of a trainee programme in Eastern Europe focusing on quality, innovation and production, with the aim of training young employees in key fields to help prepare them for management positions anywhere in the Group.

An important undertaking in the fruit juice concentrates area was the harmonisation of administrative processes at AGRANA Juice. With the successful introduction of performance appraisal interviews at all concentrate sites, this constructive practice has now been extended to all staff of AGRANA Juice. In addition to providing leadership skills training to future managers, AGRANA Juice supported individually tailored development activities.

The expenditure for external training and development was recorded on a Group-wide basis for the first time in the 2009|10 financial year. At approximately € 2.3 million, it represented about 1.4% of total wages and salaries.

HEALTH AND SAFETY

A range of health-related activities were organised in numerous Group locations worldwide under the auspices of AGRANA-Fit, the health and wellness programme. Besides subsidiaries' individual arrangements with local fitness facilities, employees have access to annual preventive health check-ups (such as cancer screenings, for example). The goal is the promotion and improvement of health and well-being. Next to existing sports and wellness events such as ski days, football tournaments and back exercise classes, many staff members participate in the annual Wien Energie Business Run. Thus in September 2009, AGRANA fielded no fewer than 24 three-person teams from all business areas.

On the workplace safety front, the online tool used in the Sugar segment was expanded. Also, under a project called "Wide-Angle", AGRANA encouraged personality development for younger staff members (apprentices), supported and heightened risk awareness, and promoted and provided training in safety skills. In 2009|10 AGRANA conducted regular trainings and checks concerning fire protection, threat analysis, hygiene and health.

In its global business activities, the AGRANA Group is exposed to a wide variety of internal and external risks. AGRANA's Management Board is committed to fulfilling its responsibility for the early identification and mitigation of risks to the company's viability as a going concern. It is supported in this by a risk management team that, together, with experts in the individual business segments and functions, evaluates all risks and opportunities relevant to AGRANA and formulates possible risk management measures. At least twice per financial year, this inventory of risks is updated and reported to the Management Board and Audit Committee of AGRANA.

Risk management as a key tool of Group governance.

To be prepared for possible future crises and be able to act rapidly and in a concerted manner, it was decided to have each company in the Group name a Risk Management Core Team for that company. The Group's Crisis Management Handbook sets out the types of members that a company's Crisis Management Team must consist of, what management actions it must take and how it is to communicate internally and externally.

The Risk Control department, a central independent control unit organisationally located in the corporate Controlling department, has responsibility for strategic control of Group companies and operational risk control, providing decision support to the Management Board with respect to risk policy. The Risk Control department regularly reports to the Management Board, which evaluates the current risk situation, taking account of the Group's risk-bearing capacity and relevant risk limits. The department is also responsible for the Group-wide development and implementation of methods for measuring risks and returns, the ongoing further development and improvement of control tools, and the development and maintenance of the basic policies. These policies form part of the internal control system and ensure, among other benefits, proper internal and external financial reporting.

RISK POLICY

The principles of value-driven corporate governance at AGRANA demand the responsible management of business opportunities and risks. AGRANA's governance system aims at the appropriate balance of risks and returns to be able to utilise the company's existing resources as efficiently as possible in order to achieve the medium- and long-term strategic goals. To realise this aim, AGRANA uses an integrated system for the early identification and monitoring of Group-specific risks. AGRANA's risk culture is defined by risk-aware behaviour, clear assignment of responsibilities, independent risk control and the use of efficient monitoring and reporting systems. AGRANA is generally prepared to bear risks related to its core competencies. Risks that cannot be reduced to a reasonable level or transferred to third parties are avoided if possible. AGRANA does not assume risks that are unrelated to core or support processes.

Derivative financial instruments may be held only to hedge business transactions. Their use for speculative purposes is expressly prohibited. Compliance with this principle is achieved through policies, limits, routine monitoring and reports to the Management Board.

SIGNIFICANT RISKS AND UNCERTAINTIES

The aim of risk management at AGRANA is to anticipate opportunities and risks and take suitable measures to minimise deviation from targets.

REGULATORY RISKS

Risks from the sugar regime

Potential effects of international and national trade agreements and market policy are analysed at an early stage and evaluated as part of the risk management process. Current developments and their effects are discussed in detail beginning on page 32 of this report, in the section on the Sugar segment.

Renewable energy directive

Of key importance for AGRANA's bioethanol activities is the requirement in place since 2007 for the minimum bioethanol content in petrol. If this ethanol content were eliminated or reduced, it would have a material negative effect on the business model of the bioethanol operations. Public debate and legislative initiatives relating to this subject are very closely monitored and analysed and are evaluated as part of the risk management process.

OPERATIONAL RISKS

As a manufacturing company in the agricultural sector, AGRANA's particular business activities expose it to specific operational risks that may have significant negative effects on its financial position and results of operations.

Procurement risks

As an agricultural processor, AGRANA is exposed to procurement risks that may result in weather-related shortages of agricultural inputs. These raw materials may also be subject to price fluctuations that cannot be fully passed through to customers. These risks pertain especially to the Starch segment.

In the production of bioethanol within that segment, raw material costs (particularly for corn and wheat) are major determinants of the cost structure. The procurement strategy is to cover as much of the forecast raw material requirement as possible through physical supply agreements, and at least enough to meet the contracted bioethanol delivery commitments. For the portion of the requirement not covered by supply agreements, futures contracts are entered into where commercially appropriate. The extent of these hedging transactions is proposed by segment management and approved by the AGRANA Management Board. A rise in commodity prices may be partially offset by higher selling prices for ActiProt, the protein-rich co-product of bioethanol production, as the sale prices for protein-containing by-products are closely correlated with wheat prices (creating a so-called “natural hedge”).

Raw material costs are also a key factor in cornstarch production. Higher raw material costs can to a large extent be rapidly passed through to customers. The strategy for risk mitigation is the same as in the bioethanol business.

In the Sugar segment (except for those countries where the main production input is raw sugar rather than beet), the procurement risk is relatively low, as sugar beet production is currently typically more profitable than other field crops. For the refining of raw sugar in Bosnia-Herzegovina, the price of the required quantities of raw sugar is hedged. A procurement risk exists in respect of the purchasing of raw and white sugar imported into the EU, as the market access rules in this region mean that hedging via commodity derivatives is only partially possible.

In the Fruit segment, unfavourable weather and plant diseases could cause serious crop failures, leading to a significant increase in raw material costs. The Fruit segment's global presence and familiarity with the procurement markets allow it to avoid or mitigate input supply bottlenecks and price volatility. The centralised purchasing organisation in AGRANA Fruit analyses the global raw material markets and can thus react effectively to input shortfalls and variations in quality. To provide year-round security of supply and take into account the differences in crop cycles between major crop regions, long-term agreements have also been concluded with suppliers and customers, thus ensuring consistent high quality, reliable deliveries and secure production.

Product quality and safety

As a supplier of agricultural products to the food industry, AGRANA as a matter of course adheres to all relevant food and beverage legislation. Risks associated with processing defects or quality shortcomings, arising for instance from contaminated raw materials, are mitigated through very rigorous, certified internal quality management systems. Adherence to the associated quality standards is regularly monitored throughout the Group. The product liability insurance carried affords sufficient cover for potential payments for damages.

Market risks and competitive risks

AGRANA operates in various markets, where it is exposed to intense competition. Through detailed sales planning (quantity/price) for each product and customer, AGRANA is able to detect changes in demand patterns early on and take timely action in response. The implications for the market position are analysed and business strategies are adjusted as appropriate. Competition-induced swings in sales prices are met by the continual optimisation of cost structures, with the goal of cost leadership.

Other operational risks

To minimise the risk of rising energy costs, AGRANA locks in the prices and quantities of the planned energy requirement through short-term and medium-term physical supply contracts. Further, it continually improves the energy efficiency of its production facilities and increases the use of alternative sources of energy.

Risks arising in the areas of production, logistics, research and development as well as from the use of information technology are of comparatively little significance. AGRANA reduces these risks by permanent monitoring, clear documentation and continuous improvement of processes.

LEGAL RISKS

There are no actions pending against AGRANA or its Group companies that could have material impacts on the Group's financial position.

The Group is exposed to the risk of possible changes in the legal setting, particularly in food and environmental legislation. AGRANA identifies such risks at an early stage, assesses their potential impact on the Group's business activity and takes countermeasures where appropriate.

The competition authority has initiated proceedings against AGRANA subsidiaries in two countries in Eastern Europe. The investigation is centred on questions in connection with the sugar market reform and the implementation of the new sugar regime. AGRANA and its subsidiaries are interested in seeing all associated questions answered.

FINANCIAL RISKS

AGRANA is subject to risks from movements in exchange rates, interest rates and product prices. To hedge these risks arising from operating and financing activities, AGRANA to a limited extent employs derivative financial instruments. AGRANA uses derivatives largely to hedge the following risks:

Interest rate risks

Interest rate risks represent the risk that financial instruments will fluctuate in value as a result of changes in market interest rates; this is referred to as interest rate price risk, and affects mainly fixed interest investments. By contrast, floating rate investments or borrowings are subject to minimal price risk, as their interest rate is adjusted to market rates very frequently. However, the fluctuation in the short-term interest rate creates risk as to the amounts of future interest rate payments; this is referred to as interest rate cash flow risk. In accordance with IFRS 7, a sensitivity analysis was conducted with regard to interest rate movements, which is presented in detail in the notes to the consolidated financial statements.

Currency risks

Currency risks arise mainly from the purchase and sale of goods in foreign currencies on the world market and from financing in foreign currencies or local financing in euros. Due to the global orientation of the AGRANA Group, these risks relate primarily to the exchange rates between the euro and the US dollar, Hungarian forint, Polish zloty, Romanian leu, Ukrainian hryvnia and Russian ruble.

Product price risks

Product price risks arise from price fluctuation on the world market and on energy and relevant raw material markets. The Group companies in Romania and Bosnia-Herzegovina are subject to additional currency risk from raw sugar purchases made in US dollars.

Liquidity risks

Liquidity risks arising from fluctuations in cash flows are detected through liquidity planning, which forms an integral part of the Group's corporate planning and of the reporting system. This allows timely measures to be taken in response to such risks. Sufficient credit lines committed by banks assure the liquidity of the AGRANA Group at all times.

Risks of default on receivables

Risks of default on receivables are mitigated by the ongoing monitoring of the credit quality and payment behaviour of customers as well as by setting strict upper limits on receivables balances. To some extent, the Group holds credit insurance against customer defaults. Particular emphasis is placed on dealing with business partners and banks that have excellent credit ratings. The residual risk is covered by raising appropriate amounts of provisions.

For hedging, AGRANA primarily employs forward foreign exchange contracts (also referred to as currency forwards). With these, the value of cash flows denominated in foreign currencies is protected against exchange rate fluctuation. When entering into sales contracts in countries with volatile currencies, additional attention is paid to the shortening of credit periods, indexing of foreign currencies to the euro or US dollar at the time of payment, higher up-front payments and similar methods of risk mitigation. A detailed presentation of the financial risks outlined above is provided in the notes to the consolidated financial statements.

AGGREGATE RISK

Overall, the Group's aggregate risk exposure has improved in comparison to the prior year. While the market situation for sugar stabilised as a result of the quota returns and a corresponding reduction in supply, the price of sugar in the world market was extremely volatile. World market prices for grain returned to normal levels. The Eastern European currencies strengthened against the euro, allowing some of the currency translation losses of the 2008|09 financial year to be recouped in the year under review. Likewise, through a reduction of the euro-denominated liabilities in countries with other currencies, the currency risk was significantly reduced.

On balance, for the 2010|11 financial year the Management Board of AGRANA Beteiligungs-AG sees no risks to AGRANA's ability to continue in business as a going concern.

SYSTEM OF INTERNAL CONTROL (DISCLOSURES UNDER SECTION 243A (2) AUSTRIAN COMMERCIAL CODE)

The AGRANA Management Board recognises its responsibility for the establishment and design of an internal control system and risk management system in relation to the accounting process and compliance with the relevant legal requirements. AGRANA's system of internal control is structured in such a way as to provide the necessary assurance of the reliability of financial reporting and the externally published financial statements. Standardised Group-wide accounting rules assure the uniformity of accounting across the AGRANA Group. In addition to the consistent enterprise-wide policies, the uniform planning and reporting system gives management a comprehensive toolkit for analysing and managing uncertainties and risks in all business areas.

The Group's Controlling department produces a monthly standardised report containing information on the performance of the Group companies. The specifics covered in the report are uniform across the Group. In addition to detailed sales data, the report contains the balance sheet and income statement and the financials derived from them, such as cash flow, ROCE, working capital, contribution margin, and other variables. The consolidated financial statements are prepared by the Group Accounting department, whose main areas of responsibility are to ensure the correct and complete data transfer from Group companies, carry out the financial statement consolidation and eliminations, generate analytical reports from the consolidated financial statement data, and prepare the appropriate financial reports.

Amid close cooperation between Controlling and Group Accounting, variance analysis is continually performed. The information in internal and external reporting is based on one and the same database. This is assured by the monthly reciprocal validation and adjustment of the data used in internal versus external reporting.

In the interest of the early detection and monitoring of risks, AGRANA further expanded the internal control system in the 2009|10 financial year. An additional monthly risk report for each business segment provides information on the financial trend up to the end of the year, based on the current profitability factors (such as prices of raw materials and energy, and sales prices of AGRANA's products). The results are reported monthly to the AGRANA Management Board at the division meetings.

Consistent with AGRANA's business-segment-based organisational structure, the responsibility for implementation and monitoring of the internal control system rests with each segment's management. The assignment of the Group subsidiaries to the individual segments is based largely on their core business.

AGRANA has an enterprise-wide risk management system. Through this system, all relevant risks and opportunities are identified and evaluated and courses of action are devised as required. The areas of emphasis are the sources and types of risk relevant to the Group, such as the regulatory and legal environment, raw material procurement, competitive and market risks, and financing.

Based on an annual audit plan approved by the Management Board and on a Group-wide risk assessment of all of AGRANA's activities, Internal Audit examines operational processes from the point of view of risk management and opportunities for efficiency improvement. It also monitors compliance with legal requirements, internal policies and procedures. Further, Internal Audit performs ad-hoc audits at the request of management, focusing on current and future risks. The findings are regularly reported to the AGRANA Management Board and the respective company's management. In addition, as part of the audit of the consolidated financial statements, the external independent auditor annually evaluates the effectiveness of the internal control system and of the IT systems used. The results of the audit are reported to the Audit Committee of the Supervisory Board.

DISCLOSURES UNDER SECTION 243A (1) AUSTRIAN COMMERCIAL CODE

The share capital of AGRANA Beteiligungs-AG at the balance sheet date was € 103.2 million, divided into 14,202,040 voting ordinary bearer shares. There are no other classes of shares.

Z&S Zucker und Stärke Holding AG ("Z&S"), based in Vienna, is the majority shareholder, holding 75.5% of the share capital of AGRANA Beteiligungs-AG. Z&S is a wholly owned subsidiary of Vienna-based AGRANA Zucker, Stärke und Frucht Holding AG, which in turn is 50% owned by Südzucker AG, Mannheim, Germany ("Südzucker"), and 50% owned by Zucker-Beteiligungsgesellschaft m.b.H., Vienna ("ZBG"). The following five Vienna-based entities are shareholders of ZBG: „ALMARA" Holding GmbH (a subsidiary of Raiffeisen-Holding Niederösterreich-Wien registrierte Genossenschaft mit beschränkter Haftung); Marchfelder Zuckerfabriken Gesellschaft m.b.H.; Estezet Beteiligungsgesellschaft m.b.H.; Rübenproduzenten Beteiligungs GesmbH; and Leipnik-Lundenburger Invest Beteiligungs AG. Under a syndicate agreement between Südzucker and ZBG, the voting rights of the syndicate partners are combined in Z&S, there are restrictions on the transfer of shares, and the partners in the consortium have certain nomination rights with respect to AGRANA's Management Board and Supervisory Board. Thus, Johann Marihart is appointed by ZBG as a management board member of Südzucker, and Thomas Kölbl is appointed by Südzucker as a management board member of AGRANA Beteiligungs-AG. Neither individual receives compensation for serving in this respective capacity.

No shareowner has special rights of control. Employees who are also shareholders of AGRANA Beteiligungs-AG exercise their voting rights individually.

The Management Board has no powers within the meaning of section 243a (7) Austrian Commercial Code to issue or repurchase shares.

AGRANA Beteiligungs-AG has no significant agreements that take effect, change materially, or end, in the case of a change of control in the Company resulting from a takeover offer. No compensation agreements in the event of a public takeover offer exist between the Company and its Management Board, Supervisory Board or other staff.

The long-term growth trends for AGRANA remain intact. The trend towards higher-quality, healthful nutrition and the rise in private consumption continue to be the growth drivers for the Sugar, Starch and Fruit segments. As well, the sales activities across segment boundaries are to be stepped up through selective cross-selling.

With its sound balance sheet structure at 28 February 2010, AGRANA is in a very good starting position for the 2010|11 financial year. Through structural improvements designed to have long-lasting effects, AGRANA's earnings situation in the current new financial year is to be consolidated and growth to be achieved on a selective basis. Even in the persistently volatile environment, the market position in the established markets is to be steadily strengthened.

2010|11 financial year: Group revenue expected at prior-year level, with positive effects in pre-exceptionals operating profit thanks to optimisation measures already taken.

AGRANA currently expects **Group revenue** for 2010|11 to remain steady at the 2009|10 level as a result of the lower sales prices. In the Sugar segment, quota sugar sales show a trend of limited growth as a consequence of the European production quota. With the production of non-quota sugar, AGRANA plans to ensure the full capacity utilisation of its sugar plants. For the refining operations in Romania and Bosnia-Herzegovina, the normalisation of the world market price for sugar and the elimination of the transition arrangement within the EU should help stabilise the sales situation. The market for commodity starch products is projected to grow at a business-cycle-related low rate in the single digits. By contrast, based on AGRANA's internal estimates, double-digit growth is anticipated for the market for building products, bag adhesives, organic products and specialties. For AGRANA, the termination of the quota arrangement and decoupling for potato starch will in the medium term mean a contraction in the overall market. For isoglucose, growth is constrained by the quota. For the fruit preparations business, AGRANA sees the continuation of the positive volume trend. In addition to innovation-driven growth in established markets, the opening up of new markets such as the North African and Arab countries is being furthered by starting a joint venture in Egypt. For fruit juice concentrates, further volume growth is expected both in new regional markets and from an expanded product portfolio.

Operating profit before exceptional items can be expected to show the positive effect of the optimisation measures taken in 2010|11 and thus surpass the 2009|10 result. The improved purchasing strategy and the consistent rigorous cost management in all business areas are to contribute to consolidating the earnings situation. In the Sugar and Fruit segments, AGRANA foresees growth in operating profit before exceptional items, while the Starch segment will perform below the year-earlier level of profitability. The planned earnings improvement in the Sugar segment has its basis in good plant utilisation rates and further cost reductions. In the Starch segment, AGRANA expects moderately rising raw material prices. Most of the raw material supply required in the 2010|11 financial year has already been contractually secured until the beginning of the new 2010 harvest. With the expansion of the bioethanol industry's production capacity in Europe, total bioethanol production in the European Union in 2010 is forecast to grow by about 18% from 2009, to approximately 7 million cubic metres. Demand could rise as a result of a legal requirement for petrol to contain up to 10% bioethanol from the end of 2010. In the raw material procurement for fruit preparations, AGRANA expects slightly rising input prices compared to the low levels of 2009. AGRANA also plans to increase its market share in Russia and progress the expansion of local production capacities there.

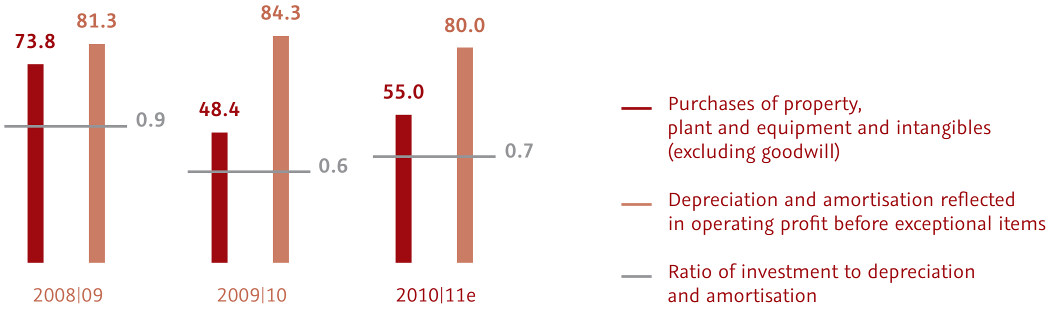
The risk management for AGRANA Juice was further improved and expanded in 2009|10, thus reducing the impact of extreme price swings on earnings. One way in which this is achieved is that, during the processing season, most of the apple juice concentrate produced is already sold to customers at a set price. For the 2010|11 financial year AGRANA expects normal harvest results for concentrate production and somewhat higher prices for raw materials and products from the new 2010 campaign.

INVESTMENT

The Group's budgeted capital expenditure for the 2010|11 financial year amounts to approximately € 55 million. Investment is thus below the rate of depreciation, thereby reducing financing requirements.

The investment planned for the **Sugar segment** in the 2010|11 financial year represents about 30% of the overall investment budget. In Austria, AGRANA plans to build a new sugar silo with a capacity of 70,000 tonnes; construction is to be completed over a two-year period. For the operation of the Hungarian biogas plant, a secondary fermenter is being installed to raise efficiency. As a replacement investment, a new molasses tank is to be erected in Sereď, Slovakia. The planned volume of investment in the **Starch segment**, at 20% of the Group total, relates largely to the installation of a biomass boiler at the Hungarian corn starch plant. In this incinerator, the CO_2 emissions are to be greatly reduced and the incinerated waste will serve as the non-fossil primary energy source for steam generation. In Aschach, Austria, the expansion of the production capacity for pregelatinized starches is to begin this year. In this way, AGRANA plans to strengthen its position as a vendor of conventional and organic pregelatinized starches in the European market. Besides the replacement of equipment at AGRANA Juice, the roll-out of SAP in the **Fruit segment** continues at additional fruit preparations sites. As part of the expansion of the facility in Serpuchov, Russia, the storage capacity there is being enlarged in the 2010|11 financial year to align it with the increased production capacity. In the Egyptian joint venture, AGRANA is investing in a production line for fruit preparations. For the production of "chocolate fruities" (small fruit-filled chocolates for mixing into yoghurt or ice-cream), an aseptic manufacturing plant is required in Austria, which will begin operation in the 2010|11 financial year.

INVESTMENT VERSUS DEPRECIATION (€m)



CONSOLIDATED FINANCIAL STATEMENTS 2009|10

BASED ON IFRS

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 28 FEBRUARY 2010

	€000	2009|10	2008|09
(1)	Revenue	1,989,159	2,026,328
(2)	Changes in inventories of finished and unfinished goods	(90,905)	(73,264)
(2)	Own work capitalised	3,402	3,764
(3)	Other operating income	26,030	39,202
(4)	Cost of materials	(1,258,344)	(1,376,118)
(5)	Staff costs	(217,786)	(210,337)
(6)	Depreciation, amortisation and impairment losses	(84,437)	(81,986)
(7)	Other operating expenses	(280,189)	(292,947)
(8)	**Operating profit after exceptional items**	**86,930**	**34,642**
(9)	**Share of results of associates**	**0**	**5**
(10)	Finance income	32,974	14,881
(11)	Finance expense	(32,513)	(81,942)
	Net financial items	**461**	**(67,061)**
	Profit/(loss) before tax	**87,391**	**(32,414)**
(12)	Income tax (expense)/credit	(14,689)	16,555
	Profit/(loss) for the period	**72,702**	**(15,859)**
	– Attributable to shareholders of the parent	*72,162*	*(11,578)*
	– Minority interests	*540*	*(4,281)*
(13)	Earnings/(loss) per share under IFRS (basic and diluted)	€ 5.08	€ (0.82)

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE

FOR THE YEAR ENDED 28 FEBRUARY 2010

€000	2009|10	2008|09
Profit/(loss) for the period	72,702	(15,859)
Income/(expense) recognised directly in equity		
Currency translation differences	27,638	(41,983)
Available-for-sale financial assets	81	(3,343)
Tax effect of available-for-sale financial assets	2	849
Cash flow hedge	8,895	(9,901)
Tax effect of cash flow hedges	(2,500)	2,420
Net income/(expense) recognised directly in equity	34,116	(51,958)
Total recognised income and expense for the period	**106,818**	**(67,817)**
– Attributable to shareholders of the parent	*105,179*	*(61,988)*
– Minority interests	*1,639*	*(5,829)*

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 28 FEBRUARY 2010

	€000	2009|10	2008|09
	Profit/(loss) for the period	72,702	(15,859)
	Depreciation, amortisation and impairment of non-current assets	84,437	82,426
	Reversal of impairment losses on non-current assets	0	(85)
	Changes in non-current provisions	(4,480)	(2,201)
	Share of results of associates	0	(5)
	Other non-cash (income)/expenses	(3,082)	32,952
	Operating cash flow before change in working capital	**149,577**	**97,228**
	Losses/(gains) on disposal of non-current assets	**382**	**(5,406)**
	Changes in inventories	93,538	105,487
	Changes in receivables, deferred tax assets and current assets	(17,650)	62,659
	Changes in current provisions	5,079	(18,584)
	Changes in payables (excluding borrowings)	(73,186)	(84,912)
	Effect of movements in foreign exchange rates on non-cash items	4,411	(41,467)
	Change in working capital	**12,192**	**23,183**
(14)	**Net cash from operating activities**	**162,151**	**115,005**
	Proceeds from disposal of non-current assets	3,402	14,637
	Purchases of property, plant and equipment and intangible assets	(48,160)	(73,172)
	Proceeds from disposal of securities	2,314	0
	Purchases of current and non-current securities	0	(2,168)
	Purchases of non-current financial assets	(941)	0
	Purchases of businesses	(5,016)	(11,377)
(15)	**Net cash (used in) investing activities**	**(48,401)**	**(72,080)**
	Capital increase in a subsidiary through minority interests	1,250	0
	Changes in non-current borrowings	(41,876)	(57,109)
	Changes in current borrowings	(53,935)	35,602
	Dividends paid	(29,094)	(28,548)
(16)	**Net cash (used in) financing activities**	**(123,655)**	**(50,055)**
	Net (decrease) in cash and cash equivalents	**(9,905)**	**(7,130)**
	Effect of movements in foreign exchange rates on cash and cash equivalents	4,835	(4,172)
	Cash and cash equivalents at beginning of period	75,458	86,760
	Cash and cash equivalents at end of period	**70,388**	**75,458**

CONSOLIDATED BALANCE SHEET
AT 28 FEBRUARY 2010

	€000	28 February 2010	28 February 2009
	ASSETS		
	A. Non-current assets		
(17)	Intangible assets	252,446	260,498
(18)	Property, plant and equipment	597,788	609,866
(19)	Investments in associates	0	605
(20)	Securities	104,977	104,492
(20)	Investments in non-consolidated subsidiaries and outside companies, and loan receivables	7,027	2,499
(21)	Receivables and other assets	10,652	5,525
(22)	Deferred tax assets	30,845	35,711
		1,003,735	**1,019,196**
	B. Current assets		
(23)	Inventories	468,576	562,113
(21)	Trade receivables and other assets	336,688	326,629
	Current tax assets	5,013	6,980
(24)	Securities	3,515	5,830
	Cash and cash equivalents	70,388	75,458
		884,180	**977,010**
	Total assets	**1,887,915**	**1,996,206**
	EQUITY AND LIABILITIES		
(25)	**A. Equity**		
	Share capital	103,210	103,210
	Share premium and other capital reserve	411,362	411,362
	Retained earnings	364,657	289,583
	Equity attributable to equity holders of the parent	879,229	804,155
	Minority interests	25,425	21,758
		904,654	**825,913**
	B. Non-current liabilities		
(26a)	Retirement and termination benefit obligations	44,263	45,241
(26b)	Other provisions	14,073	17,575
(27)	Borrowings	208,301	250,177
(28)	Other payables	2,229	1,958
(29)	Deferred tax liabilities	19,369	31,259
		288,235	**346,210**
	C. Current liabilities		
(26b)	Other provisions	28,592	23,513
(27)	Borrowings	347,160	405,718
(28)	Trade and other payables	308,533	390,863
	Current tax liabilities	10,741	3,989
		695,026	**824,083**
	Total equity and liabilities	**1,887,915**	**1,996,206**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 28 FEBRUARY 2010

€000	Share capital	Share premium and other capital reserve	Revalua-tion reserve	Other retained earnings	Currency translation reserve	(Loss)/ profit for the period	Minority interests	Total
				Retained earnings				
2009|10								
At 1 March 2009	**103,210**	**411,362**	**(1,426)**	**358,760**	**(56,173)**	**(11,578)**	**21,758**	**825,913**
Gain on available-for-sale financial assets	0	0	81	0	0	0	0	81
Cash flow hedge	0	0	8,900	0	0	0	(5)	8,895
Tax effect	0	0	(2,498)	0	0	0	0	(2,498)
Currency translation gain	0	0	0	0	26,534	0	1,104	27,638
Net income recognised directly in equity	**0**	**0**	**6,483**	**0**	**26,534**	**0**	**1,099**	**34,116**
Profit for the period	0	0	0	0	0	72,162	540	72,702
Total recognised income and expense	**0**	**0**	**6,483**	**0**	**26,534**	**72,162**	**1,639**	**106,818**
Dividends paid	0	0	0	0	0	(27,694)	(1,400)	(29,094)
Transfer from reserves	0	0	0	(39,272)	0	39,272	0	0
Other changes	0	0	0	(2,411)	0	0	3,428	1,017
At 28 February 2010	**103,210**	**411,362**	**5,057**	**317,077**	**(29,639)**	**72,162**	**25,425**	**904,654**
				364,657				
2008|09								
At 1 March 2008	**103,210**	**411,362**	**8,549**	**322,054**	**(15,738)**	**64,322**	**28,306**	**922,065**
Loss on available-for-sale financial assets	0	0	(3,343)	0	0	0	0	(3,343)
Cash flow hedge	0	0	(9,901)	0	0	0	0	(9,901
Tax effect	0	0	3,269	0	0	0	0	3,269)
Currency translation loss	0	0	0	0	(40,435)	0	(1,548)	(41,983)
Net expense recognised directly in equity	**0**	**0**	**(9,975)**	**0**	**(40,435)**	**0**	**(1,548)**	**(51,958)**
Loss for the period	0	0	0	0	0	(11,578)	(4,281)	(15,859)
Total recognised income and expense	**0**	**0**	**(9,975)**	**0**	**(40,435)**	**(11,578)**	**(5,829)**	**(67,817)**
Dividends paid	0	0	0	0	0	(27,694)	(855)	(28,549)
Transfer from reserves	0	0	0	36,628	0	(36,628)	0	0
Other changes	0	0	0	78	0	0	136	214
At 28 February 2009	**103,210**	**411,362**	**(1,426)**	**358,760**	**(56,173)**	**(11,578)**	**21,758**	**825,913**
				289,583				

1. SEGMENT REPORTING

The segment reporting, which conforms with International Financial Reporting Standard (IFRS) 8, distinguishes between three business segments – Sugar, Starch and Fruit – and thus follows the AGRANA Group's internal reporting structure. The Sugar Segment comprises sugar production in Austria, Hungary, the Czech Republic, Slovakia, Romania and Bosnia-Herzegovina, as well as sugar-related business areas. The Starch segment encompasses production facilities in Austria, Hungary and Romania. The Fruit segment consists of two units: Juice (producing fruit juice concentrates in Austria, Denmark, Poland, Romania, Hungary and China) and Fruit (producing fruit preparations worldwide).

1.1. SEGMENTATION BY BUSINESS ACTIVITY

€000	Sugar	Starch	Fruit	Consoli-dation	Group
2009|10					
Total revenue	737,015	533,788	805,988	(87,632)	1,989,159
Inter-segment revenue	(52,963)	(34,586)	(83)	87,632	0
Revenue	**684,052**	**499,202**	**805,905**	**0**	**1,989,159**
EBITDA	36,883	67,333	72,030	0	176,246
Depreciation, amortisation and impairment of property, plant and equipment and intangibles[1]	(21,669)	(26,278)	(36,362)	0	(84,309)
Operating profit before exceptional items	**15,214**	**41,055**	**35,668**	**0**	**91,937**
Exceptional items	0	0	(5,007)	0	(5,007)
Operating profit after exceptional items	15,214	41,055	30,661	0	86,930
Share of results of associates	0	0	0	0	0
Carrying amount of associates	0	0	0	0	0
Segment assets	505,915	370,336	772,377	0	1,648,628
Segment liabilities	201,891	62,547	133,252	0	397,690
Purchases of property, plant and equipment and intangibles[1]	11,420	10,836	26,126	0	48,382
Purchases of non-current financial assets	537	1	403	0	941
Total capital expenditure	11,957	10,837	26,529	0	49,323
Staff count	2,336	880	4,711	0	7,927
2008|09					
Total revenue	751,086	551,979	804,476	(81,213)	2,026,328
Inter-segment revenue	(48,583)	(32,540)	(90)	81,213	0
Revenue	**702,503**	**519,439**	**804,386**	**0**	**2,026,328**
EBITDA	37,828	48,854	32,495	0	119,177
Depreciation, amortisation and impairment of property, plant and equipment and intangibles[1]	(22,018)	(21,331)	(37,996)	0	(81,345)
Operating profit/(loss) before exceptional items	**15,810**	**27,523**	**(5,501)**	**0**	**37,832**

[1] Excluding goodwill.

€000	Sugar	Starch	Fruit	Consoli-dation	Group
Exceptional items	(913)	(2,277)	0	0	(3,190)
Operating profit/(loss) after exceptional items	14,897	25,246	(5,501)	0	34,642
Share of results of associates	5	0	0	0	5
Carrying amount of associates	605	0	0	0	605
Segment assets	601,865	368,268	784,237	0	1,754,370
Segment liabilities	297,873	58,946	122,331	0	479,150
Purchases of property, plant and equipment and intangibles[1]	19,402	23,798	30,613	0	73,813
Purchases of non-current financial assets	862	254	556	0	1,672
Total capital expenditure	20,264	24,052	31,169	0	75,485
Staff count	2,464	853	4,927	0	8,244

The revenue and asset data represent consolidated amounts. Inter-segment charges for products and services are based on comparable market prices.

The exceptional items resulted from the costs for the relocation of the holding company from Paris to Vienna and for a goodwill write-down on a Fruit company in the Czech Republic.

Segment assets and segment liabilities are based on total segment assets and liabilities, respectively, and do not take into account financial receivables and borrowings. As well, the following items are eliminated in the segment data to the extent that they cannot be allocated: investments in outside companies, securities and loan receivables. Current and deferred tax assets/liabilities are also eliminated.

Segment assets and liabilities

€000	28 Feb 2010	28 Feb 2009
Total assets	1,887,915	1,996,206
Less non-current financial assets	(112,004)	(107,596)
Less securities, cash and cash equivalents	(73,903)	(81,288)
Less tax assets and other assets	(53,380)	(52,952)
Segment assets	**1,648,628**	**1,754,370**
Provisions and other liabilities	983,261	1,170,293
Less borrowings	(555,461)	(655,896)
Less deferred and current tax liabilities	(30,110)	(35,247)
Segment liabilities	**397,690**	**479,150**

Companies are assigned to geographic segments based on the location of their registered office.

[1] Excluding goodwill.

1.2. SEGMENTATION BY REGION

€000	2009|10	2008|09
Revenue		
Austria	923,128	810,530
Rest of EU	703,580	872,351
EU-27	1,626,708	1,682,881
Rest of Europe (Bosnia-Herzegovina, Russia, Serbia, Turkey, Ukraine)	102,173	102,850
Other foreign countries	260,278	240,597
Total	**1,989,159**	**2,026,328**

The revenue generated by the Eastern European companies was € 761,820 thousand (prior year: € 811,382 thousand). The countries defined as Eastern Europe are Hungary, Slovakia, Czech Republic, Romania, Bulgaria, Poland, Russia, Ukraine, Turkey, Serbia and Bosnia-Herzegovina.

€000	2009|10	2008|09
Segment assets		
Austria	562,904	610,214
Rest of EU	795,552	858,441
EU-27	1,358,456	1,468,655
Rest of Europe (Bosnia-Herzegovina, Russia, Serbia, Turkey, Ukraine)	98,532	92,333
Other foreign countries	191,640	193,382
Total	**1,648,628**	**1,754,370**
Purchases of property, plant and equipment and intangibles[1]		
Austria	13,147	26,905
Rest of EU	19,748	29,464
EU-27	32,895	56,369
Rest of Europe (Bosnia-Herzegovina, Russia, Serbia, Turkey, Ukraine)	5,455	5,857
Other foreign countries	10,032	11,587
Total	**48,382**	**73,813**

2. BASIS OF PRESENTATION

AGRANA Beteiligungs-AG ("the Company") has its registered office at Donau-City-Strasse 9, 1220 Vienna. Together with its subsidiaries, the Company constitutes an international group engaged mainly in the worldwide processing of agricultural raw materials.

The consolidated financial statements of the AGRANA Group for 2009|10 were prepared in accordance with International Financial Reporting Standards (IFRS) in effect at the balance sheet date and with International Financial Reporting Interpretations Committee (IFRIC) interpretations, as adopted by the European Union.

Amounts in the consolidated financial statements are presented in thousands of euros (€000) unless otherwise indicated. As a result of automated calculation, rounding errors may occur in totals of rounded amounts and percentages.

[1] Excluding goodwill.

In addition to the income statement, statement of recognised income and expense, cash flow statement and balance sheet, a statement of changes in equity is presented. Segment reporting is included in the notes to the consolidated financial statements.

All IFRS issued by the International Accounting Standards Board (IASB) that were effective at the time of preparation of these consolidated financial statements and applied by AGRANA Beteiligungs-AG have been adopted by the European Commission for application in the EU.

Beginning in the 2009|10 financial year, a number of new or revised standards and interpretations issued by the IASB were effective (i.e., their application became mandatory). The following IFRS were applied in the AGRANA Group for the first time in the year under review:

- As a result of the revision of IAS 1 (Presentation of Financial Statements), the financial statements now additionally include a reconciliation of profit for the period to comprehensive income (total recognised income and expense) for the period, which includes the income and expense recognised directly in equity.

- Under IAS 23 (Borrowing Costs), interest expenses which are directly attributable to the acquisition, construction or production of a qualifying asset (such as the construction of new manufacturing facilities or significant plant expansions) must be capitalised as part of the cost of that asset until the completion of the investment project.

- The revised IFRS 7 (Financial Instruments: Disclosures) requires the presentation of a three-tiered hierarchy of fair value measurements showing the extent to which fair values of financial instruments were determined on the basis of quoted market prices (Level 1), on the basis of inputs derived from quoted market prices (Level 2) or on the basis of unobservable internal company data (Level 3). In AGRANA's consolidated financial statements the first-time application has led to expanded disclosures in the notes.

The following standards and interpretations which became effective for the 2009|10 financial year had insignificant or no effects on the consolidated financial statements of AGRANA:

- IFRS 1 (First-time Adoption of International Financial Reporting Standards – 2009) and IAS 27 (Group and Separate Financial Statements – 2008) – Amendments to IFRS 1 and IAS 27: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate, in the separate financial statements of the parent company
- IFRS 2 (Share-based Payment – 2008) – Amendment to IFRS 2: Share-based Payment: Vesting Conditions and Cancellations
- IFRS 8 (Operating Segments – 2009)
- IAS 32 (Financial Instruments: Presentation – 2008) and IAS 1 (Presentation of Financial Statements – 2008) – Amendments to IAS 32 and IAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation
- Improvements to IFRSs (2008)
- Amendments to IFRIC 9 (Reassessment of Embedded Derivatives – 2009) and IAS 39 (Financial Instruments: Recognition and Measurement – 2009)
- IFRIC 11 (IFRS 2 – Group and Treasury Share Transactions)
- IFRIC 13 (Customer Loyalty Programmes)
- IFRIC 14 (IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction – 2009)

The following changed or new standards and interpretations which have been adopted into European Union law were not yet effective in the 2009|10 financial year:

- The revised IFRS 3 (Business Combinations – 2008) includes changes in the rules regarding business acquisitions; the changes relate to the scope and method of accounting for incremental acquisitions of equity interests. The changes also create the option to measure non-controlling interests either at fair value or at the proportionate share of the net assets acquired. Depending on the option chosen, any goodwill arising on acquisition is recognised either fully or only to the extent of the interest of the majority shareholder. The revised IFRS 3 becomes effective in the 2010|11 financial year.

- The amendments to IAS 27 (Group and Separate Financial Statements – 2008) clarify that transactions by which a parent company changes its ownership interest in a subsidiary without a resulting loss of control must in future be recognised directly in equity. The recognition rules for transactions resulting in loss of control in a subsidiary were also amended. The standard specifies how to determine a deconsolidation gain and measure a residual interest remaining on disposal. The amended IFRS 27 first becomes effective in the 2010|11 financial year.

The following new or amended standards and interpretations have insignificant or no effects on AGRANA's consolidated financial statements:

- IAS 32 (Financial Instruments: Presentation – 2009) – Amendment to IAS 32: Classification of Rights Issues
- IAS 39 (Financial Instruments: Recognition and Measurement – 2009) – Amendment to IAS 39: Financial Instruments: Recognition and Measurement – Eligible Hedged Items
- Improvements to IFRSs (2009)
- IFRS 1 (First-time Adoption of International Financial Reporting Standards – 2008) – Amendment to IFRS 1: Restructured version of this standard
- IFRS 2 (Share-based Payment – 2009) – Amendment to IFRS 2: Share-based Payment: Group Share-based Cash-Settled Payment Transactions
- IFRIC 12 (Service Concession Arrangements)
- IFRIC 15 (Agreements for the Construction of Real Estate)
- IFRIC 16 (Hedges of a Net Investment in a Foreign Operation)
- IFRIC 17 (Distribution of Non-Cash Assets to Owners)
- IFRIC 18 (Transfers of Assets from Customers)

The following standards, interpretations and amendments were already published by the IASB, but were not yet adopted by the European Union into EU law; they were not yet applied by AGRANA:

- IFRS 1 (First-time Adoption of International Financial Reporting Standards – 2009) – Amendment to IFRS 1: Additional Exemptions for First-time Adopters
- IFRS 1 (First-time Adoption of International Financial Reporting Standards – 2010) – Amendment to IFRS 1: Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters
- IFRS 9 (Financial Instruments)
- IAS 24 (Related Party Disclosures – 2009)
- IFRIC 14 (Prepayments of a Minimum Funding Requirement – 2009)
- IFRIC 19 (Extinguishing Financial Liabilities with Equity Instruments)

In preparing the consolidated financial statements, the principles of clarity, understandability and materiality were observed. In the presentation of the income statement, the nature of expense method was used. The separate financial statements of the fully consolidated companies represented in the consolidated financial statements are based on uniform accounting policies.

3. BASIS OF CONSOLIDATION

3.1. SCOPE OF CONSOLIDATION

The consolidated financial statements include by full consolidation all domestic and foreign companies controlled by AGRANA Beteiligungs-AG (i.e., all subsidiaries), except where the subsidiary's effect on the Group's financial position and results of operations is immaterial. Subsidiaries' accounts are consolidated from the time that control is acquired until control ceases.

Companies operated jointly with another entity (joint ventures) are included in the consolidated financial statements by proportionate consolidation based on the Group's equity interest in the joint venture.

Companies over which AGRANA Beteiligungs-AG directly or indirectly exerts significant influence (associated entities, also referred to as associates) are included in the consolidated financial statements by the equity method of accounting.

At the balance sheet date, 61 (prior year: 63) companies besides the parent were fully consolidated in the Group financial statements and 8 (prior year: 7) companies were proportionately consolidated.

An overview of the fully consolidated and proportionately consolidated entities and other business interests is given beginning on page 126.

The number of companies that were fully or proportionately consolidated or that were equity-accounted changed as follows in the 2009|10 financial year:

	Full consolidation	**Proportionate consolidation**	**Equity method**
At 1 March 2009	63	7	1
First-time inclusion	0	1	0
Deconsolidation	(2)	0	(1)
At 28 February 2010	**61**	**8**	**0**

Entities included in the consolidated financial statements for the first time

- AGRAGOLD Holding GmbH, Vienna
  Activity: Other services
  Included from: November 2009
  Equity interest: 50%
  Purchase cost: € 5,000 thousand

The inclusion of AGRAGOLD Holding GmbH did not give rise to goodwill or negative goodwill.

Deconsolidations

The instances of deconsolidation relate to the liquidation of AGRANA Fruit Bohemia s.r.o., Kaplice, Czech Republic, and Dirafrost Germany GmbH, Hof, Germany. The most significant effect of the deconsolidation was an impairment charge on goodwill in the Fruit segment for the closed Czech company.

A company which until and including the 2008|09 financial year was accounted for under the equity method, Österreichische Rübensamenzucht Gesellschaft m.b.H., Vienna, is treated as a non-consolidated subsidiary from the year under review.

Joint ventures

The information below presents the Group's share of the aggregated assets, liabilities and results of the proportionately consolidated companies. The companies involved included the joint venture HUNGRANA Keményitö- és Isocukorgyártó és Forgalmazó Kft., Szabadegyháza, Hungary (of which AGRANA Stärke GmbH, Vienna, owns 50%) and its subsidiary Hungranatrans Kft., Szabadegyháza, Hungary. Also included by proportionate consolidation were AGRANA-STUDEN Beteiligungs GmbH, Vienna; Xianyang Andre Juice Co., Ltd, China; STUDEN-AGRANA Rafinerija Secera d.o.o., Brčko, Bosnia-Herzegovina; AGRANA Studen Sugar Trading GmbH, Vienna; Yongji Andre Juice Co., Ltd., China; and, from the financial year under review, AGRAGOLD Holding GmbH, Vienna.

€000	28 Feb 2010	28 Feb 2009
Non-current assets	137,942	125,053
Inventories	32,244	26,601
Receivables and other assets	45,021	39,460
Cash, cash equivalents and securities	6,249	6,349
Current assets	83,514	72,410
Total assets	**221,456**	**197,463**
Equity	105,283	70,786
Non-current liabilities	20,492	16,001
Current liabilities	95,681	110,676
Total equity and liabilities	**221,456**	**197,463**
Revenue	190,029	151,754
Net other (expense)	(172,768)	(140,335)
Profit for the period	**17,261**	**11,419**

3.2. BALANCE SHEET DATE

The balance sheet date (reporting date) of the consolidated financial statements is the last day of February. Group companies with other reporting dates prepare interim financial statements at the Group reporting date.

3.3. CONSOLIDATION METHODS

■ Acquisitions of companies that are fully or proportionately consolidated are accounted for using the purchase method, by allocating their acquisition cost to the acquired identifiable assets and liabilities (including contingent liabilities) at the time of acquisition. Where the acquisition cost exceeds the net fair value of the acquired assets and liabilities, the difference is recognised as goodwill under intangible assets. Conversely, where the acquisition cost is less than the net fair value of the acquired assets and liabilities, this difference arising on initial consolidation (sometimes referred to as "negative goodwill") is recognised in income in the period of acquisition.

■ Pursuant to IFRS 3, goodwill is not amortised. Instead, using the impairment-only approach, goodwill is tested for impairment at least annually and written down only in the event of impairment.

■ Investments in associates are measured at equity (by the purchase method) on the basis of the associated entities' most recent available annual financial statements. In accordance with IFRS 3, negative goodwill (any excess of the net fair value of acquired assets and liabilities over acquisition cost) is recognised under share of results of associates in the year of acquisition. As required under IFRS 3, goodwill arising on initial measurement is recognised in the carrying amount of the equity interests held and is not amortised but is tested for impairment at least annually.

■ All expenses, income, receivables, payables and provisions resulting from transactions between fully or proportionately consolidated companies are eliminated.

■ For assets that arise from intragroup flows of products or services and are included in non-current assets or in inventories, intercompany balances are eliminated unless immaterial.

3.4. CURRENCY TRANSLATION DIFFERENCES

■ Financial statements of foreign Group companies are translated into euros in accordance with IAS 21. The functional currency of every Group company is its respective national currency. Assets and liabilities are translated at middle rates of exchange at the balance sheet date. Expenses and income are translated at annual average rates of exchange, with the exception of the currency translation gains and losses from the measurement of receivables and liabilities related to Group financing.

■ Differences compared to prior-year amounts arising from the translation of balance sheet items at current balance sheet date exchange rates or arising from the use of average rates in translating expenses and income compared to the use of current balance sheet date rates are recognised directly in equity.

■ Foreign currency monetary items are measured at exchange rates at the balance sheet date, with currency translation gains and losses recognised in profit or loss in the consolidated income statement.

■ In translating the financial statements of foreign Group companies, the following exchange rates were applied:

		Rate at reporting date		Average rate for year	
In number of units of local currency per €	Currency	28 Feb 2010	29 Feb 2009	1 Mar 2009– 28 Feb 2010	1 Mar 2008– 28 Feb 2009
Argentina	ARS	5.25	4.52	5.34	4.63
Australia	AUD	1.52	1.99	1.71	1.80
Brazil	BRL	2.47	3.01	2.69	2.75
Bulgaria	BGN	1.96	1.96	1.96	1.96
China	CNY	9.26	8.65	9.63	9.94
Denmark	DKK	7.44	7.45	7.44	7.46
Fiji	FJD	2.65	2.38	2.78	2.35
South Korea	KRW	1,573.95	1,950.91	1,736.27	1,678.04
Morocco	MAD	11.20	11.05	11.27	11.31
Mexico	MXN	17.36	19.14	18.70	16.73
Poland	PLN	3.98	4.66	4.26	3.66
Romania	RON	4.11	4.30	4.22	3.78
Russia	RUB	40.73	45.50	43.78	37.75
Serbia	CSD	99.63	93.80	94.69	83.94
Slovakia	SKK	0.00	30.13	0.00	30.13
South Africa	ZAR	10.50	12.81	11.29	12.43
Czech Republic	CZK	25.97	28.09	26.16	25.31
Turkey	TRY	2.10	2.16	2.16	1.97
USA	USD	1.36	1.26	1.41	1.44
Ukraine	UAH	10.78	9.84	11.04	8.11
Hungary	HUF	269.90	300.46	277.42	256.74

4. ACCOUNTING POLICIES

4.1. INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

■ Purchased intangible assets (other than goodwill) are capitalised at cost and amortised on a straight-line basis over their expected useful lives of between 5 and 15 years. All intangible assets other than goodwill have a determinable useful life.

■ Goodwill is not amortised, but is reviewed at least annually for impairment. Details on this impairment test are presented in the notes to the balance sheet.

■ Intangible assets acquired through business combinations are recorded separately from goodwill if they are separable by the definition in IAS 38 or if they result from a contractual or legal right and their fair value can be reliably measured.

■ Product development costs are capitalised at cost if they can be accurately allocated to a product and if both the technical feasibility and the marketing of the new product are assured. In addition, the development work must be sufficiently likely to generate future cash inflows. Under IAS 38, research costs cannot be capitalised. They are charged directly to expense in the income statement.

■ Items of property, plant and equipment are valued at cost of purchase and/or conversion, less straight-line depreciation and impairment losses. For the bioethanol plant in Austria, a unit-of-production method of depreciation was used in the financial year. Besides materials and labour costs, prorated overheads are capitalised in the conversion costs of internally generated assets. Borrowing costs directly attributable to the production of an asset that are incurred during the production period are capitalised in accordance with IAS 23. All other borrowing costs are recognised as an expense in the period during which they are incurred. Maintenance costs are expensed as incurred, unless they result in an expansion or material improvement of the asset concerned, in which case they are capitalised.

■ Where rental agreements or leases transfer all material risks and rewards of ownership to the AGRANA Group (finance leases), the assets rented or leased are recorded as an asset. The asset is initially measured at the lower of (i) its fair value at the inception of the rental period or lease and (ii) the present value of the future minimum rental or lease payments. This amount is simultaneously recorded as a liability under borrowings.

■ Depreciation of property, plant and equipment is generally based on the following useful lives:

Buildings	15 to 50 years
Technical plant and machinery	10 to 15 years
Office furniture and equipment	3 to 10 years

■ Impairment losses are recognised, in accordance with IAS 36, if the recoverable amount of an asset has declined below its carrying amount. The recoverable amount is the higher of the asset’s net selling price and its value in use.

4.2. GOVERNMENT ASSISTANCE

■ Government grants to reimburse the Group for costs are recognised as other operating income in the period in which the related costs are incurred, unless the grant is contingent on conditions that are not yet sufficiently likely to be met.

■ Grants to support capital expenditure are deducted from the cost of intangible assets and property, plant and equipment beginning at the time of the binding award of the grant.

4.3. INVESTMENTS IN ASSOCIATES

■ Investments in associates, if material, are recognised by the equity method based on the ownership interest held.

4.4. FINANCIAL INSTRUMENTS

■ The AGRANA Group distinguishes the following classes of financial instruments:

Financial assets
- Securities, and investments in non-consolidated subsidiaries and outside companies
- Loan receivables
- Trade receivables
- Other assets
- Cash and cash equivalents

Financial liabilities
- Bonds
- Bank loans and overdrafts
- Finance lease obligations
- Trade payables
- Payable from sugar regime restructuring levies
- Payable from purchase of additional sugar quota
- Other payables

Derivative financial instruments
- Interest-rate derivatives
- Currency derivatives
- Commodity derivatives

■ Investments in non-consolidated subsidiaries and outside companies are as a rule measured at fair value in accordance with IAS 39. If fair value cannot be reliably determined, they are recorded at cost. An impairment loss is recognised upon evidence of sustained impairment.

■ Loan receivables are measured at their nominal amount. Interest-free or low-interest long-term loans are measured at their present value.

■ Inasmuch as the Group has the intent and ability to hold fixed-maturity securities until maturity (these assets are referred to as “held-to-maturity”), they are measured at amortised cost. Any difference between their cost and redemption value is allocated over the total life of the security using the effective interest method. Securities “held for trading” are measured at market prices, with changes in fair value recognised in profit or loss. All other securities (these assets are referred to as “available-for-sale”) are measured at market prices, with changes in fair value recognised directly (after deferred taxes) in equity in a separate reserve item. Only after the cumulative changes in fair value are realised by selling the security are they recognised in profit or loss.

■ Financial assets are recognised at the settlement date.

■ Where there is substantial evidence of impairment and the estimated recoverable amount of a non-current financial asset is lower than its carrying amount, an impairment loss is recognised in the income statement for the period.

■ Cash and cash equivalents are measured at their face amount.

Derivative financial instruments

■ Derivative financial instruments are used to hedge risks from changes in interest rates, exchange rates and commodity prices. At inception of the derivative contract, derivatives are recognised at cost. Subsequently they are measured at market value at every balance sheet date. Value changes are as a rule recognised in profit or loss. Where the conditions for cash flow hedge accounting under IAS 39 are met, unrealised fair value changes are recognised directly in equity.

■ The market value of derivative financial instruments is determined on the basis of quoted market prices, information from banks or discounting-based valuation methods. The market value of forward foreign exchange contracts is the difference between the contract rate and the current forward rate.

Receivables

■ Receivables are carried at face amounts, less provisions for impairment in the case of identifiable risks. Non-interest-bearing receivables with a remaining maturity of more than one year are recognised at their present value. Receivables denominated in foreign currencies are translated at the middle rates of exchange at the balance sheet date.

Payables

■ Borrowings are initially measured at their actual proceeds. Premiums, discounts or other differences between the proceeds and the repayment amount are realised over the term of the instrument by the effective interest method and recognised in net financial items (at amortised cost).

■ Trade payables are initially measured (at inception of the liability) at the fair value of the goods or services received. Subsequently these payables are measured at amortised cost. Other payables not resulting from the receipt of goods or services are measured at their payable amount.

■ Payables denominated in foreign currencies are recognised at middle rates of exchange at the balance sheet date.

4.5. INVENTORIES

■ Inventories are measured at the lower of cost of purchase and/or conversion and net selling price. The weighted average cost formula is used. In accordance with IAS 2, the conversion costs of unfinished and finished products include – in addition to directly attributable unit costs – reasonable proportions of the necessary material costs and production overheads inclusive of depreciation of manufacturing plant (based on the assumption of normal capacity utilisation) as well as production-related administrative costs. Financing costs are not taken into account. To the extent that inventories are at risk as a result of prolonged storage or reduced saleability, a write-down is recognised.

4.6. EMISSION ALLOWANCES

■ Emission rights are accounted for in accordance with IAS 38 (Intangible Assets), IAS 20 (Accounting for Government Grants and Disclosure of Government Assistance) and IAS 37 (Provisions, Contingent Liabilities and Contingent Assets). Emission allowances are issued for a given calendar year and are intangible assets for the purposes of IAS 38 that must be classified as current assets. They are assigned a cost of zero. From the point when emissions exceed allocated allowances (one allowance represents one tonne of CO_2), a provision for CO_2 emissions must be established for actual additional emissions and recognised in the income statement. The provision is calculated on the basis of the fair value of emission allowances at the relevant valuation date.

4.7. IMPAIRMENT

■ Assets (other than inventories and deferred tax assets) are tested at every balance sheet date for evidence of impairment. Goodwill and other intangible assets with an indefinite useful life are reviewed for impairment annually at 31 August regardless of whether there is indication of possible impairment.

■ The impairment test involves determining the asset’s recoverable amount. The recoverable amount is the higher of the asset’s value in use and its net selling price. If the asset’s recoverable amount is less than its carrying amount, the difference is expensed as an impairment loss in the income statement.

■ An asset’s value in use is the present value of the estimated future cash flows from the asset’s continuing use and from its disposal at the end of its useful life. The discount rate used in determining present value is a pre-tax market rate adjusted for the specific risks of the asset concerned. Where no independent cash flows can be determined for the individual asset, value in use is determined on the basis of the next larger unit (the cash-generating unit) to which the asset belongs and for which independent cash flows can be identified.

■ The net selling price of an asset is its fair value (the amount obtainable from its sale in a bargained transaction between knowledgeable, willing parties) less costs to sell.

■ Where an impairment loss later decreases or is eliminated, the amount of the reversal of the impairment loss (except in the case of goodwill and equity-like securities classified as available-for-sale) is recognised as income in the income statement up to the lower of amortised original cost and value in use. Impairment losses on goodwill are not reversed.

4.8. EMPLOYEE BENEFIT OBLIGATIONS

■ The AGRANA Group maintains both defined contribution and defined benefit pension plans. Under the defined contribution pension arrangements, AGRANA has no further obligation after paying the agreed premium. Therefore no provision is recognised for defined contribution plans.

■ The provisions for defined benefit retirement, termination and long-service obligations are calculated using the projected unit credit method in accordance with IAS 19 (Employee Benefits), based on actuarial valuations. This involves determining the present value of the defined benefit obligation and comparing it to the fair value of plan assets at the balance sheet date. In the case of a deficit, a provision is recorded; in the case of a surplus, an asset (other receivable) is recorded. The defined benefit obligation is measured by the projected unit credit method. Under this method, the future payments determined on the basis of realistic assumptions are accumulated over the period during which the respective beneficiaries acquire the entitlement to these benefits.

■ A difference between the provision's amount determined in advance on the basis of the assumptions used and the actual amount of the obligation (an actuarial gain or loss) is not recognised in the provision until it exceeds 10% of the actual amount. This is sometimes referred to as the corridor method. When the 10%-corridor is breached, the amount of the difference in excess of 10%, divided by the average remaining working life of the participating employees, is recognised as income or expense.

■ The calculation is based on extrapolated future trends in salaries, retirement benefits and employee turnover, as well as a discount rate of 5.0% (prior year: 5.5%).

■ A portion of pension obligations was transferred to pension funds. Retirement benefit contributions are calculated so as to fully fund the retirement benefit obligation at the time of retirement. If a plan deficit occurs, there is an obligation to fund the shortfall. The individual assets allocated to the pension fund are netted against the provision for retirement benefits.

4.9. OTHER PROVISIONS

■ Other provisions are recognised where the following conditions are met: the AGRANA Group has a legal or constructive obligation to a third party as a result of a past event, the obligation is likely to lead to an outflow of resources, and whether the amount of the obligation can be reliably estimated.

■ Provisions are measured at the amount representing the best estimate of the expenditure required to settle the obligation. If the present value of the obligation determined on the basis of a market interest rate differs materially from its nominal amount, the present value of the obligation is used.

■ The risks arising from contingent liabilities are covered by sufficient provisions.

4.10. DEFERRED TAXES

■ Deferred taxes are recognised on temporary differences between the IFRS carrying amounts of assets and liabilities and the tax base; on consolidation entries; and on tax loss carryforwards expected to be utilised. Significant differences existed between the IFRS carrying amounts and the tax base for property, plant and equipment, inventories and provisions. Deferred tax assets are recognised for unused tax loss carryforwards insofar as these are expected to be utilised within five years.

■ Deferred taxes are calculated by the liability method (under IAS 12), based on the pertinent national income tax rates. Consequently, with the exception of goodwill arising on consolidation, deferred taxes are recognised for all temporary differences between the IFRS balance sheet and the tax base.

■ Deferred taxes are measured at the future tax rates expected to apply to the period in which the asset is realised or the liability settled. Future changes in tax rates are taken into account if the change in tax rate has already been enacted in law at the time of the preparation of the financial statements.

■ Deferred tax assets are classified as non-current assets; deferred tax liabilities are recorded as non-current liabilities. Deferred tax assets are offset against deferred tax liabilities if they relate to the same tax authority.

4.11. RECOGNITION OF REVENUE AND COSTS

■ Revenue from goods sold is recognised when substantially all risks and rewards incident to ownership have passed to the purchaser. Revenue from services provided is recognised to the extent that the services have been rendered by the balance sheet date.

■ Operating expenses are recognised in the income statement upon use of the product or service or as incurred.

■ Finance expenses comprise the interest expense, similar expenses and transaction costs on borrowings including finance leases; financing-related currency translation gains and losses; and financing-related hedging gains and losses.

■ Income from financial investments represents interest, dividend and similar income realised from cash-equivalent investments and investments in other financial assets; gains and losses on the disposal of financial assets; as well as impairment losses and impairment loss reversals.

■ Interest income is recognised on an accrual basis using the effective interest method. Dividend income is recognised at the time of the decision to pay the dividend.

4.12. CRITICAL ASSUMPTIONS AND JUDGEMENTS

■ The preparation of these consolidated financial statements in accordance with IFRS requires the Company's management to make judgements and to proceed on assumptions about future developments. These judgements and assumptions can have a material effect on the recognition and measurement of the assets and liabilities, the disclosure of other liabilities at the balance sheet date, and the amounts of income and expenses reported for the financial year.

■ The following assumptions involve a not insignificant risk that they may lead to a material change in the carrying amounts of assets and liabilities in the subsequent financial year:

- Goodwill is reviewed for impairment by reference to a cash flow forecast for the next five years and using a discount rate adjusted for the industry and for the Group's specific risk profile.
- The measurement of existing retirement and termination benefit obligations involves assumptions regarding discount rate, age at retirement, life expectancy, employee turnover and future increases in benefits.
- The recognition of deferred tax assets is based on the assumption that sufficient tax income will be realised in the future to utilise tax loss carryforwards.
- In determining the amount of other provisions, management exercises judgement as to whether AGRANA is likely to incur an outflow of resources from the obligation concerned and the amount of the obligation can be estimated reliably. Provisions are measured at the amount of the likely outflow of resources.

4.13. CHANGES IN ACCOUNTING METHODS

■ In the year under review there were no material changes in accounting methods.

5. NOTES TO THE CONSOLIDATED INCOME STATEMENT

Note (1)

5.1. REVENUE

€000	2009|10	2008|09
By nature of activity		
Revenue from sale of finished goods	1.873.806	1.891.252
Revenue from sale of goods purchased for resale	108.774	127.110
Service revenue	6.579	7.966
Total	**1.989.159**	**2.026.328**

The regional analysis of revenue is presented in the Segment reporting section (see page 76).

The Group's top ten customers accounted for 29% of consolidated revenue.

Note (2)

5.2. CHANGE IN INVENTORIES AND OWN WORK CAPITALISED

€000	2009|10	2008|09
Change in inventories of finished and unfinished goods	(90,905)	(73,264)
Own work capitalised	3,402	3,764

The decrease of € 90,905 thousand in inventories of finished and unfinished goods (prior year: decrease of € 73,264 thousand) occurred mainly in the Sugar segment, at a reduction of € 69,461 thousand (prior year: decrease of € 40,859 thousand), and in the Fruit segment (particularly the juice activities), at a reduction of € 17,504 thousand (prior year: decrease of € 32,086 thousand).

Note (3)

5.3. OTHER OPERATING INCOME

€000	2009|10	2008|09
Income from		
Disposal of non-current assets other than financial assets	366	6,422
Services rendered to third parties	2,307	1,956
Currency translation gains	0	3,785
Insurance benefits and payments for damages	1,263	1,165
Leases	1,091	1,445
Marketing services	0	373
Beet and pulp cleaning, transport and handling	4,666	4,759
Surrender of quota	269	3,921
Raw material procurement	0	141
Derivatives	463	0
Other items	15,605	15,235
Total	**26,030**	**39,202**

Within other operating income, “other items” represent primarily revenue from the sale of raw materials and consumables.

Note (4)

5.4. COST OF MATERIALS

€000	2009|10	2008|09
Cost of		
Raw materials	738,469	778,930
Consumables and goods purchased for resale	459,617	541,146
Purchased services	60,258	56,041
Total	**1,258,344**	**1,376,117**

Note (5)

5.5. STAFF COSTS

€000	2009|10	2008|09
Wages and salaries	169,739	161,629
Social security taxes	41,946	41,656
Expenses for retirement benefits	2,063	3,188
Expenses for termination benefits	4,038	3,864
Total	**217,786**	**210,337**

Additions to the provisions for retirement and termination are reported in staff costs, without their interest component. Net interest expense of € 2,935 thousand (prior year: € 2,810 thousand) arising from these items is included in net financial items.

Average number of employees during the financial year

	2009|10	2008|09
By employee category		
Wage-earning staff	5,742	5,975
Salaried staff	2,125	2,207
Apprentices	60	62
Total	**7,927**	**8,244**

	2009|10	2008|09
By region		
Austria	1,735	1,730
Rest of EU	2,913	3,094
EU-27	4,648	4,824
Rest of Europe (Bosnia-Herzegovina, Russia, Serbia, Turkey, Ukraine)	1,104	1,211
Other foreign countries	2,175	2,209
Total	**7,927**	**8,244**

The average number of employees in joint ventures was as follows (based on 50% of these companies' total employees):

	2009|10	2008|09
Wage-earning staff	248	292
Salaried staff	90	91
Total	**338**	**383**

Note (6)

5.6. DEPRECIATION, AMORTISATION AND IMPAIRMENT

€000	2009|10			2008|09		
	Total	Amortisation, depreciation	Impair-ment	Total	Amortisation, depreciation	Impair-ment
Intangible assets	9,559	6,728	2,831	7,823	7,823	0
Property, plant and equipment	74,750	70,821	3,929	73,607	73,607	0
Reversal of impairment losses	0	0	0	(85)	0	(85)
Depreciation, amortisation and impairment recognised in operating profit	**84,309**	**77,549**	**6,760**	**81,345**	**81,430**	**(85)**
Exceptional items	128	0	128	641	39	602
Depreciation, amortisation and impairment recognised in operating profit after exceptional items	**84,437**	**77,549**	**6,888**	**81,986**	**81,469**	**517**
Financial assets	(10)	(21)	11	398	407	(9)
(Reversal of) depreciation, amortisation and impairment recognised in net financial items	**(10)**	**(21)**	**11**	**398**	**407**	**(9)**
Total	**84,427**	**77,528**	**6,899**	**82,384**	**81,876**	**508**

The impairment charges in the year under review related primarily to a write-down for the sugar quota in the Czech Republic and impairment on equipment in the Starch segment (drum drying plant) and Fruit segment (production line in the USA for chocolate crumbs for mixing with fruit preparations).
Impairment by segment was as follows:

€000	2009|10	2008|09
Sugar segment	2,876	443
Starch segment	1,892	65
Fruit segment	2,131	0
Total	**6,899**	**508**

Note (7)

5.7. OTHER OPERATING EXPENSES

€000	2009|10	2008|09
Operating and administrative expenses	87,530	81,486
Selling and freight costs	105,646	90,878
Advertising expenses	7,731	10,091
Sugar regime restructuring levy	0	72,680
Production levy and additional levy	8,689	11,690
Other taxes	6,765	9,006
Losses on disposal of non-current assets	776	2,014
Research and development expenses (external)	6,112	4,766
Operating expenses arising from third-party inputs	10,668	2,344
Currency translation losses	391	0
Rent and lease expenses	6,963	7,227
Derivatives	640	0
Other	38,278	765
Total	**280,189**	**292,947**

In the 2008|09 sugar marketing year, sugar-producing companies that were allocated quota paid a restructuring levy of € 113.30 per tonne of quota.

Internal and external R&D costs totalled € 13,345 thousand (prior year: € 12,499 thousand).

Within other operating expenses, “other items” included additional expenses from sales of industrial sugar; lease and rental costs; damage payments; waste removal and cleaning; and expenses from the sale of fresh fruit in Mexico.

The costs incurred in the financial year for the auditors were € 306 thousand for KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft and € 197 thousand for MULTICONT Revisions- und Treuhand Gesellschaft m.b.H. The expenses related entirely to the audit of the consolidated financial statements (including separate financial statements of individual subsidiaries and joint ventures); no other consulting services were provided by the auditors.

Note (8)

5.8. OPERATING PROFIT AFTER EXCEPTIONAL ITEMS

€000	2009|10	2008|09
Operating profit before exceptional items	91,937	37,832
Exceptional items	(5,007)	(3,190)
Total	**86,930**	**34,642**

Exceptional items had the following effects on items of the income statement in the 2009|10 financial year:

€000	Fruit
Material costs	(7)
Staff costs	(1,681)
Impairment	(128)
Other operating expenses	(3,191)
Total	**(5,007)**

Exceptional items in the year under review related solely to the Fruit segment and consisted of costs for the closure of the holding company in Paris and the goodwill impairment charge in connection with the closing of AGRANA Fruit Bohemia s.r.o. in the Czech Republic.

Note (9)

5.9. SHARE OF RESULTS OF ASSOCIATES

€000	2009|10	2008|09
Share of profit	0	5

The share of results of associates in the prior year came from Österreichische Rübensamenzucht Gesellschaft m.b.H., Vienna. From the year under review, this company is carried as a non-consolidated subsidiary.

Note (10)

5.10. FINANCE INCOME

€000	2009|10	2008|09
Interest income	9,859	9,159
Other finance income		
Currency translation gains	18,929	0
Share of results of outside companies	0	3,411
Share of results of non-consolidated subsidiaries	1,150	1,000
Gains on disposal of investments in outside companies	2,313	11
Gains on disposal of securities	6	109
Gains on derivatives	531	918
Income from release of negative goodwill	154	2
Other	32	271
Total	**32,974**	**14,881**

Interest income by segment was as follows:

€000	2009|10	2008|09
Sugar segment	8,870	7,549
Starch segment	129	159
Fruit segment	860	1,451
Total	**9,859**	**9,159**

Note (11)

5.11. FINANCE EXPENSE

€000	2009|10	2008|09
Interest expense	31,107	41,509
Other finance expenses		
Currency translation losses	0	39,493
Losses on derivatives	1,194	533
Impairment losses on current securities	0	462
Other	212	(55)
Total	**32,513**	**81,942**

Interest expense by segment was as follows:

€000	2009|10	2008|09
Sugar segment	13,155	14,517
Starch segment	3,481	7,596
Fruit segment	14,471	19,396
Total	**31,107**	**41,509**

The analysis of net financial items (finance income less expenses) is as follows:

€000	2009|10	2008|09
Net interest (expense)	(21,248)	(32,350)
Currency translation differences	18,929	(39,493)
Share of results of non-consolidated subsidiaries and outside companies	1,150	4,411
Net gain/(loss) on disposal of non-consolidated subsidiaries and outside companies	2,452	(2)
Other financial items	(822)	373
Total	**461**	**(67,061)**

In the financial year, net currency translation differences were 75.6% realised (prior year: 1.7%).

Interest expense includes the interest component of allocations to the provisions for retirement and termination benefits. In the financial year, this interest component was € 2,935 thousand (prior year: € 2,810 thousand).

Note (12)

5.12. INCOME TAX EXPENSE

Current and deferred tax expenses and credits pertained to Austrian and foreign income taxes and had the following composition:

€000	2009|10	2008|09
Current tax expense	22,359	8,918
– *Of which Austrian*	*5,920*	*382*
– *Of which foreign*	*16,439*	*8,536*
Deferred tax (credit)	(7,670)	(25,473)
– *Of which Austrian*	*(6,558)*	*(8,190)*
– *Of which foreign*	*(1,112)*	*(17,283)*
Total expense/(credit)	**14,689**	**(16,555)**
– *Of which Austrian*	*(638)*	*(7,808)*
– *Of which foreign*	*15,327*	*(8,747)*

Reconciliation of the deferred tax amounts in the balance sheet to the deferred taxes in the income statement:

€000	2009|10	2008|09
(Decrease)/increase in deferred tax assets in the consolidated balance sheet	(4,866)	19,001
Decrease in deferred tax liabilities in the consolidated balance sheet	11,890	7,290
Total change in deferred taxes	**7,024**	**26,291**
– *Of which from other changes not recognised in the income statement (fair value changes, currency translation differences)*	*(646)*	*818*
– *Of which from changes recognised in the income statement*	*7,670*	*25,473*

Reconciliation of profit/(loss) before tax to income tax expense/(credit)

€000	2009|10	2008|09
Profit/(loss) before tax	87,391	(32,414)
Standard Austrian tax rate	25%	25%
Nominal tax expense/(credit) at standard Austrian rate	**21,848**	**(8,104)**
Tax effect of		
Different tax rates applied on foreign income	(1,369)	5,485
Tax-exempt income and tax deductions	(4,942)	(13,214)
Non-tax-deductible expenses and additional tax debits	5,100	6,942
Non-recurring tax expenses	182	(712)
Non-temporary differences resulting from consolidation	(6,130)	(6,952)
Income tax expense/(credit)	**14,689**	**(16,555)**
Effective tax rate	**16,8%**	**51,1%**

The nominal tax charge or credit is based on application of the standard Austrian corporation tax rate of 25%.

The Tax Reform Act of 2005 introduced a new concept for the taxation of company groups. In accordance with the provisions of this Act, the AGRANA Group established a group consisting of AGRANA Beteiligungs-AG as the group parent and the following group members: AGRANA Zucker GmbH, AGRANA Stärke GmbH, AGRANA Marketing- und Vertriebsservice Gesellschaft mbH, AGRANA Bioethanol GmbH, Agrofrucht Gesellschaft m.b.H., AGRANA J&F Holding GmbH, AGRANA Internationale Verwaltungs- und Asset-Management GmbH, AGRANA Juice Holding GmbH, Brüder Hernfeld Gesellschaft m.b.H., INSTANTINA Nahrungsmittel Entwicklungs- und Produktions-gesellschaft m.b.H. and AGRANA Juice Sales & Customer Service GmbH.

The tax effects from tax-exempt income relate primarily to the tax incentive for the Hungarian starch company's capacity expansion.

Deferred taxes are recognised on differences between carrying amounts in the consolidated financial statements and the tax bases of the individual companies in their home countries. Deferred taxes take into account carryforwards of unused tax losses.

In the interest of conservative planning, deferred taxes reflect carryforwards of tax losses only to the extent that sufficient taxable profit is likely to be earned over the next five years to utilise the deferred tax assets. € 12,145 thousand (prior year: € 6,721 thousand) of potential tax assets were not recognised. At the balance sheet date, there were cumulative unused tax losses of € 57,608 thousand (prior year: € 35,592 thousand).

The deferred tax assets and liabilities recognised directly in equity amounted to a net liability of € 1,100 thousand (prior year: net asset of € 1,398 thousand).

Note (13)

5.13. EARNINGS PER SHARE

		2009|10	2008|09
Profit/(loss) for the period attributable to equity holders of the parent (AGRANA Beteiligungs-AG)	€000	72,162	(11,578)
Average number of shares outstanding		14,202,040	14,202,040
Earnings/(loss) per share based on IFRS (basic and diluted)	€	5.08	(0.82)
Dividend per share	€	1.95[1]	1.95

Subject to the Annual General Meeting's approval of the proposed allocation of profit for the 2009|10 financial year, AGRANA Beteiligungs-AG will pay a dividend of € 27,694 thousand (prior year: € 27,694 thousand).

6. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

The cash flow statement is prepared using the indirect method and in accordance with IAS 7. The statement traces the movements in the AGRANA Group's cash and cash equivalents arising from operating, investing and financing activities.

Cash and cash equivalents, for the purpose of the cash flow statement, represent cash on hand, cheques and bank deposits. They do not include current bank borrowings or securities classified as current assets.

The effects of business acquisitions are eliminated and are stated in the item "purchases of businesses".

Currency translation differences, with the exception of those relating to cash and cash equivalents, are already eliminated within the corresponding items in the balance sheet.

Note (14)

6.1. CASH FLOWS FROM OPERATING ACTIVITIES

Operating cash flow before changes in working capital was € 149,577 thousand (prior year: € 97,228 thousand), or 7.5% of revenue (prior year: 4.8%). The item "other non-cash expenses/income" consisted of, among items, the unrealised foreign currency translation losses (€ 4,624 thousand) reflected in net financial items, the effects of deferred taxes (expense of € 7,024 thousand), and current non-cash tax expense (€ 8,720 thousand). After changes in working capital, net cash from operating activities was € 162,151 thousand (prior year: net cash from operating activities of € 115,005 thousand).

Cash flows from operating activities included the following interest, tax and dividend payments:

€000	2009|10	2008|09
Interest received	5,208	9,312
Interest paid	26,627	37,551
Tax paid	13,640	6,701
Dividends received	1,150	4,411

There were no restrictions on the use of items classified as cash and cash equivalents.

[1] Proposal to the Annual General Meeting.

Note (15)

6.2. CASH FLOWS FROM INVESTING ACTIVITIES

€ 48,401 thousand (prior year: € 72,080 thousand) was required to fund the investing activities.

Purchases of property, plant and equipment and intangibles, net of government grants, decreased to € 48,160 thousand (prior year: € 73,172 thousand). Proceeds from disposal of non-current assets were € 3,402 thousand (prior year: € 14,637 thousand).

Purchases of businesses were reported in the financial year that relate to the acquisition of a new holding company (a joint venture) for the activities in the West Balkan region.

Note (16)

6.3. CASH FLOWS FROM FINANCING ACTIVITIES

In the 2009|10 financial year, borrowings were reduced by € 95,811 thousand (prior year: reduction by € 21,507 thousand). Also, an increase in the capital of AGRANA BIH Holding GmbH by the co-owner generated an inflow of € 1,250 thousand.

Dividends paid consisted mainly of the cash dividend distributed to the shareholders of AGRANA Beteiligungs-AG.

7. NOTES TO THE CONSOLIDATED BALANCE SHEET

Note (17)

7.1. INTANGIBLE ASSETS

€000	Goodwill	Concessions, licences, sugar quota and similar rights	Total
2009|10			
Cost			
At 1 March 2009	222,715	96,784	319,499
Currency translation differences	0	810	810
Changes in scope of consolidation	(2,573)	(67)	(2,640)
Additions	138	3,316	3,454
Reclassifications	0	424	424
Disposals	0	(3,004)	(3,004)
At 28 February 2010	**220,280**	**98,263**	**318,543**
Accumulated amortisation and impairment			
At 1 March 2009	0	59,001	59,001
Currency translation differences	0	498	498
Changes in scope of consolidation	0	(72)	(72)
Additions	0	9,559	9,559
Reclassifications	0	(9)	(9)
Disposals	0	(2,880)	(2,880)
At 28 February 2010	**0**	**66,097**	**66,097**
Carrying amount at 28 February 2010	**220,280**	**32,166**	**252,446**

€000	Goodwill	Concessions, licences, sugar quota and similar rights	Total
2008|09			
Cost			
At 1 March 2008	214,607	91,850	306,457
Currency translation differences	0	(528)	(528)
Changes in scope of consolidation	8,131	954	9,085
Additions	0	7,945	7,945
Reclassifications	0	600	600
Disposals	(23)	(4,037)	(4,060)
At 28 February 2009	**222,715**	**96,784**	**319,499**
Accumulated amortisation and impairment			
At 1 March 2008	0	53,518	53,518
Currency translation differences	0	(289)	(289)
Changes in scope of consolidation	0	23	23
Additions	0	7,826	7,826
Disposals	0	(2,077)	(2,077)
At 28 February 2009	**0**	**59,001**	**59,001**
Carrying amount at 28 February 2009	**222,715**	**37,783**	**260,498**

■ Intangible assets consist largely of goodwill, capitalised in accordance with IFRS 3, that resulted from the acquisition of companies beginning in the 1995|96 financial year. Intangibles also include acquired customer relationships, software, patents and similar rights, as well as non-current prepayments.

■ Of the total carrying amount of goodwill, the Sugar segment accounted for € 21,384 thousand (prior year: € 21,283 thousand), the Starch segment for € 2,090 thousand (prior year: € 2,090 thousand) and the Fruit segment for € 196,806 thousand (prior year: € 199,342 thousand). The goodwill increase in the Sugar segment related to the acquisition of the remaining 49% of AGRANA Bulgaria AD. The decrease in the Fruit segment related to the deconsolidation of AGRANA Fruit Bohemia s.r.o.

■ To satisfy the provisions of IFRS 3 in conjunction with IAS 36 and to allow the calculation of any impairment of goodwill, AGRANA has defined its cash-generating units to match its internal reporting structure. The cash-generating units in the AGRANA Group are the Sugar segment, Starch segment and Fruit segment, consistent with the internal management accounting and reporting processes.

■ To test for impairment, the carrying amount of each cash-generating unit is measured by allocating to it the corresponding assets and liabilities, inclusive of attributable goodwill and other intangible assets. An impairment loss is recognised when the recoverable amount of a cash-generating unit is less than its carrying amount inclusive of goodwill. The recoverable amount is the higher of net realisable value and the present value of future cash flows expected from an asset.

■ In testing for impairment, AGRANA uses a discounted cash flow method to determine the value in use of the cash-generating units. The determination of expected cash flows from each cash-generating unit is based on validated business plans that are approved by Supervisory Board committees and have a planning horizon of five years. Projections beyond a five-year horizon are based on the assumption of a constant, inflation-induced growth rate of 0.75% per year (assumption in the prior year: 0.75%). The weighted average cost of capital (WACC) derived from the AGRANA Group's capital costs is calculated at between 9.5% and 10.6% (prior year: between 8.0% and 9.6%) before tax.

■ The quality of the forecast data is frequently tested against actual outcomes with the help of variance analysis. The insights gained are then taken into account during the preparation of the next annual plan. Projections of value in use are highly sensitive to assumptions regarding future local market developments and volume trends. Value in use is therefore ascertained both on the basis of experience and of assumptions that are reviewed with experts for the regional markets.

■ All goodwill reported in the consolidated financial statements was shown to be free of impairment.

■ No other intangible assets with indefinite useful lives required recognition at the balance sheet date.

Note (18)

7.2. PROPERTY, PLANT AND EQUIPMENT

€000	Land, leasehold rights and buildings	Technical plant and machinery	Other plant, furniture and equipment	Assets under construction	Total
2009|10					
Cost					
At 1 March 2009	441,591	945,439	161,778	21,286	1,570,094
Currency translation diff.	15,675	22,311	3,058	1,307	42,351
Changes in scope of consol.	(3,928)	(2,061)	(798)	188	(6,599)
Additions	4,121	17,458	6,087	17,400	45,066
Reclassifications	7,241	9,892	3,745	(21,277)	(399)
Disposals	(299)	(13,132)	(6,868)	(400)	(20,699)
Government grants	(75)	(284)	(2)	0	(361)
At 28 February 2010	**464,326**	**979,623**	**167,000**	**18,504**	**1,629,453**
Accumulated amortisation and impairment					
At 1 March 2009	222,444	617,605	119,684	495	960,228
Currency translation diff.	5,478	13,259	2,110	6	20,853
Changes in scope of consol.	(3,151)	(1,881)	(650)	(36)	(5,718)
Additions	14,110	49,881	10,700	186	74,877
Reclassifications	194	(1,410)	1,225	0	9
Disposals	(324)	(11,408)	(6,678)	(174)	(18,584)
At 28 February 2010	**238,751**	**666,046**	**126,391**	**477**	**1,031,665**
Carrying amount at 28 February 2010	**225,575**	**313,577**	**40,609**	**18,027**	**597,788**

€000	Land, leasehold rights and buildings	Technical plant and machinery	Other plant, furniture and equipment	Assets under con-struction	Total
2008|09					
Cost					
At 1 March 2008	462,248	991,346	167,452	46,702	1,667,748
Currency translation diff.	(24,234)	(32,454)	(5,672)	(2,452)	(64,812)
Changes in scope of consol.	1,966	(2,066)	(583)	148	(535)
Additions	8,062	29,218	7,467	21,121	65,868
Reclassifications	18,237	22,961	2,395	(44,193)	(600)
Disposals	(24,082)	(63,536)	(9,277)	(40)	(96,935)
Government grants	(606)	(30)	(4)	0	(640)
At 28 February 2009	**441,591**	**945,439**	**161,778**	**21,286**	**1,570,094**
Accumulated amortisation and impairment					
At 1 March 2008	234,995	657,676	121,341	420	1,014,432
Currency translation diff.	(8,717)	(19,884)	(3,633)	(18)	(32,252)
Changes in scope of consol.	76	(5,624)	(396)	0	(5,944)
Additions	14,785	48,024	11,341	93	74,243
Reclassifications	47	(52)	5	0	0
Disposals	(18,715)	(62,477)	(8,974)	0	(90,166)
Reversal of impairment	(27)	(58)	0	0	(85)
At 28 February 2009	**222,444**	**617,605**	**119,684**	**495**	**960,228**
Carrying amount at 28 February 2009	**219,147**	**327,834**	**42,094**	**20,791**	**609,866**

■ Additions (i.e., purchases) of property, plant and equipment and intangible assets (other than goodwill).

€000	2009|10	2008|09
Sugar segment	11,420	19,402
Starch segment	10,836	23,798
Fruit segment	26,126	30,613
Total	**48,382**	**73,813**

■ Currency translation differences are the differences between amounts arising from the translation of the opening balances of foreign Group companies at the exchange rates prevailing at the start and at the end of the reporting period.

■ The government assistance during the financial year consisted of grants for plant and equipment in the Starch segment in Austria.

■ The AGRANA Group, in addition to operating leases, also employs a small number of finance leases. The movement in property, plant and equipment under finance leases was as follows:

€000	2009|10	2008|09
Cost	193	297
Less accumulated depreciation and impairment	(68)	(140)
Carrying amount	**125**	**157**

■ The use of off-balance sheet property, plant and equipment (under operating leases) gives rise to the following obligations under lease, licence and rental agreements:

€000	2009|10	2008|09
In the next year	6,353	5,536
In years 2 to 5	6,785	5,593
In more than 5 years	2,943	5,190

■ Expenses for operating leases, licence and rental agreements were € 8,913 thousand (prior year: € 9,221 thousand).

Note (19)

7.3. INVESTMENTS IN ASSOCIATES

€000	2009|10	2008|09
At 1 March	605	600
Share of result	0	5
Changes in scope of consolidation	(605)	0
At 28 February	**0**	**605**

Since the 2009|10 financial year, Österreichische Rübensamenzucht Gesellschaft m.b.H. is treated as a non-consolidated subsidiary.

Note (20)

7.4. SECURITIES, INVESTMENTS IN NON-CONSOLIDATED SUBSIDIARIES AND OUTSIDE COMPANIES, AND LOAN RECEIVABLES

€000	Investments[1]	Securities (non-current)	Total
2009|10			
At 1 March 2009	2,499	104,492	106,991
Currency translation differences	32	(1)	31
Changes in scope of consolidation	5,566	0	5,566
Additions	333	608	941
Impairment	(11)	0	(11)
Reclassifications	(25)	0	(25)
Disposals	(1,388)	(157)	(1,545)
Impairment reversal	21	0	21
Fair value changes (IAS 39)	0	35	35
At 28 February 2010	**7,027**	**104,977**	**112,004**
2008|09			
At 1 March 2008	92,852	18,657	111,509
Currency translation differences	(53)	15	(38)
Changes in scope of consolidation	8	0	8
Additions	288	1,384	1,672
Impairment	9	(407)	(398)
Reclassifications	(85,000)	85,000	0
Disposals	(1,105)	(81)	(1,186)
Fair value changes (IAS 39)	(4,500)	(76)	(4,576)
At 28 February 2009	**2,499**	**104,492**	**106,991**

[1] Investments in non-consolidated subsidiaries and outside companies, and loan receivables.

Note (21)

7.5. RECEIVABLES AND OTHER ASSETS

€000	28 Feb 2010	28 Feb 2009
Trade receivables	229,921	206,785
– *Of which due after more than 1 year*	*513*	*14*
Amounts owed by affiliated companies	11,007	4,831
Amounts owed by associates	0	11
Reimbursement receivable under the sugar regime	8,269	5,053
Receivable for sale of quota	0	37,916
Receivable under government grants	3,818	4,000
– *Of which due after more than 1 year*	*3,818*	*0*
Positive market value of commodity derivatives (cash flow hedges)	778	718
Receivable for legacy soil reclamation	1,703	1,895
– *Of which due after more than 1 year*	*1,505*	*1,697*
Insurance and damage payments	986	962
– *Of which due after more than 1 year*	*983*	*960*
Security deposits	78	154
Other assets	23,823	19,153
– *Of which due after more than 1 year*	*3,446*	*2,455*
Financial instruments	**280,383**	**281,478**
– *Of which due after more than 1 year*	*10,265*	*5,126*
VAT credits and other tax credits	43,790	36,654
– *Of which due after more than 1 year*	*387*	*399*
Accrued income	6,516	5,354
Prepaid expenses	16,651	8,668
Total	**347,340**	**332,154**
– *Of which due after more than 1 year*	*10,652*	*5,525*

Amounts owed by affiliated companies represent open accounts with non-consolidated subsidiaries as well as with the Group's parent – Südzucker AG – and the parent's subsidiaries.

The net carrying amount of trade receivables after provision for impairment is determined as follows:

€000	28 Feb 2010	28 Feb 2009
Carrying amount (gross) of trade receivables	237,031	216,581
Provisions for impairment of trade receivables	(7,110)	(9,796)
Carrying amount (net)	**229,921**	**206,785**

The provision for impairment of trade receivables showed the following movements:

€000	2009|10	2008|09
Provision at 1 March	9,796	13,106
Currency translation adjustments/Other change	(863)	(919)
Added	2,243	973
Used	(1,996)	(1,038)
Released	(2,070)	(2,326)
Provision at 28 February	**7,110**	**9,796**

The release of part of the provision resulted in interest income of € 36 thousand (prior year: € 46 thousand).

Receivables are as a rule individually reviewed for their collectability and measured on the basis of estimated future cash flows.

Where advance financing is extended to growers, AGRANA receives liens to secure the credit exposure.

The table below provides information on the credit risks in respect of trade receivables. The maturity profile of trade receivables was as follows:

€000	28 Feb 2010	28 Feb 2009
Trade receivables not past due and with no impairment provided	185,595	160,712
Trade receivables past due and with no impairment provided		
Up to 30 days	25,425	22,659
31 to 90 days	7,479	7,224
More than 90 days	4,312	6,394
Subtotal	**222,811**	**196,989**
Trade receivables with impairment provided	7,110	9,796
Carrying amount	**229,921**	**206,785**

Note (22)

7.6. DEFERRED TAX ASSETS

Deferred tax assets were attributable to balance sheet items as follows:

€000	28 Feb 2010	28 Feb 2009
Deferred tax assets		
Retirement, termination and long-service benefit obligations	1,427	1,652
Non-current financial assets	11,985	10,784
Untaxed reserves in separate financial statements	0	3,257
Other provisions and liabilities	3,795	6,170
Carryforwards of unused tax losses	7,842	11,692
Total deferred tax assets	**25,049**	**33,555**
Deferred tax assets offset against deferred tax liabilities relating to the same tax authority	5,796	2,156
Net deferred tax assets	**30,845**	**35,711**

Deferred tax liabilities are detailed in note (29).

Note (23)

7.7. INVENTORIES

€000	28 Feb 2010	28 Feb 2009
Raw materials and consumables	125,322	115,370
Finished and unfinished goodse	304,432	382,653
Goods purchased for resale	38,822	64,090
Total	**468,576**	**562,113**

The carrying amount of written-down inventories was € 10,520 thousand (prior year: € 46,598 thousand).

Write-downs of € 1,185 thousand were recognised on inventories (prior year: write-downs of € 17,369 thousand).

In the 2008|09 financial year in the Fruit segment, apple juice concentrate inventories from the preceding year's crop had to be written down by € 32,400 thousand to expected net realisable value.

Note (24)

7.8. SECURITIES

Securities held as current assets had a carrying amount of € 3,515 thousand (prior year: € 5,830 thousand) and consisted mainly of floating rate debt securities held as a liquidity reserve.

Note (25)

7.9. EQUITY

- The Company had share capital of € 103,210,250 at the balance sheet date, divided into 14,202,040 ordinary voting bearer shares without par value.

- The movements in the Group's equity are presented on page 73.

- The capital reserves ("share premium and other capital reserve") consist of share premium (i.e., additional paid-in capital) and a capital reserve resulting from the reorganisation of companies. Share premium and other capital reserve remained unchanged in the 2009|10 financial year. Retained earnings include the revaluation reserve, the foreign currency translation effects in connection with consolidation, and accumulated profits/losses.

Disclosures on capital management

A key goal of equity management is the maintenance of sufficient equity resources to safeguard the Company's continuing existence as a going concern and ensure continuity of dividends. Equity bore the following relationship to total capital:

€000	28 Feb 2010	28 Feb 2009
Total equity	904,654	825,913
Total assets	1,887,915	1,996,206
Equity ratio	**47.9%**	**41.4%**

Capital management at AGRANA means the management of equity and of net debt. By optimising these two measures, the Company seeks to achieve the best possible shareholder returns. In addition to the equity ratio, the most important control variable is the gearing ratio (net debt divided by total equity). The total cost of equity and debt capital employed and the risks associated with the different types of capital are continuously monitored.

7.10. PROVISIONS

€000	28 Feb 2010	28 Feb 2009
Provisions for		
Retirement benefits	28,154	29,164
Termination benefits	16,109	16,077
Other	42,665	41,088
Total	**86,928**	**86,329**

Note (26a)

a) Provisions for retirement and termination benefit obligations

Provisions for retirement and termination benefits are measured using the projected unit credit method, taking into account future trends on an actuarial basis. For both the retirement and termination benefit obligations, the plans are defined benefit plans.

In respect of the Austrian companies, the following assumptions were made regarding probable future increases in pay and in retirement benefits:

%		28 Feb 2010	28 Feb 2009
Expected rate of wage and salary increases		2.50	2.50
Expected rate of pension increases		2.00	2.00
Discount rate		5.00	5.50
Expected rate of return on plan assets	Europe:	5.50	5.50
	Mexico/USA:	9.20	9.20

For foreign entities the assumptions are adjusted to reflect local conditions.

The discount rate for retirement benefit obligations is determined by reference to yields of senior fixed income corporate bonds observable in the financial markets at the balance sheet date. For Austria, the biometric basis for the calculations consists of the version of the computation tables by Pagler & Pagler specific to salaried employees ("AVÖ 2008-P-Rechnungsgrundlagen für die Pensionsversicherung").

The rate of return on the plan assets depends on the strategic portfolio structure of the pension fund.

The amount of the contributions expected to be paid into the plan in the subsequent reporting period is € 388 thousand.

Over the last five years the present values of the defined benefit obligations changed as follows:

€000	28 Feb 2010	28 Feb 2009	28 Feb 2008	28 Feb 2007	28 Feb 2006
Retirement benefits	36,462	35,780	35,090	44,378	47,491
Termination benefits	20,867	19,147	17,564	18,906	17,403

Historical information on the retirement benefit obligation

€000	28 Feb 2010	28 Feb 2009	28 Feb 2008	28,02,2007	228 Feb 2006
Present value of obligation	36,462	35,780	35,090	44,378	47,491
Plan assets	4,767	3,587	3,550	7,156	6,327
Unfunded obligation	31,695	32,193	31,540	37,222	41,164

The provisions showed the following movements:

€000	Retirement benefit	Termination benefit
2009|10		
Provision in balance sheet at 1 March 2009	29,164	16,077
Current service cost	301	973
Interest cost	1,891	1,044
Expected income from plan assets	(223)	0
Actuarial loss	1,248	262
Total amount recognised in income statement	3,217	2,279
Benefits paid	(3,473)	(2,262)
Contributions to plan assets	(736)	0
Currency translation differences	(18)	15
Provision in balance sheet at 28 February 2010	**28,154**	**16,109**
Unrecognised actuarial loss	3,541	4,758
Fair value of plan assets	4,767	0
Present value of obligation at 28 February 2010	**36,462**	**20,867**
2008|09		
Provision in balance sheet at 1 March 2008	30,176	16,057
Current service cost	272	885
Interest cost	1,849	961
Expected income from plan assets	(208)	0
Actuarial loss	1,090	196
Total amount recognised in income statement	3,003	2,042
Benefits paid	(3,749)	(1,972)
Contributions to plan assets	(356)	0
Currency translation differences	90	(50)
Provision in balance sheet at 28 February 2009	**29,164**	**16,077**
Unrecognised actuarial loss	3,029	3,070
Fair value of plan assets	3,587	0
Present value of obligation at 28 February 2009	**35,780**	**19,147**

The present value of expected future benefits reflects the benefits to which employees are expected to be entitled based on conditions at the balance sheet date. It includes actuarial gains and losses resulting from the differences between expected risks and actual experience. The provision for direct benefit obligations does not take into account actuarial gains and losses within the corridor allowed by IAS 19 of 10% of the actual amount of the defined benefit obligation.

Similar obligations exist, in particular, in foreign Group companies. They are measured on an actuarial basis and by taking into account future cost trends.

Experience adjustments for the difference between actuarial assumptions made and actual plan experience amounted to a loss of € 1,418 thousand (prior year: loss of € 2,258 thousand).

The movement in plan assets was as follows:

€000	2009|10	2008|09
Fair value of plan assets at 1 March	3,587	3,550
Currency translation differences	10	(14)
Actual expenses from plan assets	434	(304)
Employer contributions to plan assets	736	355
Distribution of plan assets	0	0
Fair value of plan assets at 28 February	**4,767**	**3,587**

The plan assets consist primarily of investments in an external pension fund.

Note (26b)

b) Other provisions

€000	Recultivation	Staff costs including long-service awards	Uncertain liabilities	Total
2009|10				
At 1 March 2009	10,459	13,316	17,313	41,088
Currency translation differences	255	130	239	624
Changes in scope of consolidation	0	59	194	253
Used	(574)	(3,290)	(6,055)	(9,919)
Released	(1,504)	(1,734)	(5,805)	(9,043)
Added	67	3,475	16,120	19,662
At 28 February 2010	**8,703**	**11,956**	**22,006**	**42,665**
– *Of which due within 1 year*	*1,906*	*5,211*	*21,475*	*28,592*
2008|09				
At 1 March 2008	11,634	19,380	29,867	60,881
Currency translation differences	(310)	(143)	(15)	(468)
Changes in scope of consolidation	0	35	208	243
Used	(861)	(7,836)	(11,090)	(19,787)
Released	(198)	(881)	(11,896)	(12,975)
Added	194	2,761	10,239	13,194
At 28 February 2009	**10,459**	**13,316**	**17,313**	**41,088**
– *Of which due within 1 year*	*2,488*	*6,101*	*14,924*	*23,513*

Of the total other provisions, € 14,073 thousand (prior year: € 17,575 thousand) were classified as non-current liabilities and € 28,592 thousand (prior year: € 23,513 thousand) were current liabilities.

The provision for reclamation comprises recultivation obligations as well as the emptying of landfills and removal of waste residues. The provisions for staff costs also include the provision for long-service awards. The provisions for uncertain liabilities include, among other items, provisions for litigation risks (€ 1,480 thousand), beet transitional storage costs charged by Vereinigung Österreichischer Rübenbauern (the umbrella organisation of Austrian beet farmers) (€ 7,603 thousand), additional payments related to export prices (€ 1,314 thousand), and other risk provisions (€ 1,709 thousand).

Note (27) 7.11. BORROWINGS

€000	28 Feb 2010	Of which due in Up to 1 year	1 to 5 years	More than 5 years	29 Feb 2009	Of which due in Up to 1 year	1 to 5 years	More than 5 years
Bonds	0	*0*	*0*	*0*	20,000	*20,000*	*0*	*0*
Bank loans and overdrafts	455,346	*307,132*	*144,835*	*3,379*	635,741	*385,691*	*247,878*	*2,172*
Borrowings from affiliated companies	100,000	*40,000*	*60,000*	*0*	0	*0*	*0*	*0*
Lease liabilities	115	*28*	*87*	*0*	154	*27*	*127*	*0*
Borrowings	**555,461**	***347,160***	***204,922***	***3,379***	**655,895**	***405,718***	***248,005***	***2,172***
Securities (non-current assets)	(104,977)				(104,492)			
Securities (current assets)	(3,515)				(5,830)			
Cash and cash equivalents	(70,388)				(75,458)			
Net debt	**376,581**				**470,115**			

Details of bank loans and overdrafts are presented under 8.1. to 8.3.

Bank loans and overdrafts were secured as follows at the balance sheet date:

€000	28 Feb 2010	28 Feb 2009
Mortgage liens	1,368	2,968
Other liens	21,602	21,202
Total	**22,970**	**24,170**

Note (28) 7.12. TRADE AND OTHER PAYABLES

€000	28 Feb 2010	Of which due in Up to 1 year	More than 1 year	29 Feb 2009	Of which due in Up to 1 year	More than 1 year
Trade payables	210,075	*210,075*	*0*	225,963	*225,963*	*0*
Amounts owed to affiliated companies	13,634	*13,634*	*0*	8,193	*8,193*	*0*
Other payables	87,053	*84,824*	*2,229*	158,665	*156,707*	*1,958*
– *Of which sugar regime restructuring levy*	*0*	*0*	*0*	*69,652*	*69,652*	*0*
– *Of which deferred income*	*3,911*	*3,911*	*0*	*4,950*	*4,950*	*0*
– *Of which production levy*	*6,706*	*6,706*	*0*	*5,692*	*5,692*	*0*
– *Of which other tax*	*8,110*	*8,110*	*0*	*11,532*	*11,532*	*0*
– *Of which social security*	*5,475*	*5,475*	*0*	*5,869*	*5,869*	*0*
Total	**310,762**	***308,533***	***2,229***	**392,821**	***390,863***	***1,958***

Trade payables included obligations to beet growers of € 66,671 thousand (prior year: € 76,187 thousand).

Other payables also include tax liabilities, liabilities to employee benefit schemes and payables on payroll accounts.

Note (29)

7.13. DEFERRED TAX LIABILITIES

Deferred tax liabilities were attributable to balance sheet items as follows:

€000	28 Feb 2010	28 Feb 2009
Deferred tax liabilities		
Non-current assets	4,113	18,273
Inventories and receivables	2,528	10,830
Untaxed reserves in separate financial statements	6,932	0
Total deferred tax liabilities	**13,573**	**29,103**
Deferred tax assets offset against deferred tax liabilities relating to the same tax authority	5,796	2,156
Net deferred tax liabilities	**19,369**	**31,259**

Deferred tax assets are detailed in note (22).

7.14. CONTINGENT LIABILITIES AND OTHER FINANCIAL LIABILITIES

€000	28 Feb 2010	28 Feb 2009
Guarantees	48,059	44,500
Warranties, cooperative liabilities	1,649	1,697
Contingent liabilities	**49,708**	**46,197**

The guarantees relate primarily to bank loans of the joint ventures in the Sugar segment and in the Juice business.

Guarantees issued in favour of related companies amounted to € 14,962 thousand.

The guarantees are not expected to be utilised.

Other financial liabilities were as presented in the table below:

€000	28 Feb 2010	28 Feb 2009
Present value of lease payments due within 5 years	13,138	11,129
Order commitments (purchases of property, plant and equipment)	504	54
Other financial liabilities	**13,642**	**11,183**

8. NOTES ON FINANCIAL INSTRUMENTS

8.1. INVESTMENT AND CREDIT TRANSACTIONS (NON-DERIVATIVE FINANCIAL INSTRUMENTS)

To cover its overall funding needs, the AGRANA Group, in addition to its ability to self-finance, has access to bonds, syndicated credit lines and bilateral bank credit lines. Financial instruments are generally procured centrally and distributed Group-wide. The principal aims of obtaining financing are to achieve a sustained increase in enterprise value, safeguard the Group's credit quality and ensure its liquidity.

To manage the seasonally fluctuating cash flows, the AGRANA Group in the course of its day-to-day financial management uses conventional investments (demand deposits, time deposits and securities) and borrowings (in the form of overdrafts, short-term funds and fixed rate loans).

	Average effective interest rate 2009|10	2008|09	28 Feb 2010	*Of which due in* Up to 1 year	1 to 5 years	More than 5 years	29 Feb 2009	*Of which due in* Up to 1 year	1 to 5 years	More than 5 years
	%	%	€000	€000	€000	€000	€000	€000	€000	€000
Fixed rate										
EUR	3.93	2.85	272,835	*119,873*	*149,583*	*3,379*	246,874	*64,211*	*180,491*	*2,172*
	3.93	**2.85**	**272,835**	***119,873***	***149,583***	***3,379***	**246,874**	***64,211***	***180,491***	***2,172***
Variable rate										
EUR	1.92	2.66	193,406	*138,347*	*55,059*	*0*	283,205	*217,035*	*66,170*	*0*
BGN	3.50	0.00	43	*43*	*0*	*0*	0	*0*	*0*	*0*
DKK	2.40	0.00	2	*2*	*0*	*0*	0	*0*	*0*	*0*
HUF	6.64	9.89	32,228	*32,043*	*185*	*0*	42,059	*41,394*	*665*	*0*
CNY	5.38	5.49	8,637	*8,637*	*0*	*0*	17,923	*17,923*	*0*	*0*
PLN	5.33	5.12	11,598	*11,598*	*0*	*0*	3,446	*3,446*	*0*	*0*
GBP	3.50	0.00	30	*30*	*0*	*0*	0	*0*	*0*	*0*
USD	1.49	1.65	27,831	*27,831*	*0*	*0*	42,228	*42,228*	*0*	*0*
KRW	4.90	0.00	1,031	*1,031*	*0*	*0*	0	*0*	*0*	*0*
RON	11.80	0.00	7,692	*7,692*	*0*	*0*	0	*0*	*0*	*0*
ZAR	11.25	0.00	13	*5*	*8*	*0*	0	*0*	*0*	*0*
Other	0.00	0.00	0	*0*	*0*	*0*	6	*6*	*0*	*0*
	3.14	**3.48**	**282,511**	***227,259***	***55,252***	***0***	**388,867**	***322,032***	***66,835***	***0***
Total	**3.43**	**3.24**	**555,346**	***347,132***	***204,835***	***3,379***	**635,741**	***386,243***	***247,326***	***2,172***

Bank loans and overdrafts and amounts owed to affiliated companies amounted to € 555,346 thousand (prior year: € 635,741 thousand) and carried interest at an average rate of 3.43% (prior year: 3.24%). They are measured at repayable amounts. In the case of bank debt denominated in foreign currencies, principal amounts are translated into euros by applying the exchange rates prevailing at the balance sheet date. Fair values may therefore increase or decrease from the prior-period values, depending on movements in exchange rates.

The fixed interest portion of bank loans and overdrafts and amounts owed to affiliated companies was € 272,835 thousand (prior year: € 246,874 thousand), representing a fair value of € 276,563 thousand (prior year: € 246,614 thousand). The fair values (i.e., market values) of the variable rate bank loans and overdrafts are equivalent to their carrying amounts. At the balance sheet date, € 1,368 thousand (prior year: € 2,968 thousand) of bank loans and overdrafts were secured by mortgage liens and € 21,602 thousand (prior year: € 21,202 thousand) were secured by other liens.

In the course of its day-to-day financial management, the Group invests in demand deposits and time deposits. Compared with the prior year end, cash and cash equivalents decreased by € 5,070 thousand to € 70,388 thousand. In addition, there were securities in the amount of € 3,515 thousand (prior year: € 5,830 thousand) held as current assets; these were categorised as held-for-trading.

8.2. DERIVATIVE FINANCIAL INSTRUMENTS

To hedge part of the risks arising from its operating activities (risks due to movements in interest rates, foreign exchange rates and raw material prices), the AGRANA Group to a limited extent uses derivative financial instruments. AGRANA employs derivatives largely to hedge the following exposures:

- Interest rate risks from money market rates, arising mainly from liquidity fluctuation typical during campaigns or from existing or planned floating rate borrowings.
- Currency risks, which may arise primarily from the purchase and sale of products in US dollars and Eastern European currencies and from finance in foreign currencies.
- Commodity price risks, arising principally from changes in the sugar world market price and in energy and grain prices.

The Group employs only conventional derivatives for which there is a sufficiently liquid market (for example, interest rate swaps, interest rate options, caps, forward foreign exchange contracts, currency options or commodity futures). The use of these instruments is governed by Group policies under the Group's risk management system. These policies prohibit the speculative use of derivative financial instruments, set ceilings appropriate to the underlying transactions, define authorisation procedures, minimise credit risks, and specify internal reporting rules and the organisational separation of risk-taking and risk oversight. Adherence to these standards and the proper processing and valuation of transactions are regularly monitored by an internal department whose independence is ensured by its organisational separation from risk origination.

The notional principal amounts and the fair values of the derivative financial instruments held by the AGRANA Group were as follows:

	Notional principal amount		Fair value	
€000	**28 Feb 2010**	**28 Feb 2009**	**28 Feb 2010**	**28 Feb 2009**
Purchase of USD	4,445	8,178	189	1,241
Sale of USD	8,874	1,849	(372)	16
Purchase of AUD	5,590	1,240	247	(14)
Sale of AUD	2,698	0	(4)	0
Purchase of CZK	9,000	11,627	(30)	(953)
Sale of CZK	4,500	0	15	0
Purchase of HUF	25,712	71,011	167	(6,716)
Sale of HUF	22,156	8,284	(182)	637
Purchase of PLN	37,036	29,466	1,513	(6,551)
Sale of PLN	19,289	0	(279)	0
Purchase of GBP	213	0	(7)	0
Sale of GBP	213	1,146	7	(28)
Sale of RON	3,245	1,000	(26)	(8)
Other	804	355	(1)	51
Currency derivatives	143,775	134,156	1,237	(12,325)
Interest rate derivatives	87,369	70,000	(1,552)	(364)
Commodity derivatives (hedge accounting)	13,173	2,210	616	718
Total	**244,317**	**206,366**	**301**	**(11,971)**

The currency derivatives and commodity derivatives are used to hedge cash flows over periods of up to one year; the interest rate derivatives serve to hedge cash flows for periods of one to ten years. The notional principal amount of the derivatives represents the face amount of all hedges, translated into euros.

The fair value of a derivative is the amount which the AGRANA Group would have to pay or would receive at the balance sheet date in the hypothetical event of early termination of the hedge position. As the hedging transactions involve only standardised, fungible financial instruments, fair value is determined on the basis of quoted market prices.

Fair value changes of derivatives employed to hedge future cash flows (cash flow hedges) are initially recognised directly in equity. Only when the cash flows are realised are the value changes recognised in profit or loss. The fair value of cash flow hedges at 28 February 2010 was an asset of € 1,277 thousand (prior year: liability of € 7,622 thousand).

The value changes of the derivative positions to which cash flow hedge accounting is not applied are recognised in profit or loss. The hedging transactions were carried out both to hedge sales revenue and raw material costs for the Juice activities, and to hedge sales contracts in the Sugar segment. To some extent, fair value hedge accounting under IAS 39 was used for the transactions presented. The fluctuations in the value of these hedging instruments are offset against the fluctuations in the value of the hedged items.

8.3. ADDITIONAL DISCLOSURES ON FINANCIAL INSTRUMENTS

Carrying amounts and fair values of financial instruments

Set out in the table below are the carrying amounts and fair values of the Group's financial assets and liabilities. The fair value of a financial instrument is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

		28 Feb 2010		28 Feb 2009	
	Measurement category under IAS 39	**Carrying amount** €000	**Fair value** €000	**Carrying amount** €000	**Fair value** €000
Financial assets					
Securities (non-current)	Available-for-sale financial assets (at cost)	85,000	85,000	85,000	85,000
Securities (non-current)	Available-for-sale financial assets	19,977	19,977	19,492	19,492
Securities (non-current)		**104,977**	**104,977**	**104,492**	**104,492**
Investments in non-consolidated subsidiaries and outside companies	Available-for-sale financial assets	282	282	343	343
Investments in non-consolidated subsidiaries and outside companies	Available-for-sale financial assets (at cost)	5,877	5,877	1,523	1,523
Non-current loan receivables	Loans and receivables	868	868	633	633
Investments in non-consolidated subsidiaries and outside companies, and loan receivables (non-current assets)		**7,027**	**7,027**	**2,499**	**2,499**

		28 Feb 2010		28 Feb 2009	
	Measurement category under IAS 39	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
		€000	€000	€000	€000
Trade receivables	Loans and receivables	229,921	229,921	206,785	206,785
Other financial assets[1]	Loans and receivables	45,993	45,993	72,085	72,085
Derivative financial assets	Derivatives at fair value through equity	778	778	718	718
Derivative financial assets	Derivatives at fair value through profit or loss	3,691	3,691	1,890	1,890
Trade receivables and other assets		**280,383**	**280,383**	**281,478**	**281,478**
Securities (current)	Available-for-sale financial assets	3,515	3,515	5,830	5,830
Securities (current)	Financial assets at fair value through profit or loss (held for trading)	0	0	0	0
Securities (current)		**3,515**	**3,515**	**5,830**	**5,830**
Cash and cash equivalents	Loans and receivables	**70,388**	**70,388**	**75,458**	**75,458**
Total		**466,290**	**466,290**	**469,757**	**469,757**
Financial liabilities					
Bonds	Liabilities at (amortised) cost	0	0	20,000	20,000
Bank loans and overdrafts	Liabilities at (amortised) cost	455,346	457,617	635,741	635,482
Borrowings from affiliated companies	Liabilities at (amortised) cost	100,000	101,457	0	0
Finance leases	–	115	115	154	154
Borrowings		**555,461**	**559,189**	**655,895**	**655,636**
Trade payables	Liabilities at (amortised) cost	210,075	210,075	225,963	225,963
Payable from sugar regime restructuring levy	Liabilities at (amortised) cost	0	0	69,652	69,652
Other payables[2]	Liabilities at (amortised) cost	74,403	74,403	59,056	59,056
Payables from derivative financial instruments	Derivatives at fair value through profit or loss	4,169	4,169	14,580	14,580
Trade and other payables		**288,647**	**288,647**	**369,251**	**369,251**
Total		**844,108**	**847,836**	**1,025,146**	**1,024,887**

[1] Excluding other tax receivables, positive fair values of derivatives, prepayments, and accrued income not resulting in a cash inflow.
[2] Excluding payables from other tax, social security, negative fair values of derivatives, customer prepayments, and deferred income.

Those securities which in the prior year were held for trading were reclassified to the "available-for-sale" category in accordance with IAS 8.

	28 Feb 2010		28 Feb 2009	
	Carrying amount €000	Fair value €000	Carrying amount €000	Fair value €000
Total by measurement category under IAS 39				
Available-for-sale financial assets	23,774	23,774	25,665	25,665
Available-for-sale financial assets (at cost)	90,877	90,877	86,523	86,523
Financial assets at fair value through profit or loss (held for trading)	0	0	0	0
Loans and receivables	347,170	347,170	354,961	354,961
Liabilities at amortised cost	(839,824)	(843,552)	(1,010,413)	(1,010,153)
Derivatives at fair value through equity	778	778	718	718
Derivatives at fair value through profit or loss	(478)	(478)	(12,690)	(12,690)

The fair values of financial instruments were determined on the basis of the market information available at the balance sheet date and of the methods and assumptions outlined below.

The non-current assets item "investments in non-consolidated subsidiaries and outside companies", and the securities held as non-current and as current assets, include available-for-sale securities. These are measured at market value as represented by prices quoted on securities exchanges at the balance sheet date.

Current-assets securities that are held for trading are also measured at market prices as represented by prices quoted on securities exchanges at the balance sheet date.

Other investees as well as those securities for which fair value could not be determined due to a lack of market prices in absence of active markets, are measured at cost. These are primarily shares of unlisted companies where the shares were not measured by the discounted cash flow method because cash flows could not be reliably determined. For these shares it is assumed that the fair values are equivalent to the carrying amounts.

As the non-current loan receivables bear interest at floating rates, their carrying amount is substantially equivalent to their market value.

As a result of the short maturities of the trade receivables, other assets and cash and cash equivalents, their fair values are assumed to be equivalent to their carrying amounts.

The positive and negative fair values of interest rate, currency and commodity derivatives relate both to fair value hedges and cash flow hedges. For the interest rate hedges, the fair values are determined on the basis of discounted future cash flows. Forward foreign exchange contracts are measured on the basis of reference rates, taking into account forward premiums or discounts. The fair values of interest rate and commodity derivatives are obtained from the bank confirmations as at the balance sheet date. The fair values of currency derivatives represent the difference between the forward rates determined by AGRANA at the balance sheet date and the hedged exchange rates. The interest rates and exchange rates used for the determination of the forward rates are based on the reference rates published by the ECB or the national central banks. In some cases, as a result of differences in interest rates, the fair values determined by the Group may differ to an insignificant extent from the fair values calculated by the commercial banks that issue the bank confirmations.

For trade payables, payables for the sugar market restructuring levy and for the purchase of additional sugar quota, and current other payables, it is assumed in view of the short maturities that the fair values are equivalent to the carrying amounts.

Non-current other payables are generally carried at their present values. Accordingly, it is assumed that the fair values are equivalent to the carrying amounts.

The table below shows how the fair values were determined, broken down by category of financial instrument. The fair value measurements were classified into three categories according to how closely the inputs used were based on quoted market data:

	Measurement category	**Level 1**	**Level 2**	**Level 3**
		€000	€000	€000
2009|10				
Securities (non-current)	Available-for-sale financial assets (at cost)	0	0	85,000
Securities (non-current)	Available-for-sale financial assets	9,988	9,988	0
Securities (non-current)	**Available-for-sale financial assets**	**9,988**	**9,988**	**85,000**
Investments in non-consolidated subsidiaries and outside companies	Available-for-sale financial assets	0	0	282
Investments in non-consolidated subsidiaries and outside companies	Available-for-sale financial assets (at cost)	0	0	5,877
Non-current loan receivables	Loans and receivables	0	0	868
Investments in non-consolidated subsidiaries and outside companies, and loan receivables (non-current assets)		**0**	**0**	**7,027**

	Measurement category	Level 1	Level 2	Level 3
		€000	€000	€000
Trade receivables	Loans and receivables	0	0	229,921
Other financial assets	Loans and receivables	0	0	45,993
Derivative assets	Derivatives at fair value through equity	0	778	0
Derivative assets	Derivatives at fair value through profit or loss	0	3,691	0
Trade receivables and other assets		**0**	**4,469**	**275,914**
Securities (current)	Available-for-sale financial assets	0	0	0
Securities (current)	Financial assets at fair value through profit or loss (held for trading)	3,515	0	0
Securities (current)		**3,515**	**0**	**0**
Cash and cash equivalents	**Loans and receivables**	**0**	**0**	**70,388**
Financial assets at fair value		**13,504**	**14,458**	**438,330**
Bonds	Liabilities at (amortised) cost	0	0	0
Bank loans and overdrafts	Liabilities at (amortised) cost	0	455,346	0
Borrowings from affiliated companies	Liabilities at (amortised) cost	0	100,000	0
Finance leases	–	0	115	0
Borrowings		**0**	**555,461**	**0**
Trade payables	Liabilities at (amortised) cost	0	0	210,075
Payable from sugar regime restructuring levy	Liabilities at (amortised) cost	0	0	0
Other payables	Liabilities at (amortised) cost	0	0	74,403
Derivative liabilities	Derivatives at fair value through profit or loss	0	4,169	0
Trade and other payables		**0**	**4,169**	**284,479**
Financial liabilities at fair value		**0**	**559,630**	**284,479**

The three levels were defined as follows:

- Level 1: Exchange or market price quoted for the exact instrument on an active market (used without adjustment or change in composition)
- Level 2: Exchange or market price quoted on an active market for similar assets or liabilities, or other valuation techniques for which the significant inputs are based on observable market data
- Level 3: Valuation techniques using significant inputs that are not based on observable market data.

Financial instruments were recorded in the income statement at the following net amounts for each measurement category:

	Assets				Liabilities				Reconciliation	
€000	Available for sale	Held to maturity	Loans and receivables	Cash	Financial liabilities held for trading	Financial liabilities at cost	Not classified	Total	Not a financial instru-ment	Net financial item
2009|10										
Net interest income/(expense)	0	0	5,998	0	0	(22,077)	0	(16,079)	0	(16,079)
Interest on derivatives	0	0	0	0	0	0	(2,235)	(2,235)	0	(2,235)
Interest component of retirement benefit provisions	0	0	0	0	0	0	0	0	(2,935)	(2,935)
Total net interest income/(expense)	0	0	5,998	0	0	(22,077)	(2,235)	(18,314)	(2,935)	(21,249)
Share of results of non-consol. subsidiaries and outside companies	1,163	2,286	0	0	0	0	0	3,449	0	3,449
Negative goodwill	0	0	0	0	0	0	0	0	154	154
Total share of results of non-consol. subsidiaries and outside companies	1,163	2,286	0	0	0	0	0	3,449	154	3,603
Currency translation losses	0	0	0	0	0	18,764	0	18,764	0	18,764
Total other net financial items	6	0	0	0	0	0	0	6	0	6
Net financial items from derivatives	0	0	0	0	0	0	(663)	(663)	0	(663)
Total net financial items	6	0	0	0	0	18,764	(663)	18,107	0	18,107
Total net gains/(losses) in net financial items	**1,169**	**2,286**	**5,998**	**0**	**0**	**(3,313)**	**(2,898)**	**3,242**	**(2,781)**	**461**
Net loss on derivatives	0	0	(3,652)	0	0	0	0	(3,652)	0	(3,652)
Currency translation losses	0	0	0	0	0	0	(391)	(391)	0	(391)
Impairment loss on receivables	0	0	(4,425)	0	0	0	0	(4,425)	0	(4,425)
Total net (losses) in operating profit before exceptional items	**0**	**0**	**(8,077)**	**0**	**0**	**0**	**(391)**	**(8,468)**	**0**	**(8,468)**
2008|09										
Net interest income/(expense)	0	0	1,249	0	0	(31,614)	0	(30,365)	0	(30,365)
Interest on derivatives	0	0	0	0	0	0	826	826	0	826
Interest component of retirement benefit provisions	0	0	0	0	0	0	0	0	(2,810)	(2,810)
Total net interest income/(expense)	0	0	1,249	0	0	(31,614)	826	(29,539)	(2,810)	(32,349)
Share of results of non-consol. subsidiaries and outside companies	4,416	0	0	0	0	0	0	4,416	0	4,416
Negative goodwill	0	0	0	0	0	0	0	0	2	2
Total share of results of non-consol. subsidiaries and outside companies	4,416	0	0	0	0	0	0	4,416	2	4,418
Currency translation losses	0	0	0	0	0	(39,493)	0	(39,493)	0	(39,493)
Total other net financial items	(448)	95	0	0	0	0	0	(353)	331	(22)
Net financial items from derivatives	0	0	0	0	0	0	385	385	0	385
Total net financial items	(448)	95	0	0	0	(39,493)	385	(39,461)	331	(39,130)
Total net gains/(losses) in net financial items	**3,968**	**95**	**1,249**	**0**	**0**	**(71,107)**	**1,211**	**(64,584)**	**(2,477)**	**(67,061)**
Net loss on derivatives	0	0	(338)	0	0	0	0	(338)	0	(338)
Currency translation gains	0	0	0	0	0	0	3,785	3,785	0	3,785
Impairment loss on receivables	0	0	(835)	0	0	0	0	(835)	0	(835)
Total net (losses)/gains in operating profit before exceptional items	**0**	**0**	**(1,173)**	**0**	**0**	**0**	**3,785**	**2,612**	**0**	**2,612**

8.4. RISK MANAGEMENT IN THE AGRANA GROUP

The AGRANA Group is exposed to market price risks through changes in exchange rates, interest rates and security prices. On the procurement side, the Group is subject to commodity price risks. These relate primarily to energy costs in connection with sugar production and to the cost of wheat and corn for bioethanol production. In addition, the Group is exposed to credit risks, associated especially with trade receivables.

AGRANA uses an integrated system for the early identification and monitoring of risks relevant to the Group. The Group's proven approach to risk management is guided by the aim of balancing risks and returns. The Group's risk culture is characterised by risk-aware behaviour, clearly defined responsibilities, independent risk control, and the implementation of internal control systems.

AGRANA regards the responsible management of business risks and opportunities as an important part of sustainable, value-driven corporate governance. Risk management thus forms an integral part of the entire planning, management and reporting process and is directed by the Management Board. The parent company and all subsidiaries employ risk management systems that are tailored to their respective operating activity. The systems' purpose is the methodical identification, assessment, control and documenting of risks.

In a three-pronged approach, risk management at the AGRANA Group is based on risk control at the operational level, on strategic control of Group companies by the Group, and on an internal monitoring system delivered by the Group's internal audit department.

In addition, emerging trends that could develop into threats to the viability of the AGRANA Group as a going concern are identified and analysed at an early stage and continually re-evaluated as part of the risk management process.

Credit risk

Credit risk is the risk of an economic loss as a result of a counterparty's failure to honour its payment obligations. Credit risk includes both the risk of a deterioration in customers' or other counterparties' credit quality, and the risk of their immediate default.

The trade receivables of the AGRANA Group are largely with the food, chemical and retail industries. Credit risk in respect of trade receivables is managed on the basis of internal standards and guidelines. Thus, a credit analysis is generally conducted for new customers. The Group also uses credit insurance and security such as bank guarantees.

For the residual risk from trade receivables, the Group establishes provisions for impairment. The maximum exposure from trade receivables is equivalent to the carrying amount of the trade receivables. The carrying amounts of past due and of impaired trade receivables are set out in note (21).

The maximum credit risk from investments in non-consolidated subsidiaries and outside companies, loan receivables and other receivables is equivalent to their carrying amount and is not considered by AGRANA to be material.

AGRANA maintains business relationships with many large international industrial customers having excellent credit ratings.

Liquidity risk

Liquidity risk is the risk that a company will not be able to meet its financial obligations when due or in sufficient measure.

The AGRANA Group generates liquidity with its business operations and from external financing. The funds are used to fund working capital, investment and business acquisitions.

In order to ensure the Group's solvency at all times and safeguard financial flexibility, a liquidity reserve is maintained in the form of credit lines and, to the extent necessary, of cash.

To manage the seasonally fluctuating cash flows, both short-term and long-term finance is raised in the course of day-to-day financial management.

The following maturity profile shows the effects of the cash outflows from liabilities as at 28 February 2010 on the Group's liquidity situation. All cash outflows are undiscounted.

		Contractual payment outflows						
€000	Carrying amount	Total	Up to 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years
28 February 2010								
Borrowings								
Bonds	0	0	0	0	0	0	0	0
Bank loans and overdrafts	455,346	476,710	317,171	53,570	34,544	5,237	62,809	3,379
Borrowings from affiliated companies	100,000	100,000	40,000	30,000	0	0	30,000	0
Obligations under finance leases	115	125	29	96	0	0	0	0
	555,461	**576,835**	**357,200**	**83,666**	**34,544**	**5,237**	**92,809**	**3,379**
Trade and other payables								
Trade payables	210,075	210,075	210,075	0	0	0	0	0
Payable from sugar regime restructuring levy	0	0	0	0	0	0	0	0
Payable from purchase of additional sugar quota	0	0	0	0	0	0	0	0
Other payables	78,569	78,569	76,341	2,228	0	0	0	0
– *Of which interest rate derivatives*	*3,063*	*3,063*	*3,063*	*0*	*0*	*0*	*0*	*0*
– *Of which currency derivatives*	*944*	*944*	*944*	*0*	*0*	*0*	*0*	*0*
– *Of which commodity derivatives*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
– *Of which other derivatives*	*163*	*163*	*163*	*0*	*0*	*0*	*0*	*0*
	288,644	**288,644**	**286,416**	**2,228**	**0**	**0**	**0**	**0**

		Contractual payment outflows						
€000	Carrying amount	Total	Up to 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years
28 February 2009								
Borrowings								
Bonds	20,000	20,168	20,168	0	0	0	0	0
Bank loans and overdrafts	635,741	655,252	396,912	139,034	94,401	19,213	3,498	2,194
Obligations under finance leases	154	168	28	140	0	0	0	0
	655,895	**675,588**	**417,108**	**139,174**	**94,401**	**19,213**	**3,498**	**2,194**
Trade and other payables								
Trade payables	225,963	225,963	225,963	0	0	0	0	0
Payable from sugar regime restructuring levy	69,652	69,652	69,652	0	0	0	0	0
Payable from purchase of additional sugar quota	0	0	0	0	0	0	0	0
Other payables	73,617	73,617	71,662	1,955	0	0	0	0
– *Of which interest rate derivatives*	*1,722*	*1,722*	*1,722*	*0*	*0*	*0*	*0*	*0*
– *Of which currency derivatives*	*12,857*	*12,857*	*12,857*	*0*	*0*	*0*	*0*	*0*
– *Of which commodity derivatives*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
	369,232	**369,232**	**367,277**	**1,955**	**0**	**0**	**0**	**0**

The undiscounted cash outflows as presented are based on the assumption that repayment of liabilities is applied to the earliest maturity date. Interest payments on floating rate financial instruments are determined by reference to the most recent prevailing rates.

Currency risk

The worldwide scope of the AGRANA Group's operations exposes its operating business, net financial items and cash flows to risks from fluctuation in foreign exchange rates. The significant currency relations are those between the euro and the Polish zloty, Romanian leu, Russian ruble, Hungarian forint, Ukrainian hryvnia and US dollar.

The AGRANA Group has financial assets and liabilities in foreign currencies. Until settlement, these assets and liabilities are subject to the risk of decreases or increases in value as a result of exchange rate movements. Financial liabilities of € 63,410 thousand (prior year: € 152,175 thousand) were subject to currency risk as a result of the functional currency not being the contract currency.

Most of the Group's foreign exchange risk arises in the operating business, when revenue is generated in a different currency than are the related costs.

In the Sugar segment, Group companies based in the European Union whose local currency is not the euro are exposed to sugar-regime-induced foreign exchange risk between the euro and their respective local currency, as the beet prices for a given campaign are set in euros EU-wide. The subsidiaries in Romania and Bosnia-Herzegovina are subject to additional currency risk from raw sugar purchases in US dollars.

In the Starch segment, foreign exchange risks arise from borrowings not denominated in local currency.

In the Fruit segment, foreign exchange risks arise when revenue and materials costs are in foreign currency rather than local currency. In addition, risks arise from borrowings not denominated in local currency.

For active hedging of risks, the AGRANA Group mainly uses forward foreign exchange contracts. In the financial year under review, forward foreign exchange contracts were employed to hedge revenue, purchasing commitments and foreign currency borrowings totalling a gross € 280,873 thousand against exchange rate fluctuation. Principally this related to hedges of Hungarian forint exposure of € 98,406 thousand (prior year: € 95,377 thousand) [or HUF 27.784.567 thousand (prior year: HUF 24,186,638 thousand)], US dollar exposure of € 42,151 thousand (prior year: € 74,210 thousand) [or USD 59,585 thousand (prior year: USD 109,887 thousand)], Czech koruna exposure of € 18,845 thousand (prior year: € 12,207 thousand) [or CZK 477,421 thousand (prior year: CZK 304,275 thousand)] and Romanian leu exposure of € 81,191 thousand (prior year: € 126,928 thousand) [or RON 343,182 thousand (prior year: RON 311,658 thousand)].

The amount of financial assets and liabilities denominated in foreign currency in the AGRANA Group overall is not material.

Using sensitivity analysis, AGRANA models the effects of hypothetical movements in exchange rates on the Group's results and equity. This is done by conducting stress tests and measuring the stress-induced change in the amounts of the relevant items – revenue, cost of materials, and foreign-currency borrowings. An appreciation in the euro was assumed in determining the latent risk. The analysis showed that if the euro had been 10% stronger during the 2009|10 financial year against the currencies named below, the Group's profit and equity would have been higher by € 1,356 thousand (in the prior year, they would have been lower by € 13,699 thousand). The potential effects of the other currency relations in the AGRANA Group are immaterial both individually and in the aggregate.

€000	28 Feb 2010	28 Feb 2009
If 10% higher		
EUR/RON	(12,411)	(14,606)
EUR/HUF	9,110	3,598
EUR/PLN	584	(5,905)
EUR/UAH	2,166	2,415
EUR/RUB	1,907	799
Total	**1,356**	**(13,699)**

Interest rate risk

The AGRANA Group is exposed to interest rate risks primarily in the euro zone.

Interest rate risks are captured using sensitivity analyses, in accordance with IFRS 7. These analyses portray the impacts of changes in market interest rates on interest payments, interest income and expense and, where applicable, on equity. The sensitivity analyses were based on the following premises:

Changes in market interest rates of fixed-interest non-derivative financial instruments have an effect on net interest expense or income only when the instruments are measured at fair value. Therefore, none of the financial instruments measured at amortised cost are subject to interest rate risks as defined by IFRS 7.

The floating rate borrowings are subject to interest rate risk. To hedge against this risk, interest rate swaps were entered into for a portion of the borrowings, thus achieving fixed interest rates on this portion. For the unhedged floating rate borrowings, if market interest rates at 28 February 2010 had been 100 basis points higher or lower, this would have made, respectively, a negative or positive difference of € 2,825 thousand (prior year: € 3,589 thousand) in net interest income or expense. The hypothetical effect on net interest income or expense arises from non-derivative, floating rate debt of € 282,511 thousand (prior year: € 388,867 thousand).

Commodity price risk

AGRANA's business activities expose it to market price risk from purchases of commodities. This is particularly true in the production of bioethanol, where the most important cost factors by far are the prices of the main inputs, corn and wheat. To a lesser but still significant extent, the Sugar segment has exposure to the purchase prices of raw sugar.

At the balance sheet date the Group had open commodity derivative contracts to purchase 12,446 tonnes of raw sugar for Eastern Europe (prior year: 12,193 tonnes), to sell 11,350 tonnes of white sugar (prior year: 0 tonnes) and to purchase 22,000 tonnes of wheat for the Austrian bioethanol production facility (prior year: 19,550 tonnes). These positions represented a total contract amount of € 16,991 thousand (prior year: € 4,989 thousand) and, based on the underlying closing prices, had a positive fair value of € 616 thousand (prior year: € 803 thousand). A change in the underlying raw material prices of plus or minus 10% would result, respectively, in an increase in the value of these commodity derivate positions of € 525 thousand (prior year: € 412 thousand) or in an increase of € 234 thousand (prior year: decrease of € 713 thousand).

9. EVENTS AFTER THE BALANCE SHEET DATE

No events after the balance sheet date of 28 February 2010 were identifiable that had an impact on these consolidated financial statements.

10. RELATED PARTY DISCLOSURES

AGRANA Zucker, Stärke und Frucht Holding AG holds 100% of the ordinary shares of Z&S Zucker und Stärke Holding AG, which in turn holds 75.5% of the ordinary shares of AGRANA Beteiligungs-AG. Both holding companies are exempt from the obligation to prepare consolidated financial statements, as their accounts are included in the consolidated financial statements of Südzucker AG, Mannheim/Ochsenfurt, Germany.

Related parties for the purposes of IAS 24 are Südzucker AG of Mannheim/Ochsenfurt and Zucker-Beteiligungsges.m.b.H. of Vienna, as shareholders of AGRANA Zucker, Stärke und Frucht Holding AG. AGRANA's consolidated financial statements are included in the consolidated accounts of Südzucker AG, Mannheim/Ochsenfurt.

In addition to Südzucker AG, Mannheim/Ochsenfurt, and its subsidiaries, other related parties are Raiffeisen-Holding Niederösterreich-Wien reg. Gen.b.H., Vienna, and its subsidiaries.

At the balance sheet date, borrowings in respect of the foregoing related companies amounted to € 226,513 thousand (prior year: € 83,635 thousand). These borrowings were on normal commercial terms. Of these borrowings, € 152,637 thousand were non-current borrowings (prior year: € 0 thousand). Of the total amount, € 126,513 thousand (prior year: 83,635 thousand) was with companies having significant influence over AGRANA. In the financial year, interest of € 6,876 thousand (prior year: € 5,659 thousand) was paid on the total borrowings of € 226,513 thousand from related parties. In respect of related parties, there were current trade payables of € 1,089 thousand from sales of goods (prior year: current trade payables of € 287 thousand). Revenue with related companies amounted to € 83,798 thousand (prior year: € 64,465 thousand).

In respect of joint venture partners, there were other receivables of € 2,571 (prior year: other liabilities of € 3,296); amounts due from these partners were € 0 (prior year: € 0).

In January 2009, AGRANA Beteiligungs-AG subscribed for participation capital of Raiffeisen-Holding Niederösterreich-Wien reg. Gen.b.H., Vienna, ("Raiffeisen-Holding") in the amount of € 85.0 million. The subscription was made in a private placement on normal market terms. In turn, an investment in another entity was sold to RASKIA Beteiligungs GmbH (a subsidiary of the Raiffeisen-Holding) for € 85.9 million.

The remuneration of the members of the Management Board of AGRANA Beteiligungs-AG totalled € 1,451 thousand (prior year: € 1,745 thousand). The performance-based elements of the compensation are tied to the amount of the dividend payout. In view of the difficult economic situation in the prior year, the Management Board waived the entire variable portion of its compensation (which in the prior year had amounted to € 670 thousand in respect of the 2007|08 financial year). The Management Board member of AGRANA Beteiligungs-AG appointed under the syndicate agreement between Südzucker AG, Mannheim/Ochsenfurt, and Zucker-Beteiligungsgesellschaft m.b.H., Vienna, does not receive compensation for serving in this capacity.

On 10 July 2009 the Annual General Meeting approved an annual aggregate remuneration for the Supervisory Board of € 165 thousand (prior year: € 165 thousand) and the responsibility for allocating this sum was delegated to the Supervisory Board Chairman. The amount paid to the individual Supervisory Board members is tied to their function on the board. No meeting fees were paid in the year under review.

Post-employment benefits granted to the Management Board under the Company's plan are pension, disability insurance and survivor benefits. The pension becomes available when the pension eligibility criteria of the Austrian public pension scheme (ASVG) are met. The amount of the pension is calculated as a percentage of a contractually agreed assessment base. In the event of early retirement within ASVG rules, the amount of the pension is reduced. The retirement benefit obligations in respect of the Management Board have been transferred to an external pension fund. The obligations' excess of € 863 thousand (previous year: € 1,259 thousand) over the existing plan assets at the end of the financial year under review was recognised in provisions.

In the event that a Management Board appointment is withdrawn, severance pay has been agreed consistent with the Employees Act.

Information on the Management Board and Supervisory Board is provided from page 125.

On 30 April 2010 the Management Board of AGRANA Beteiligungs-AG released the consolidated financial statements for review by the Supervisory Board and the Audit Committee and for presentation to the Annual General Meeting and subsequent publication. The Supervisory Board has responsibility for reviewing the consolidated financial statements and stating whether it approves them.

Vienna, 30 April 2010

Johann Marihart
Chief Executive Officer

Fritz Gattermayer
Member of the Management Board

Walter Grausam
Member of the Management Board

Thomas Kölbl
Member of the Management Board

In accordance with Section 82 (4) Austrian Stock Exchange Act, the undersigned members of the Management Board, as the legal representatives of AGRANA Beteiligungs-AG, confirm to the best of their knowledge that:

- the consolidated financial statements for the year ended 28 February 2010 give a true and fair view of the assets, liabilities, financial position and profit or loss of the AGRANA Group as required by the applicable accounting standards;

- the Group management report for the 2009|10 financial year gives a true and fair view of the development and performance of the business and the position of the AGRANA Group, together with a description of the principal risks and uncertainties which the Group faces.

Vienna, 30 April 2010

Johann Marihart
Chief Executive Officer

Fritz Gattermayer
Member of the Management Board

Walter Grausam
Member of the Management Board

Thomas Kölbl
Member of the Management Board

LIST OF MEMBERS OF AGRANA'S BOARDS

More information on the Management Board, the Supervisory Board and its committees is provided in the corporate governance section of this report beginning on page 16.

MANAGEMENT BOARD

Johann Marihart
Chief Executive Officer

Fritz Gattermayer
Member

Walter Grausam
Member

Thomas Kölbl
Member

SUPERVISORY BOARD

Christian Konrad
Chairman

Wolfgang Heer (from 10 July 2009)
First Vice-Chairman

Rudolf Müller (from 10 July 2009)
First Vice-Chairman

Erwin Hameseder
Second Vice-Chairman

Ludwig Eidmann
Member

Hans-Jörg Gebhard
Member

Ernst Karpfinger
Member

Thomas Kirchberg (from 10 July 2009)
Member

Theo Spettmann (from 10 July 2009)
Member

Christian Teufl
Member

Employee representatives

Thomas Buder

Franz Ennser (until 21 October 2009)

Stephan Savic (from 22 October 2009)

Peter Vymyslicky

Erich Weissenböck (until 31 December 2009)

Gerhard Glatz (from 1 January 2010)

SUBSIDIARIES AND BUSINESS INTERESTS AT 28 FEBRUARY 2010

(DISCLOSURES UNDER SECTION 265 (2) AND (4) AUSTRIAN COMMERCIAL CODE)

Name of company	City/town	Country	Equity interest Direct	Equity interest Indirect
I. Subsidiaries				
Fully consolidated subsidiaries				
AGRANA BIH Holding GmbH	Vienna	Austria	–	75.00%
AGRANA Bioethanol GmbH	Vienna	Austria	–	74.90%
AGRANA Bulgaria AD	Sofia	Bulgaria	–	100.00%
AGRANA Fruit Argentina S.A.	Buenos Aires	Argentina	–	99.99%
AGRANA Fruit Australia Pty Ltd.	Central Mangrove	Australia	–	100.00%
AGRANA Fruit Austria GmbH	Gleisdorf	Austria	–	100.00%
AGRANA Fruit Brasil Indústria, Comércio, Importacao e Exportacao Ltda.	São Paulo	Brazil	–	91.90%
AGRANA Fruit Brasil Participacoes Ltda.	São Paulo	Brazil	–	99.99%
AGRANA Fruit Dachang Co., Ltd.	Dachang	China	–	100.00%
AGRANA Fruit Fiji Pty Ltd.	Sigatoka	Fiji	–	100.00%
AGRANA Fruit France S.A.	Paris	France	–	100.00%
AGRANA Fruit Germany GmbH	Konstanz	Germany	–	100.00%
AGRANA Fruit Istanbul Gida Sanayi ve Ticaret A.S.	Zincirlikuyu	Turkey	–	100.00%
AGRANA Fruit Korea Co. Ltd.	Seoul	South Korea	–	100.00%
AGRANA Fruit Latinoamerica S. de R.L. de C.V.	Michoacán	Mexico	–	99.99%
AGRANA Fruit Luka TOV	Vinniza	Ukraine	–	99.97%
AGRANA Fruit México, S.A. de C.V.	Michoacán	Mexico	–	100.00%
AGRANA Fruit Polska SP z.o.o.	Ostrołęka	Poland	–	100.00%
AGRANA Fruit S.A.S.	Paris	France	–	100.00%
AGRANA Fruit Services GmbH	Vienna	Austria	–	100.00%
AGRANA Fruit Services Inc.	Brecksville	USA	–	100.00%
AGRANA Fruit Services S.A.S.	Paris	France	–	100.00%
AGRANA Fruit South Africa Investments (Proprietary) Ltd.	Cape Town	South Africa	–	100.00%
AGRANA Fruit South Africa (Proprietary) Ltd.	Cape Town	South Africa	–	100.00%
AGRANA Fruit Ukraine TOV	Vinniza	Ukraine	–	99.80%
AGRANA Fruit US, Inc.	Brecksville	USA	–	100.00%
AGRANA Internationale Verwaltungs- und Asset-Management GmbH	Vienna	Austria	–	100.00%
AGRANA J & F Holding GmbH	Vienna	Austria	98.91%	1.09%
AGRANA Juice Denmark A/S	Køge	Denmark	–	100.00%
AGRANA Juice Holding GmbH	Gleisdorf	Austria	–	100.00%
AGRANA Juice Magyarorzság Kft.	Vásárosnamény	Hungary	–	100.00%
AGRANA Juice Poland SP z.o.o.	Białobrzegi	Poland	–	100.00%
AGRANA Juice Romania Carei SRL	Carei	Romania	–	100.00%
AGRANA Juice Romania Vaslui s.r.l.	Vaslui	Romania	–	100.00%
AGRANA Juice Sales & Customer Service GmbH	Gleisdorf	Austria	–	100.00%
AGRANA Juice Sales & Marketing GmbH	Bingen	Germany	–	100.00%
AGRANA Juice Service & Logistik GmbH	Bingen	Germany	–	100.00%
AGRANA Magyarország Értékesitési Kft.	Budapest	Hungary	–	100.00%
AGRANA Marketing- und Vertriebsservice Gesellschaft m.b.H.	Vienna	Austria	100.00%	–
AGRANA Stärke GmbH	Vienna	Austria	98.91%	1.09%
AGRANA Trading EOOD	Sofia	Bulgaria	–	100.00%
AGRANA Zucker GmbH	Vienna	Austria	98.91%	1.09%
Agrofrucht, Handel mit landwirtschaftlichen Produkten Gesellschaft m.b.H.	Vienna	Austria	–	100.00%
Brüder Hernfeld Gesellschaft m.b.H.	Vienna	Austria	–	100.00%
Dirafrost FFI N. V.	Herk-de-Stad	Belgium	–	100.00%
Dirafrost Maroc SARL	Laouamra	Morocco	–	100.00%
Financière Atys S.A.S.	Paris	France	–	100.00%
Flavors from Florida, Inc.	Bartow	USA	–	100.00%

Name of company	City/town	Country	Equity interest	
			Direct	Indirect
Frefrost SARL	Laouamra	Morocco	–	100.00%
Fruimark (Proprietary) Ltd.	Cape Town	South Africa	–	100.00%
INSTANTINA Hungária Élelmiszergyartó és Kereskedelmi Kft. v. a.	Petőháza	Hungary	–	100.00%
INSTANTINA Nahrungsmittel Entwicklungs- und Produktionsgesellschaft m.b.H.	Vienna	Austria	66.67%	–
Koronás Irodaház Szolgáltató Korlátolt Felelösségü Társaság	Budapest	Hungary	–	100.00%
Magyar Cukorgyártó és Forgalmazó Zrt.	Budapest	Hungary	–	87.56%
Moravskoslezské Cukrovary A.S.	Hrušovany	Czech Republic	–	97.66%
o.o.o. AGRANA Fruit Moscow Region	Serpuchov	Russia	–	100.00%
S.C. A.G.F.D. Tandarei s.r.l.	Ţăndărei	Romania	–	99.99%
S.C. AGRANA Romania S.A.	Bucharest	Romania	–	91.33%
S.C. Romana Prod s.r.l.	Roman	Romania	–	100.00%
Slovenské Cukrovary s.r.o.	Sereď	Slovakia	–	100.00%
Yube d.o.o.	Požega	Serbia	–	100.00%
Non-consolidated subsidiaries				
AGRANA Skrob s.r.o.	Hrušovany	Czech Republic	–	100.00%
Reporting date: 31 Dec 2009 | Equity: € 0.0 thousand | Loss for the period: € (0.4 thousand)				
Dr. Hauser Gesellschaft m.b.H.	Hamburg	Germany	–	100.00%
Reporting date: 28 Feb 2009 | Equity: € 109.5 thousand | Loss for the period: € (7.2 thousand)				
Österreichische Rübensamenzucht Gesellschaft m.b.H.	Vienna	Austria	–	86.00%
Reporting date: 30 Apr 2009 | Equity: € 780.1 thousand | Loss for the period: € (79.1 thousand)				
PERCA s.r.o.	Hrušovany	Czech Republic	–	100.00%
Reporting date: 31 Dec 2009 | Equity: € 280.4 thousand | Profit for the period: € 44.3 thousand				
PFD-Processed Fruit Distribution Ltd. (in liquidation)	Nicosia	Cyprus	–	100.00%
Reporting date: 31 Dec 2008 | Equity: € 13.9 thousand | Loss for the period: € (130.8 thousand)				
"Tremaldi" Beteiligungsverwaltung GmbH	Vienna	Austria	–	100.00%
Reporting date: 28 Feb 2009 | Equity: € 29.9 thousand | Loss for the period: € (2.7 thousand)				
Zuckerforschung Tulln Gesellschaft m.b.H.	Vienna	Austria	100.00%	–
Reporting date: 31 Dec 2009 | Equity: € 2,563.9 thousand | Profit for the period: € 1,218.7 thousand				

II. Joint ventures

Name of company	City/town	Country	Direct	Indirect
Joint ventures accounted for by proportionate consolidation				
AGRAGOLD Holding GmbH	Vienna	Austria	–	50.00%
AGRANA-STUDEN Beteiligungs GmbH	Vienna	Austria	–	50.00%
AGRANA Studen Sugar Trading GmbH	Vienna	Austria	–	50.00%
HUNGRANA Keményitö- és Isocukorgyártó és Forgalmazó Kft.	Szabadegyháza	Hungary	–	50.00%
Hungranatrans Kft.	Szabadegyháza	Hungary	–	50.00%
STUDEN-AGRANA Rafinerija Secera d.o.o.	Brčko	Bosnia-Herzegovina	–	50.00%
Xianyang Andre Juice Co., Ltd.	Xianyang City	China	–	50.00%
Yongji Andre Juice Co., Ltd.	Yongji City	China	–	50.00%
Non-consolidated joint ventures				
"AGRAGOLD" d.o.o.	Brčko	Bosnia-Herzegovina	–	50.00%
AGRAGOLD d.o.o.	Zagreb	Croatia	–	50.00%
AGRAGOLD dooel Skopje	Skopje	Macedonia	–	50.00%
AGRAGOLD trgovina d.o.o.	Ljubljana	Slovenia	–	50.00%
SCO STUDEN & CO. BRASIL EXPORTACAO E IMPORTACAO LTDA.	São Paulo	Brazil	–	37.50%

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the accompanying consolidated financial statements of AGRANA Beteiligungs-Aktiengesellschaft, Vienna, Austria, for the year from 1 March 2009 to 28 February 2010. These consolidated financial statements comprise the consolidated balance sheet as of 28 February 2010, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated cash flow statement and the consolidated statement of changes in equity for the year ended 28 February 2010 and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Consolidated Financial Statements and for the Accounting System

The Company's management is responsible for the group accounting system and for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility and Description of Type and Scope of the Statutory Audit

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with laws and regulations applicable in Austria and Austrian Standards on Auditing , as well as in accordance with International Standards on Auditing, issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC). Those standards require that we comply with professional guidelines and that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and fair presentation of the consolidated financial statements 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 Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

Our audit did not give rise to any objections. In our opinion, which is based on the results of our audit, the consolidated financial statements comply with legal requirements and give a true and fair view of the financial position of the Group as of 28 February 2010 and of its financial performance and its cash flows for the year from 1 March 2009 to 28 February 2010 in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU.

REPORT ON THE MANAGEMENT REPORT FOR THE GROUP

Pursuant to statutory provisions, the management report for the Group is to be audited as to whether it is consistent with the consolidated financial statements and as to whether the other disclosures are not misleading with respect to the Company's position. The auditor's report also has to contain a statement as to whether the management report for the Group is consistent with the consolidated financial statements and whether the disclosures pursuant to Section 243a UGB (Austrian Commercial Code) are appropriate.

In our opinion, the management report for the Group is consistent with the consolidated financial statements. The disclosures pursuant to Section 243a UGB (Austrian Commercial Code) are appropriate.

Vienna, 30 April 2010

KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Mag. Wilhelm Kovsca
(Austrian Chartered Accountant)

ppa. Mag. Claudia Draxler-Eisert
(Austrian Chartered Accountant)

MULTICONT Revisions- und Treuhand Gesellschaft m.b.H.

Mag. Franz Rauchbauer
(Austrian Chartered Accountant)

Abbreviation if any	Indicator *Definition*		2009|10	2008|09
	Borrowings *= Bank loans and overdrafts + bond liabilities* *+ borrowings from affiliated companies + lease liabilities*	€000	555,461	655,896
CE	Capital employed *= (PP&E + intangibles including goodwill) + working capital I*	€000	1,324,230	1,351,921
	Dividend yield *= Dividend per share ÷ closing share price*	%	2.7	4.1
EBIT	Operating profit before exceptional items *= Earnings before interest, tax and exceptional items*	€000	91,937	37,832
EBITDA	Earnings before interest, tax, depreciation and amortisation (income statement items 8 + 6) *= EBIT + depreciation and amortisation*	€000	176,246	119,177
EBITDA margin	*= EBITDA × 100 ÷ revenue*	%	8.9	5.9
EPS	Earnings per share *= Profit/(loss) for the period ÷ number of shares outstanding*	€	5.08	(0.82)
	Equity ratio *= Equity ÷ total assets*	%	47.9	41.4
EVS	Equity value per share *= Equity attributable to equity holders of the parent* *÷ number of shares outstanding*	€	61.9	56.6
FCF	Free cash flow *= Net cash flow from/used in operating activities* *+ net cash from/used in investing activities*	€000	113,750	42,925
	Gearing *= Net debt ÷ total equity × 100*	%	41.6	56.9
	Intangible assets including goodwill	€000	252,446	260,498
P/E	Price/earnings ratio *= Closing share price at financial year end ÷ earnings per share*		14.1	neg.
PP&E	Property, plant and equipment	€000	597,788	609,866
	Net debt *= Borrowings less (cash + cheques + other bank deposits* *+ current securities + non-current securities)*	€000	376,581	470,116
	Operating margin = EBIT × 100 ÷ revenue	%	4.6	1.9
ROCE	Return on capital employed *= EBIT ÷ capital employed*	%	6.9	2.8
ROS	Return on sales = Profit/(loss) before tax × 100 ÷ revenue	%	4.4	(1.6)
WC I	Working capital I *= Inventories + trade receivables + other assets* *– current provisions – current prepayments received* *– trade payables – other payables*	€000	473,996	481,558

PARENT COMPANY FINANCIAL STATEMENTS 2009|10

BASED ON AUSTRIAN COMMERCIAL CODE (UGB)

PARENT COMPANY INCOME STATEMENT

FOR THE YEAR ENDED 28 FEBRUARY 2010

€000	2009|10	2008|09
1. Revenue	75	72
2. Other operating income	22,034	20,453
3. Staff costs	(14,200)	(12,711)
4. Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	(1,912)	(1,432)
5. Other operating expenses	(16,073)	(13,917)
6. Operating (loss) [subtotal of items 1 to 5]	**(10,076)**	**(7,535)**
7. Income from investments in subsidiaries and other companies	28,914	29,873
– Of which from subsidiaries: € 28,914 thousand (prior year: € 27,622 thousand)		
8. Income from other non-current securities	4,796	9
9. Other interest and similar income	1,662	6,933
– Of which from subsidiaries: € 522 thousand (prior year: € 3,661 thousand)		
10. Income from disposal of non-current financial assets	2,300	0
11. Expenses from non-current financial assets and from current securities	0	0
12. Interest and similar expense	(1,319)	(3,017)
13. Net financial items [subtotal of items 7 to 12]	**36,353**	**33,798**
14. Profit before tax [subtotal of items 1 to 13]	**26,277**	**26,263**
15. Income tax credit	2,083	2,077
16. Profit for the period	**28,360**	**28,340**
17. Profit brought forward from prior year	735	89
18. Net profit available for distribution	**29,095**	**28,429**

PARENT COMPANY BALANCE SHEET

AT 28 FEBRUARY 2010

€000	28 February 2010	28 February 2009
ASSETS		
A. Non-current assets		
I. Intangible assets	2,293	2,615
II. Property, plant and equipment	774	1,016
III. Non-current financial assets	439,299	440,544
	442,366	**444,175**
B. Current assets		
I. Receivables and other assets	146,618	140,817
II. Securities	0	0
III. Cash and bank balances	4	7
	146,622	**140,824**
Total assets	**588,988**	**584,999**
EQUITY AND LIABILITIES		
A. Equity		
I. Share capital	103,210	103,210
II. Share premium and other capital reserve	418,990	418,990
III. Retained earnings	13,928	13,928
IV. Net profit available for distribution	29,095	28,429
– Of which brought forward from prior year: € 735 thousand (prior year: € 89 thousand)		
	565,223	**564,557**
B. Untaxed reserves	**0**	**0**
C. Provisions		
I. Retirement, termination and long-service benefit obligations	2,225	2,054
II. Provisions for tax and other liabilities	9,391	6,107
	11,616	**8,161**
D. Payables		
I. Borrowings	0	0
II. Other payables	12,150	12,281
	12,150	**12,281**
Total equity and liabilities	**588,988**	**584,999**
Contingent liabilities	467,677	615,551

STATEMENT OF ALL LEGAL REPRESENTATIVES

In accordance with Section 82 (4) Austrian Stock Exchange Act, the undersigned members of the Management Board, as the legal representatives of AGRANA Beteiligungs-AG, confirm to the best of their knowledge that:

- the separate financial statements for the year ended 28 February 2010 give a true and fair view of the assets, liabilities, financial position and profit or loss of the parent company as required by the applicable accounting standards;
- the management report for the 2009|10 financial year gives a true and fair view of the development and performance of the business and the position of AGRANA Beteiligungs-AG, together with a description of the principal risks and uncertainties which the company faces.

Vienna, 28 April 2010

Johann Marihart
Chief Executive Officer

Fritz Gattermayer
Member of the Management Board

Walter Grausam
Member of the Management Board

Thomas Kölbl
Member of the Management Board

PROPOSED ALLOCATION OF PROFIT

	2009|10 €
The financial year to 28 February 2010 closed with the following net profit available for distribution:	29,094,923
The Management Board proposes to the Annual General Meeting to allocate this profit as follows:	
Distribution of a dividend of € 1.95 per ordinary no-par value share on 14,202,040 participating ordinary shares, that is, a total of	27,693,978
Profit to be carried forward:	1,400,945
	29,094,923

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements, including the accounting system, of AGRANA Beteiligungs-Aktiengesellschaft, Vienna, for the fiscal year from 1 March 2009 to 28 February 2010. These financial statements comprise the balance sheet as of 28 February 2010, the income statement for the fiscal year ended 28 February 2010, and the notes.

Management's Responsibility for the Financial Statements and for the Accounting System

The Company's management is responsible for the accounting system and for the preparation and fair presentation of these financial statements in accordance with Austrian Generally Accepted Accounting Principles. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility and Description of Type and Scope of the statutory audit

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws and regulations applicable in Austria and Austrian Standards on Auditing. Those standards require that we comply with professional guidelines and that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

Our audit did not give rise to any objections. In our opinion, which is based on the results of our audit, the financial statements comply with legal requirements and give a true and fair view of the financial position of the Company as of 28 February 2010 and of its financial performance for the year from 1 March 2009 to 28 February 2010 in accordance with Austrian Generally Accepted Accounting Principles.

REPORT ON OTHER LEGAL REQUIREMENTS (MANAGEMENT REPORT)

Pursuant to statutory provisions, the management report is to be audited as to whether it is consistent with the financial statements and as to whether the other disclosures are not misleading with respect to the Company's position. The auditor's report also has to contain a statement as to whether the management report is consistent with the financial statements and whether the disclosures pursuant to Section 243a UGB (Austrian Commercial Code) are appropriate.

In our opinion, the management report is consistent with the financial statements. The disclosures pursuant to Section 243a UGB (Austrian Commercial Code) are appropriate.

Vienna, 28 April 2010

KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

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FURTHER INFORMATION

A

ACP-states: Group of states in the African, Caribbean, and Pacific region, which have finalized a special agreement with the European Union on developmental cooperation. Through a preference agreement, the EU has granted a privileged access to domestic market and the possibility of duty-free imports of sugar to the majority of the colonial states of France and Great Britain (currently 79 AKP-countries) from 1975.

B

Bio-energy: Bio-energy is defined as the energy, which is acquired from biomass, in which the energy is saved in chemical form. In this, different forms of energy such as heat, electrical energy and fuel for combustion engines are included. Solar energy, which can be chemically connected by plants with the help of photosynthesis, forms the basis for bio-energy.

Bioethanol: Bioethanol is a fuel manufactured by the zymosis of biomass containing carbohydrate (renewable carbon carriers). It has a percentage of alcohol of at least 99 volume percent at its disposal and is de facto water-free. Bioethanol is predominantly acquired out of sugar or grain types containing starch in Europe, due to the climatic conditions. With regard to fossil energy carriers, bioethanol is CO_2-neutral and distinguishes itself in its physical characteristics from those of gasoline. Thus, an adjustment of the engines is required for utilization in undiluted form.

Biogas: Biogas contains methane as combustible component, which is manufactured through the zymosis of biomass in biogas facilities and is used for the generation of bio-energy. Biogas can be acquired from fermentable recycling material that contain biomass, such as sewage sludge, bio-waste or food wastes, farmyard manure (liquid manure, dung) or also from energy crops that have been planted specifically for this, i.e. renewable raw materials.

Bio-genie fuels: In case of bio-gene fuels (also: bio-fuels, bio-propellants), it deals with fuels in liquid or gas form, which are manufactured out of biomass (such as plant material or residues of plants). Output material is raw material such as grains, sugar beets or wood. Bio-gene fuels are used for the operation of combustion engines. Bio-genie fuels, bioethanol and biodiesel are the most significant economically, which are also mixed into fossil fuels such as petrol and diesel.

Biomass: It is what covers the organic substances that are generated through plants or even animals. The basis for the formation of biomass into solid, liquid and gas form is especially the photosynthesis, employed by plants, in which solar energy is stored through the release of oxygen from water and carbon-dioxide.

Bio-stabilizers: Bio-stabilizers are used at AGRANA instead of chemical biocides such as for example Formaldehyde, for combating microorganisms in the sugar production process. For use in the sugar production, natural bio-stabilizers are developed based on hops and resin. So, here it concerns with products of herbal origin, which have already been used for many years in food production.

C

Campaign: The processing period for agricultural raw material, which can normally be stored only for a limited period of time.

Carbocalk: Carbocalk is a lime fertilizer, which develops within the scope of the sugar acquisition in the cleaning of the raw syrup. Due to its highly reactive surface, carbocalk is a fertilizer that takes effect very quickly and is suitable for all cultures.

Cellulose-Ethanol (ethanol of the second generation): In distinction from bioethanol of the first generation, ethanol manufactured from herbal cellulose substances is defined as cellulose-ethanol. Like the conventional ethanol-fuel, cellulose-ethanol is also produced through zymosis. After distillation and drying, ethanol can finally be used as fuel. The production of cellulose-ethanol is still in the developmental phase.

Coloured juice concentrate: Under coloured juice concentrate, all fruit juice concentrates are included, except apple juice concentrate and concentrates made from citrus fruits. Among them you find cherry juice concentrate, black currant concentrates, etc.

Corn (maize) starch: Corn (maize) starch is made of starch acquired from corn (maize) and is used especially in the production of food (e.g. pudding) but also for technical uses, such as for example in the paper production or in the sector for cosmetics.

CO_2 (carbon dioxide): It is seen today as an important greenhouse gas. It is because of a chemical connection made between carbon dioxide and oxygen. The gas, which is neutral in colour and smell forms less than 1% natural content of air and is produced during the combustion of substances containing carbon dioxide as well as during breathing.

CO_2-equivalent: In order to make the greenhouse-effect of different greenhouse gases comparable and consequently to make it hummable, their greenhouse potential (Global Warming Potential) is used. It indicates the contribution of different gases to the heating of the earth's atmosphere in the form of an equivalent volume of CO_2. The greenhouse effect of a kilogram of a gas is expressed in this as a multiple ("equivalent factor") of the greenhouse effect of a kilogram of CO_2.

Customs: These help to protect indigenous products against cheap imports from third countries (exterior protection). The basic customs-duty for sugar is a fixed amount. In addition, in the import of sugar within the context of the protective clause of the so-called additional customs-duty is lifted up as variable tariff rate.

D

Deficit countries/regions: Countries or regions, which consume more sugar than what they produce themselves, and must cover their needs through sugar import. In the course of the return of quotes, in Europe this concerns countries such as Ireland, Italy or Portugal, but also Hungary and Romania.

E

E10: Fuel with 10% content of water-free bioethanol and 90% content of conventional petrol.

E85: *See SuperEthanol E85.*

Emerging Market: The term "Emerging Market" is used frequently in the financial sector and describes an upcoming market. Especially the countries of the second world (such as for example China or India) are described as the so-called emerging countries, which have left their prior status of a developmental country and are on their way to the status of an industrial country.

Emission: Generally signifies the release of disturbing factors into the environment. A typical example for this are the gas-forming contaminants from cars.

Enzymes: Enzymes (earlier also: ferment) are protein molecules which accelerate chemical reactions as catalysators and, for example, break up starch into dextrose molecules. This way they play an important role in the fermentation (zymosis) *(See fermentation)*.

Ethanol: Ethanol is a clear, slightly combustible liquid. It is often defined colloquially as alcohol. Ethanol is especially known as drinking alcohol, probably as a part of the semi-luxury food such as wine or beer. Especially in recent times, ethanol has acquired great importance – apart from the food production industry – as bio-fuel in the form of bioethanol *(See bioethanol)*.

EU-Biofuel guideline: The EU-Bio-Fuel guideline of the European Parliament and the recommendation dated 26 March 2009 regulates the use of bio-fuel or other renewable fuels (for example wind and solar energy, geothermics, or hydropower) in the transport sector. The EU-Bio-fuel guideline document specifies the part of the renewable fuels for the total fuel consumption in energy percents, however, it doesn't specify how (the mixing of bio-genie with fossil fuels or the use of alternative fuels) these targets can be reached. According to the guidelines the genie fuels are: bioethanol, biodiesel, biogas, bio-methanol, biodimethyl ether, bio-ETBE, bio-MTBE, synthetic bio-fuels and pure plant oil.

EU-Energy allocation method: Within the scope of life cycle analysis, the allocation of greenhouse gas emissions can be carried out on bioethanol and its by-products with the so-called substitution methods or the energy allocation methods. The substitution method is suitable as per the specifications of the EU for political analyses. The energy allocation method is to be used for regulatory purposes as well as for individual record of producers and fuels.

EU-Sugar Regime: *See sugar regime.*

Export licenses: With the issue of export licenses, the EU-Commission ensures itself the control over the export of EU-quota-sugar and the adherence of the WTO-export restrictions with regard to quantity and quality.

External protection: *See customs.*

F

Fermentation: The term fermentation (zymosis) is understood in bio-technology as the conversion of biological material through the addition of enzymes (ferment), however, it requires the help of cultures from bacteria, mushrooms and cells.

Flexible Fuel Vehicles (FFVs): Certain vehicles are defined as FFVs, which can be operated with SuperEthanol E85 (a fuel mixture made of up to 85% bioethanol) and Super petrol, or any desired mix rate. They can, therefore, be used regardless of the existence of a SuperEthanol E85-gas station network. FFVs distinguish themselves only to a small extent from the conventional petrol engine. They have additionally a sensor at their disposal, which measures the corresponding mix-rate from the bioethanol and Super petrol in the vehicle's tank. The vehicle's electronics then adjust the engine control unit to the optimum values.

Fruit juice concentrate: Forms the basis for fruit juice drinks and will be sold to the industry that produces fruit juice and beverages. The water taken carefully from the pressed fruit juice will be added to the concentrate for the manufacture of the end product for consumption, finally again in the same quantity. The result is high-value juice with 100% fruit content.

Fruit preparation: Fruits of high quality are prepared in liquid form or in the form of pieces, and kept in good condition thermally, so that they can be further processed, especially in dairy products or for the ice-cream industry or the industry for baked goods.

I

Industry sugar: *See non-quota-sugar.*

Inulin: Basic material consisting of fructose. Used as an ingredient in the production of food (yogurt) for example as substitution for fat and to improve the taste, the texture and the feeling in the mouth or for the manufacturing of fructose.

Interprofessional agreement: It's the legal basis for the supply of sugar beets and its payment. It is negotiated between the associations of the beet farmers and the companies producing sugar.

Isoglucose: Isoglucose is a liquid product based on starch, which is converted to sugar, which corresponds to 42% of sweetness of sugar in the fructose content, and therefore is used as sugar substitute. The fructose content can be raised through further stages of process up to 55%. Isoglucose is manufactured from grains, especially from maize.

L

LDCs: The list of the Least Development Countries (LDCs) includes the poorest and least developed countries in the world. LDCs may introduce their produced goods with the exception of weapons (Everything but Arms [EBA-Agreement]) without the reduction of quantity and duty-free into the EU. There was an import quota for sugar through to the 30 September 2009.

M

Marketing year: *See sugar marketing year. See marketing year for grains.*

Marketing year for grains: Begins in July and ends in the subsequent year in June.

Molasses: Sweet, dark-brown by-product of the sugar manufacture, similar to syrup. The fluid contains probably also 50% sugar, which can, however, not be further crystallized. Molasses are used predominantly in the manufacture of yeast, alcohol, or also as supplement to cattle fodder.

Minimum price for sugar beets: The EU-sugar market regulation provides a minimum price for sugar beets. This is applicable for the degree of delivery and a certain standard of quality. In case of deviating qualities, additions and deductions are made.

N

Native starch: *See starch.*

Non-quota-sugar: Defined in accordance with the sugar regime the particular sugar, which exceeds the production quota. This can be marketed as industry sugar (Non-Food) for the generation of products predominantly in the chemical or in the pharmaceutical industry (used for the generation of yeast, citric acid and vitamins), exported into third countries or carried forward to the next sugar marketing year.

P

Preference sugar: In the course of the widening circle of the EU, the obligations of the EU come into play, to guarantee to certain countries that produce sugar, to accept sugar at guaranteed prices. The main part is allotted to the LDCs and AKP-countries.

Production levy: The production levy for sugar quotas is € 12 per tonne and can be procured from the SMY 2007|08 up to 50% from the sugar beet farmers. For isoglucose the amount is 50% of the output applicable for sugar. It is an administrative contribution to the EU.

Production quota: *See sugar quota.*

Q

Quota: *See sugar quota.*

Quota sugar beets: Defines the particular sugar beets which are necessary for the fulfilment of the production quota for sugar.

Quota sugar: The particular sugar which is generated and marketed in the course of a sugar marketing year within the scope of the allotted production quota.

R

Raw sugar: Raw sugar is a semi-finished product of the sugar cane, or also of the sugar beet, in which the sugar crystals are not yet completely released from the adhering non-sugar material, which gives it its brown colour.

Refining: The term "refining" defines in general a technical process for cleaning, processing, separation or concentration of raw material. In the case of sugar, this means the de-coloration of brown raw sugar (from sugar cane or sugar beet) through repeated recrystallization.

Reference price: The reference price fixed in the EU-sugar regime for EU-quota sugar is served through the deflection of the minimum price for sugar beets and does not have any immediate effects on the market price, which is determined by supply and demand.

Restructuring fund: Fund which is financed from the sugar regime restructuring levy of the EU-sugar producers. Its means are being used within the EU in the context of the sugar regime with the goal of producing market equilibrium in the EU through the output of quota sugar production.

Restructuring payment/premium: Payment to companies producing sugar out of the EU-restructuring fund which give back quotas continuously and voluntarily within the context of the restructuring.

S

Sucrose: Sucrose, generally known as crystal sugar, is a twofold-sugar (Disaccharide), which consists of up to half of the dextrose (glucose) and fruit sugar (fructose). There is sucrose in the sugar beet as well as in the sugar cane.

Sugar cane: Sugar that has been acquired from sugar cane, which is chemically identical to sugar beet.

Smoothies: Smoothies (in English *smooth* = *fine, sleek*) are puree-like fruit drinks with an especially high content of fruit. In distinction to fruit juices in the conventional sense, in the case of smoothies, the whole fruit, including its skin and cores, are processed. Smoothies are based, therefore, only on fruit pulp in order to achieve an especially creamy consistency.

SMR: *See sugar market regulation.*

Starch: Starch is an organic connection and one of the most important reserve materials in the plant cells. In our latitudes, starch is mainly acquired from corn (maize), wheat or potatoes. In order to acquire starch, the parts of the plants containing starch are cut into pieces and, subsequently, the cleaning out of the starch takes place. Through filtration and centrifugation steps, the extraction of the starch takes place. The last stage is, finally, their drying. Native starch presents as white powder.

Starch corn (maize): The so-called starch corn (maize) or also the soft corn (maize) is one of the oldest corn (maize) types. It is well suited as direct food product, because it can be ground easily due to its floury nutritive tissue. The starch corn plays an important role as raw material for industrial evaluation.

Substitution: Substitution comes from the Latin word "substituere", which means "replace".

Sugar: Sugar is extracted in Europe from the sugar beet. In sub-tropical and tropical regions of the world, sugar cane is the main source for sugar production. "Sugar" is mostly understood as household sugar, i.e., sucrose; besides this, however, there is also another series of sugar types, such as for example, glucose, fructose or milk-sugar. They all count as nutrient groups of the carbohydrate.

Sugar beet: The sugar beet is an agricultural culture plant, which serves exclusively in the manufacture of sugar from sugar beet. The sugar beet consists of the beet head and the root body. Sucrose, which is extracted in the sugar factory, is preserved in the root body.

Sugar beet thick juice: A sugar juice that has been thickened and cleaned to approximately 70% to 75% dry substance, which shows a brown coloration as well as a tough consistency. Concentrated juice is produced at the end of the vaporization stage, before the actual crystallization comes about in the cooking apparatus in the sugar factory.

Sugar extraction: The particular process is defined as extraction, in which sugar is dissolved out from the sugar beet slices with the help of hot water. End product of this extraction is raw juice, which contains approximately 98% of the sugar contained in the sugar beet.

Sugar market regulation (SMR): The set of regulations of the EU existing from 1968 for quotas and customs helps the general market organization for sugar and for ensuring indigenous sugar production.

Sugar marketing year (SMY): The sugar marketing year of the European Union begins respectively on the 1 October and ends on the 30 September of the subsequent year. This reference period is applicable for all regulations of the EU-sugar market.

Sugar production: In the sugar production process from the sugar beet, raw juice is extracted from the sugar beet slices, which are cleaned in several stages and finally thickened so long, until sugar crystallizes from it. Through recrystallization, sugar is cleaned, so that you get clean, white crystals. These crystals have a sucrose content of approximately 100%. With that, sugar is a highly pure food product and has almost unlimited preservation.

Sugar quota: Within the context of European sugar market regulation, a production quantity for sugar and isoglucose is fixed for every EU-member state that produces sugar. This quantity is again broken down to the producing companies and is fixed as production quota. With that, the production is limited and surpluses are minimized.

Sugar regime restructuring levy: Annual payment of the sugar producers in the EU with reference to the production quota for the financing of the EU restructuring funds in the scope of the EU-sugar regime (over a time period of three years): July 2006 to September 2008.

SuperEthanol E85: An environment-friendly fuel, which contains 85% bioethanol with the rest being petrol. bioethanol is extracted out of raw material, which contains sugar and starch (such as for example probably wheat, maize, triticale as well as concentrated juice of sugar beet). In order to be able to use E85 as fuel for automobiles, the so-called FFVs are needed *(See Flexible Fuel Vehicles)*.

T

Thick juice: *See sugar beet thick juice.*

Third country exports: The sugar export regulated through permits in third countries defines the export of sugar to countries outside the EU. The export licenses necessary for this are distributed by the EU to the sugar producers *(See export licenses)*.

Triticale: The grain type Triticale is a hybrid of wheat and rye and therefore combines the characteristics of both these sorts, with reference to taste as well as also to content. Triticale is used due to the high content of starch as well as also as energy grain for the production of bioethanol.

V

Vinasse: This term is understood as the residue of distillation, which contains protein, fats and minerals. Vinasse is either dried or used in liquid state as dung, in bio-gas facilities or as cattle fodder.

W

Waxy corn (maize): Waxy corn (maize) distinguishes itself through starch grains with a high content of amylopectin. With 70% to 80%, amylopectin accounts for the main constituent of the natural herbal starch, such as in corn (maize) or potato starch, and is used in food production technology especially as stabilizer and thickening agent. Like starch corn, the waxy corn also plays an important role as row material supplier for the industrial utilization.

Wet corn (maize): Corn (maize) that is fresh from harvest is also defined as wet corn (maize).

White sugar: Household sugar is defined as white sugar, which is extracted through crystallization and centrifugation.

West Balkan-Agreement: Since autumn 2000, sugar, among other products, may be imported in limited quantities duty-free from the former Yugoslavia countries to the EU. The EU has also made corresponding free trade agreements with Croatia and Serbia.

WTO: The World Trade Organization with its office in Geneva, in which 150 member states negotiate the liberalization of the world trade.

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Forward-looking statements

This annual report contains forward-looking statements, which are based on assumptions and estimates made by the Management Board of AGRANA Beteiligungs-AG. Although these assumptions, plans and projections represent the Management Board's current intentions and best knowledge, a large number of internal and external factors may cause actual future developments and results to differ materially from these assumptions and estimates. Some examples of such factors are, without limitation: negotiations concerning world trade agreements; changes in the overall economic environment, especially developments in macroeconomic variables such as exchange rates, inflation and interest rates; changes in market policy, such as the EU sugar regime; consumer behaviour; and public policy related to food and energy. AGRANA Beteiligungs-AG does not guarantee in any way that the forward-looking assumptions and estimates contained in this annual report will prove correct, nor does it accept any liability for loss or damages that may result from any use of or reliance on this report.

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