AGRANA




IN OUR HANDS

ANNUAL REPORT
2013|14

KEY FINANCIALS
(UNDER IFRS)

		2013|14	2012|13[1]	2011|12	2010|11	2009|10
FINANCIAL PERFORMANCE[2]						
Revenue	€m	**3,043.4**	3,065.9	2,577.6	2,165.9	1,989.2
EBITDA[3]	€m	**258.9**	318.4	309.0	207.8	176.2
EBITDA margin	%	**8.5**	10.4	12.0	9.6	8.9
Operating profit before exceptional items	€m	**171.4**	236.9	232.4	128.6	91.9
Operating margin before exceptional items	%	**5.6**	7.7	9.0	5.9	4.6
Operating profit after exceptional items [EBIT]	€m	**175.3**	217.9	231.0	128.6	86.9
Profit before tax	€m	**148.1**	190.2	206.3	109.7	87.4
Profit for the period	€m	**109.8**	156.5	155.7	87.1	72.7
Attributable to shareholders of the parent		*107.9*	*149.4*	*152.4*	*84.9*	*72.2*
Attributable to non-controlling interests		*1.9*	*7.1*	*3.3*	*2.2*	*0.5*
Operating cash flow before change in working capital	€m	**196.2**	256.3	250.1	169.0	149.6
Purchases of property, plant and equipment and intangibles[4]	€m	**136.0**	149.8	97.1	55.9	48.4
Purchases of non-current financial assets	€m	**0.2**	0.1	1.7	0.1	0.9
Staff count[5]		**8,778**	8,449	7,982	8,243	7,927
Return on sales[6]	%	**4.9**	6.2	8.0	5.1	4.4
Return on capital employed	%	**10.4**	13.4	14.4	9.3	6.9
SHARE DATA AT LAST DAY OF FEBRUARY						
Closing price	€	**87.70**	101.50	83.95	79.20	71.56
Earnings per share	€	**7.60**	10.52	10.73	5.98	5.08
Dividend per share	€	**3.60[7]**	3.60	3.60	2.40	1.95
Dividend yield	%	**4.1[7]**	3.5	4.3	3.0	2.7
Dividend payout ratio	%	**47.4[7]**	34.2	33.6	40.1	38.4
Price/earnings ratio		**11.5**	9.6	7.8	13.2	14.1
Market capitalisation	€m	**1,245.5**	1,441.5	1,192.3	1,124.8	1,016.3
FINANCIAL STRENGTH						
Total assets	€m	**2,452.1**	2,578.4	2,362.1	1,992.7	1,888.4
Share capital	€m	**103.2**	103.2	103.2	103.2	103.2
Core non-current assets[8]	€m	**1,065.1**	1,045.8	956.5	937.0	962.2
Equity	€m	**1,192.7**	1,211.9	1,073.0	964.2	898.5
Equity ratio	%	**48.6**	47.0	45.4	48.4	47.6
Net debt	€m	**410.6**	483.7	469.2	382.4	376.6
Gearing (net debt to total equity)	%	**34.4**	39.9	43.7	39.7	41.9

[1] The prior-year data have been restated under IAS 8 in conjunction with IAS 19 (Employee Benefits, Revised 2011). Detailed information is provided from page 94.
[2] Detailed information concerning the calculation methods for individual performance indicators can be found on page 168.
[3] Operating profit before exceptional items, depreciation and amortisation.
[4] Excluding goodwill.
[5] The staff count represents the average number of employees for the financial year.
[6] Profit before tax, divided by revenue.
[7] Based on the dividend proposal to the Annual General Meeting on 4 July 2014.
[8] Non-current assets excluding deferred tax assets and the item "receivables and other assets".

HIGHLIGHTS OF 2013|14 RESULTS

- Revenue of € 3,043.4 million
  again surpassed 3-billion mark
- Decrease in operating profit before exceptional items, to € 171.4 million (prior year: € 236.9 million)
- Operating margin of 5.6% (prior year: 7.7%)
- Positive net exceptional items of € 3.9 million (prior year: net expense of € 19.1 million)
- Earnings per share eased to € 7.60 (prior year: € 10.52)
- Stronger equity ratio of 48.6% (prior year: 47.0%)
- Improved gearing of 34.4% (prior year: 39.9%)
- Successful production start of wheat starch plant in Pischelsdorf, Austria
- Proposed dividend of € 3.60 per share, as in prior year

QUICK FACTS ABOUT AGRANA

- The leading sugar manufacturer in Central, Eastern and Southeastern Europe
- Major manufacturer of custom starch products in Europe and largest producer of bioethanol in Austria
- World market leader in the production of fruit preparations
- Largest manufacturer of fruit juice concentrates in Europe
- About 8,800 employees worldwide
- 54 production sites in 26 countries around the world

FINANCIAL CALENDAR FOR 2014|15

9 May 2014	Annual results press conference for 2013|14
4 July 2014	Annual General Meeting for 2013|14
9 July 2014	Dividend payment and ex-dividend date
10 July 2014	Results for first quarter of 2014|15
9 October 2014	Results for first half of 2014|15
13 January 2015	Results for first three quarters of 2014|15

IN OUR HANDS

The responsibility for balancing economic, environmental and social needs today, and for the conditions which future generations will encounter when seeking to meet their needs, rests in our hands. As empowered consumers, employees and employers and as members of the society in which we live, our decisions contribute to shaping the present and the future. It is up to us to use our individual opportunities responsibly and sustainably. At AGRANA, the globally operating processor of agricultural raw materials, an average of about 8,800 pairs of hands in the Sugar, Starch and Fruit business segments work for the economic future of the Group.

In going about our work, it is important to us to consider the environmental impacts of our actions and honour our social responsibility to employees, colleagues and fellow citizens. This is a daily balancing act which, especially in a demanding business environment, requires dedication and a deft touch.

The story of how we mastered this challenge in the 2013|14 financial year is told in this annual report under the motto "In our hands".

In a sustainability feature section in the annual report 2012|13, AGRANA for the first time presented non-financial performance indicators compiled in accordance with the Global Reporting Initiative (GRI Version 3.1). In the current report on the 2013|14 financial year, important sustainability aspects are integrated directly in the corporate governance report and Group management report. To make the non-financial information easier to find, page 67 provides a content index to all indicators included in the report. In addition, relevant passages on the respective pages are marked with a green fingerprint.

Dear Investor,

In front of you is our report on the 2013|14 financial year, during which, in a demanding market environment, we were able to repeat the prior year's record revenue of more than € 3 billion, overcoming the effect of declining prices by achieving higher sales volumes.

In pre-exceptionals operating profit in the Sugar segment, falling market prices and significantly risen raw material costs led to a sharp drop from the extraordinarily good earnings of the previous two years. Operating profit in the Starch segment eased from the prior-year level as expected, as selling prices decreased more strongly than raw material prices and as the start-up costs of the wheat starch plant in Pischelsdorf, Austria, made themselves felt. In the bioethanol business (part of the Starch segment), market confidence was adversely affected by the pending decision by European policy-makers regarding bioethanol (calling into question the targets for bioethanol content in petrol) and the circumvention of tariff protection of the EU sugar market by imports from the USA. The earnings evolution in the Fruit segment, however, was very positive. The structural measures we took in the European fruit preparations activities, the clear volume gains in the markets outside Europe and the successful business trend at AUSTRIA JUICE GmbH enabled the Fruit segment to close ranks with the other segments in terms of profitability.

At the same time, our fundamental strategy of diversification proved its worth, as the impacts of volatile conditions were softened by the diversification across our different businesses. We will remain true to this strategy to ensure AGRANA's lasting success.

Commitment to stock market listing

The exit, announced in February 2014, of British financial services firm Prudential plc (M&G Investments), which had held more than 15% of the share capital of AGRANA, did not lead to a shift in the core shareholder structure and effectively did not have any major implications for the share price, as each of our main owners acquired an equal portion of the shares sold. Additionally, our principal shareholders communicated a clear commitment to the AGRANA Group's continuing listing on the stock market and are seeking to increase the effective free float. AGRANA's presence in the capital markets is to be further improved and the trading liquidity of its shares strengthened again.

AGRANA continues to follow a dividend policy with a long-term focus. This year as well, the Management Board will recommend to shareholders at the Annual General Meeting to pay a dividend of € 3.60 per share, the same amount as for the prior year. This would represent a payout ratio of approximately 47% and a dividend yield of about 4.1% based on the closing share price at the end of the financial year.

The power to succeed rests in our hands

Although the mildly positive economic trend helped us hold revenue stable year-on-year, our longer-term ability to generate satisfactory results requires focused investment in sustainable growth, combined with measures to reduce costs. With this in mind we continue to work on fine-tuning aspects of our organisational structure to make optimal use of our in-house expertise and to reap the full benefits of efficiency gains, especially in energy management.

An important foundation of our success lies in our research and development activities. After the physical expansion of our existing research facility in Tulln, Austria, it will become the new AGRANA Research & Innovation Center (ARIC), combining all R&D work for the Sugar, Starch and Fruit segments in one place. This will foster closer collaboration between the previously geographically separate Fruit research groups and will raise synergies in R&D initiatives that serve multiple business segments.

The recent acquisition of two sugar refining sites in Romania close to target markets (still subject to approval by competition authorities) not only underlines our long-standing commitment to this country but is also intended to reinforce our market position in Southeastern Europe. In the Fruit segment we anticipate a continuing positive trend for AGRANA in the US market through the start of operations as planned at our new, fourth fruit preparations plant in Lysander, New York. From the middle of May 2014, the facility will produce fruit preparations for the dairy, bakery and ice-cream industries. In the bioethanol business we expect a further boost from our highly efficient complex in Pischelsdorf, Austria, which now achieves 100% utilisation of its raw materials thanks to the new wheat starch plant that has begun production.

EU sugar regime

With the ending of the European sugar regime in 2017, challenging years of greater competitive pressure are ahead for the sugar industry in Europe. However, this will also enable AGRANA to supply more beet sugar to the Eastern European deficit market and give us the opportunity to win market share in isoglucose (a liquid saccharification product based on starch). In our joint venture plant in Hungary with an isoglucose quota of about 250,000 tonnes, AGRANA already manufactures more than one-third of all isoglucose produced in the EU.

Economy and ecology go hand in hand

As a result of the close dependence on agricultural crops that is inherent in our business, the quest for sustainability has always been vital to AGRANA and thus integral to our business model. We are convinced that lasting success is possible only by balancing environmental, economic and social imperatives.

Specifically, to us this means efficient, resource-saving production with the least amount of emissions possible, and responsible and respectful relationships with our employees, customers and suppliers. In our sourcing of agricultural raw materials, we seek to take sustainability-related approaches that have proven themselves in our Austrian contract policies and extend applicable elements of this expertise to other regions of the world in order to contribute to the improvement of social and environmental standards. Our integrated approach also informed the preparation of this annual report, which presents sustainability aspects where they best fit into the narrative from a holistic point of view. This integrated "green" coverage takes the place of the self-contained sustainability feature section that was included in our last annual report. To make it easier to find the coverage of sustainability themes, the relevant passages are marked with a green fingerprint.

Outlook

From the new 2014|15 financial year, some of our joint venture companies, such as HUNGRANA and our Western Balkans sugar business, must be accounted for differently under IFRS than to date. This will lead to significant changes in the reported values.

Even without this change in IFRS reporting, however, AGRANA foresees a price-driven reduction in revenue in the new financial year. We do not expect an improvement in the market situation for the Sugar segment, but are projecting stable business in the Starch segment and growth in the Fruit segment thanks partly to the start of production at the new fruit preparations plant in the USA.

On behalf of the whole Management Board, I would like to thank everyone who contributed to AGRANA's successful year, particularly our employees for their loyalty and hard work, and our commercial partners and shareholders for their confidence and trust.

Sincerely

Johann Marihart
Chief Executive Officer

SUPERVISORY BOARD'S REPORT

The Supervisory Board actively oversaw and supported AGRANA's performance in the 2013|14 financial year and fulfilled its responsibilities and exercised its powers under the law and the Articles of Association while observing the provisions of the Austrian Code of Corporate Governance. In a total of four meetings, of which all its members attended at least half, the Supervisory Board, through the reports of the Management Board and detailed written material, informed itself about the company's business situation and financial position, about all relevant matters concerning the business results, financial situation, investment plans and exceptional business transactions as well as the corporate strategy, and discussed these subjects with the Management Board. The thorough deliberations in the meetings of the Supervisory Board and its committees centred on the corporate strategy and opportunities for the further development of the Group, as well as the current challenges of the general economic environment. The Supervisory Board was briefed in a timely and comprehensive manner about measures requiring its approval. In accordance with the provisions of the Austrian Code of Corporate Governance, the Supervisory Board commissioned an external evaluation of its activities, the findings of which it thoroughly discussed.

Regular key agenda items of the Supervisory Board's deliberations were the strategic orientation and further development of the Group, the business trend in all segments and the optimisation of corporate financing. Outside the regular meetings as well, the Chairman of the Supervisory Board had numerous conversations with the Management Board to discuss ongoing developments in the Group's environment, their impact on current business results, and the risk situation.

In its meeting on 13 May 2013, the Supervisory Board dealt with the audit of the parent company and consolidated financial statements for the year ended 28 February 2013, the nomination of the independent auditor for election for the 2013|14 financial year, and the medium-term investment planning. The independent auditor attended this meeting and reported on the focal points and results of the audit, which also included the accounting-related portion of the internal control system. The Supervisory Board adopted the parent company financial statements and approved the consolidated financial statements. In its meeting on 5 July 2013, the Supervisory Board discussed and approved the medium-term planning. The meeting on 14 November 2013 discussed the reporting on the forecast financial results for 2013|14, the subject of corporate governance, and strategic equity investment projects. In February 2014, by circular resolution, the Supervisory Board approved the acquisition by AGRANA Starke GmbH of the 25.1% interest in AGRANA Bioethanol GmbH that was held by Rübenproduzenten Beteiligungs GesmbH. In its meeting on 27 February 2014, the Supervisory Board deliberated on the planning and the investment projects for the 2014|15 financial year. The meeting also discussed the self-evaluation under the Austrian Code of Corporate Governance.

The Audit Committee convened for two meetings in the 2013|14 financial year. With the independent auditor in attendance, the Audit Committee dealt exhaustively with the 2012|13 parent company and consolidated financial statements of AGRANA Beteiligungs-AG and discussed the Management Board's proposal for the appropriation of profit. The Committee's deliberations also covered the audit of the corporate governance report and dealt with the report from Internal Audit and with the risk management system.

The Nomination and Remuneration Committee met once in the reporting period and discussed the compensation of the members of the Management Board.

The committee chairmen regularly reported to the Supervisory Board on the work of the respective committees.

Parent company and consolidated financial statements
The consolidated financial statements, group management report, parent company financial statements and parent company management report of AGRANA Beteiligungs-AG ("AGRANA") for the 2013|14 financial year presented by the Management Board, as well as the accounting records, were audited by and received an unqualified audit opinion from the independent auditor appointed by the Annual General Meeting, KPMG Austria AG, Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Vienna. The compliance review of the corporate governance report under section 243b Austrian Commercial Code and the review of AGRANA's compliance in the 2013|14 financial year with the Austrian Code of Corporate Governance (the Code) were performed by Univ.-Prof. DDr. Waldemar Jud Corporate Governance Forschung CGF GmbH and found that AGRANA complied with the provisions of the Code in 2013|14, to the extent that the provisions were covered by the declaration of compliance. The Supervisory Board endorses the results of the audit and of the compliance reviews.

The Audit Committee has reviewed the parent company financial statements and reported to the Supervisory Board in the presence of the independent auditor. 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 2013|14 financial year as well as the Management Board's proposal for the appropriation of profit. The final results of all of these reviews did not give rise to any reservations.

The Supervisory Board has approved the consolidated financial statements and parent company financial statements for the 2013|14 financial year prepared by the Management Board, which are thus adopted for the purposes of section 96 (4) Austrian Stock Corporation Act. The Supervisory Board endorses the group management report and parent company management report for the 2013|14 financial year and is in agreement with the proposed appropriation of profit.

The Supervisory Board extends its sincere appreciation and thanks to the Management Board and all employees of the Group for their commitment and accomplishments in the year.

Vienna, May 2014

Christian Konrad
Chairman of the Supervisory Board

AGRANA'S MANAGEMENT BOARD

Responsible Hands

Johann Marihart
Chief Executive Officer

Chief Executive Officer since 1992
First appointed 19 September 1988
Appointed until 30 September 2018

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, managing director 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.

Fritz Gattermayer
Member of the Management Board

First appointed 1 January 2009
Appointed until 31 December 2018

Born 1957. Studied agricultural economics at University of Natural Resources and Applied Life Sciences, Vienna, and history and political science at University of Vienna. In 1995 was appointed head of the Group-level "Business Strategy and Raw Materials" department at AGRANA Beteiligungs-AG, with "Prokura" (full commercial powers of attorney). In 2000 became a management board member of AGRANA Zucker und Stärke AG. From 2004 to 2008 was a member of the senior management of the Sugar segment and Starch segment. In 2008 became CEO of the Sugar segment. Member of the AGRANA Management Board since 2009. Present responsibilities: Sales, Raw Materials, Purchasing and Sugar Segment.

Walter Grausam
Member of the Management Board

First appointed 1 January 1995
Appointed until 31 December 2014

Born 1954. Studied business administration at Vienna University of Economics and Business Administration. Worked in tax advisory and audit services, then in a food group in the controlling department and, from 1987, as a member of management. From 1989 to 1994 held management 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.

Thomas Kölbl
Member of the Management Board

First appointed 8 July 2005
Appointed until 7 July 2015

Born 1962. Trained in industry, then 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 Mannheim/Ochsenfurt in 2004. Responsibility on the Management Board of AGRANA: Internal Audit.

CORPORATE GOVERNANCE REPORT

Believing both in trust and in verification is an important dual element of our management culture.

AGRANA is committed to the Austrian Code of Corporate Governance. The Code, a voluntary self-regulatory initiative of private industry, is a comprehensive set of best practices that stipulates equal treatment of all shareholders and transparency of corporate governance. The Code can be viewed on the website of the Austrian Working Group for Corporate Governance at www.corporate-governance.at.

The Code consists of binding so-called L rules (these are based on legal requirements); of C rules (comply-or-explain rules), which are expected to be adhered to, with deviations to be explained in order to achieve compliance with the Code; and of R rules (recommendations), non-compliance with which requires neither disclosure nor explanation.

In the 2013|14 financial year, AGRANA applied the Austrian Code of Corporate Governance in the version of July 2012. At its meetings on 14 November 2013 and 27 February 2014, the Supervisory Board of AGRANA Beteiligungs-AG discussed matters of corporate governance and unanimously adopted the statement of compliance with the Code.

By providing the following explanations, AGRANA is also in conformity with all of the Code's C rules:

- **Rule 27 (Management Board compensation criteria)**
  A retroactive change to existing contracts does not appear justified. The existing employment contracts of the Management Board members do not tie variable compensation to non-financial criteria and do not specify maximum amounts. Setting ceilings on the amount of variable compensation would reduce the flexibility to respond to unforeseeable developments and to honour special achievements.

- **Rule 27a (severance pay)**
  In the event that a Management Board appointment is withdrawn, severance pay has been agreed in accordance with the provisions of the Employees Act. The Management Board contracts do not contain a ceiling on severance pay.

- **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)**
  Until 27 February 2014, AGRANA Beteiligungs-AG had a free float of more than 20%. Above this threshold, 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 Beteiligungs-AG does not have such a free-float representative. As a result of the change in shareholder structure at the end of February 2014 *(also see page 77)*, rule 54 no longer applies to AGRANA from the new 2014|15 financial year.

The business culture of the AGRANA Group has always been marked by open and constructive teamwork between the Management Board and Supervisory Board, which together ensure that the Code's requirements are fulfilled. The Management and Supervisory Boards of AGRANA, and especially their chairmen, are thus engaged in ongoing dialogue regarding the Group's performance and strategic direction, both at and between Supervisory Board meetings.

To safeguard open and transparent communication with shareholders and the interested public, information given to investors during conference calls and road shows is simultaneously made available to all other shareholders via the Group website (www.agrana.com).

External evaluation

In accordance with rule 62 of the Austrian Code of Corporate Governance, AGRANA commissioned an external evaluation of compliance with the Code, which was performed by Univ.-Prof. DDr. Waldemar Jud Corporate Governance Forschung CGF GmbH. The evaluation was conducted using the questionnaire issued for this purpose by the Austrian Working Group for Corporate Governance and is available to the public on the AGRANA website at www.agrana.com. The report confirms that AGRANA complied with the Code in the 2013|14 financial year.

AGRANA'S BOARDS

Management Board

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

	Year of birth	Date first appointed	End of current term
Johann Marihart Chief Executive Officer since 1992	1950	19 Sep 1988	30 Sep 2018
Fritz Gattermayer Management Board member since 2009	1957	1 Jan 2009	31 Dec 2018
Walter Grausam Management Board member since 1995	1954	1 Jan 1995	31 Dec 2014
Thomas Kölbl Management Board member since 2005	1962	8 Jul 2005	7 Jul 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, Mannheim, Germany ("Südzucker") and Zucker-Beteiligungsgesellschaft m.b.H., Vienna, Johann Marihart serves as a member of the management board of Südzucker and as a member of the supervisory boards of its subsidiaries Raffinerie Tirlemontoise S.A., Brussels, Belgium, Saint Louis Sucre S.A., Paris, France, and BENEO GmbH, Mannheim, Germany.

  In Austria he serves as supervisory board chairman of TÜV Austria Holding AG, Vienna, and Spanische Hofreitschule, Vienna; vice-chairman of the supervisory boards of Bundesbeschaffung GmbH, Vienna, and Österreichische Forschungsförderungsgesellschaft mbH, Vienna; member of the supervisory board of Ottakringer Getränke AG, Vienna, and member of the General Council (the supervisory board) of Oesterreichische Nationalbank, Vienna.

- **Thomas Kölbl**
  Thomas Kölbl holds the following positions: Member of the supervisory board of Baden-Württembergische Wertpapierbörse, Stuttgart, Germany, and its subsidiaries Boerse Stuttgart Holding GmbH, Boerse Stuttgart AG and EUWAX Aktiengesellschaft, all based in Stuttgart, Germany. He also holds the following group positions within the Südzucker group: member of the supervisory board of BENEO GmbH, Mannheim, Germany; CropEnergies AG, Mannheim, Germany; Freiberger Holding GmbH, Berlin, Germany; Raffinerie Tirlemontoise S.A., Brussels, Belgium; Saint Louis Sucre S.A., Paris, France; Südzucker Polska S.A., Wrocław, Poland; and supervisory board chairman of Mönnich GmbH, Kassel, Germany; PortionPack Europe Holding B.V., Oud-Beijerland, Netherlands; and Südzucker Versicherungs-Vermittlungs-GmbH, Mannheim, Germany.

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, discuss the current course of business and take the necessary informal and formal decisions. The Group is managed on the basis of an open exchange of information and regular meetings with the segment heads and other senior segment management.

The terms of reference set out the division of responsibilities and the cooperation within the Management Board and its duties in respect of 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:

	Responsibilities
Johann Marihart	Business Strategy, Production, Quality Management, Human Resources, Communication (including Investor Relations), 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

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. All Supervisory Board members elected by the Annual General Meeting were elected at the AGM on 2 July 2012 for a term ending at the conclusion of the General Meeting that considers the results of the 2016|17 financial year.

Name, and supervisory board positions in listed domestic and foreign companies	Year of birth	Date first appointed	End of current term
Christian Konrad, Vienna, independent			
Chairman of the Supervisory Board	1943	19 Dec 1990	30th AGM (2017)
– Vice-Chairman of the Supervisory Board of Südzucker AG Mannheim/Ochsenfurt, Mannheim, Germany – Member of the Supervisory Board of DO & CO Restaurants & Catering AG, Vienna			
Wolfgang Heer, Ludwigshafen, Germany, independent			
First Vice-Chairman of the Supervisory Board	1956	10 Jul 2009	30th AGM (2017)
Erwin Hameseder, Mühldorf, Austria, independent			
Second Vice-Chairman of the Supervisory Board	1956	23 Mar 1994	30th AGM (2017)
– First Vice-Chairman of the Supervisory Board of Flughafen Wien AG, Vienna – First Vice-Chairman of the Supervisory Board of Raiffeisen Bank International AG, Vienna – Vice-Chairman of the Supervisory Board of STRABAG SE, Villach, Austria – Second Vice-Chairman of the Supervisory Board of UNIQA Versicherungen AG, Vienna – Member of the Supervisory Board of Südzucker AG Mannheim/Ochsenfurt, Mannheim, Germany			
Jochen Fenner, Gelchsheim, Germany, independent			
Member of the Supervisory Board	1952	1 Jul 2011	30th AGM (2017)
– Member of the Supervisory Board of Südzucker AG Mannheim/Ochsenfurt, Mannheim, Germany			
Hans-Jörg Gebhard, Eppingen, Germany, independent			
Member of the Supervisory Board	1955	9 Jul 1997	30th AGM (2017)
– Chairman of the Supervisory Board of Südzucker AG Mannheim/Ochsenfurt, Mannheim, Germany – Member of the Supervisory Board of VK Mühlen AG, Hamburg, Germany – Member of the Supervisory Board of CropEnergies AG, Mannheim, Germany			
Ernst Karpfinger, Baumgarten/March, Austria, independent			
Member of the Supervisory Board	1968	14 Jul 2006	30th AGM (2017)
Thomas Kirchberg, Ochsenfurt, Germany, independent			
Member of the Supervisory Board	1960	10 Jul 2009	30th AGM (2017)
Josef Pröll, Vienna, independent			
Member of the Supervisory Board	1968	2 Jul 2012	30th AGM (2017)
– Member of the Supervisory Board of VK Mühlen AG, Hamburg, Germany			

Name	Year of birth	Date first appointed
Employee representatives		
Thomas Buder, Tulln, Austria Chairman of the Group Staff Council and the Central Staff Council	1970	1 Aug 2006
Gerhard Glatz, Gmünd, Austria	1957	1 Jan 2010
Stephan Savic, Vienna	1970	22 Oct 2009
Peter Vymyslicky, Leopoldsdorf, Austria	1952	22 Dec 1997

Supervisory Board independence

The Supervisory Board of AGRANA Beteiligungs-AG applies the guidelines for the definition of supervisory board independence in the form set out in Annex 1 to the Austrian Code of Corporate Governance:

- A Supervisory Board member shall not, in the past five years, have been a member of the Management Board or other management staff of the company or a subsidiary of the company.

- A 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 business relationship in the past year. This also applies to business relationships with 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 designation as non-independent.

- A 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 external auditing firm.

- A 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.

- A Supervisory Board member shall not serve on 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.

- A 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 points.

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 in respect of the Management Board and approves the compensation schemes for the Management Board members. In the 2013|14 financial year the Nomination and Remuneration Committee met once.

The **Strategy Committee** prepares strategic decisions of the Supervisory Board by providing decision support, and makes decisions in urgent matters. The Strategy Committee held no meetings in the 2013|14 financial year.

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 and Group management report, including the corporate governance report. 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. In the 2013|14 financial year the Audit Committee met twice. Its meetings focused particularly on the audit of the 2012|13 financial statements, the preparation of the audit of the 2013|14 financial statements, and the supervision of the risk management system.

The Supervisory Board terms of reference include the procedures for the committees; an excerpt of the terms of reference is available on the AGRANA website at www.agrana.com.

Supervisory Board committees consist of the Supervisory Board Chairman or a Vice-Chairman, and of as many Supervisory Board members as the Supervisory Board shall determine. The only exception is the Nomination and Remuneration Committee, which consists of the Supervisory Board Chairman and two members appointed from among the Supervisory Board members elected by the Annual General Meeting. If the Supervisory Board has two Vice-Chairmen, they shall be appointed as these two other members of the Nomination and Remuneration Committee.

	Position on committee
Nomination and Remuneration Committee	
Christian Konrad	Chairman (and expert advisor on compensation)
Wolfgang Heer	Member
Erwin Hameseder	Member
Strategy Committee	
Christian Konrad	Chairman
Wolfgang Heer	Member
Erwin Hameseder	Member
Hans-Jörg Gebhard	Member
Thomas Buder	Employee representative
Gerhard Glatz	Employee representative
Audit Committee	
Erwin Hameseder	Chairman (and expert advisor on finance)
Wolfgang Heer	Member
Thomas Buder	Employee representative

In the reporting period the Supervisory Board convened for four meetings.

COMPENSATION REPORT

Compensation of the Management Board

The Supervisory Board duly reviews and discusses the appropriateness of the Management Board's compensation, also taking into consideration the Group's internal compensation structure.

The total compensation of the Management Board members consists of a fixed and a variable, performance-based component. The performance-based component is contractually tied to the amount of the dividends paid over the respective last three years, in order to take into account sustainable, long-term performance criteria.

The compensation paid out in the 2013|14 financial year and in the prior year to the members of the Management Board was as follows:

€	Fixed compensation[1]	Variable compensation[2]	Total
2013|14			
Johann Marihart (Chief Executive Officer)	607,851	562,401	1,170,252
Fritz Gattermayer	468,063	409,019	877,082
Walter Grausam	583,181	536,837	1,120,018
Thomas Kölbl[3]	–	–	–
2012|13			
Johann Marihart (Chief Executive Officer)	557,200	562,401	1,119,601
Fritz Gattermayer	407,200	409,019	816,219
Walter Grausam	532,200	536,837	1,069,037
Thomas Kölbl[3]	–	–	–

On average, the fixed compensation of the Management Board members increased by about 10.9% from the prior year. 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. For the 2013|14 financial year, pension fund contributions of € 968 thousand (prior year: € 684 thousand) were paid, while € 655 thousand (prior year: € 848 thousand) was added to provisions for pension obligations within the balance sheet item "retirement and termination benefit obligations".

In the event of retirement below the age determined under the ASVG, the amount of the pension is reduced. The retirement benefit obligations in respect of the Management Board are administered by an external pension fund. An amount of € 3,940 thousand (prior year: € 3,285 thousand) was recognised in the balance sheet at 28 February 2014. In the event that a Management Board appointment is withdrawn, severance pay has been agreed in accordance with the provisions of the Employees Act (see note on rule 27a).

No compensation agreements in the event of a public takeover offer exist between the Company and its Management Board, Supervisory Board or other staff.

AGRANA maintains directors and officers liability insurance coverage for management staff. This D&O insurance covers certain personal liability risks of the persons acting as legal representatives of the AGRANA Group. The cost is borne by AGRANA.

[1] *Including non-monetary benefits.*
[2] *Compensation for the prior year.*
[3] *The Management Board member of AGRANA Beteiligungs-AG appointed on the basis of the syndicate agreement between Südzucker AG Mannheim/Ochsenfurt, Mannheim, Germany, and Zucker-Beteiligungsgesellschaft m.b.H, Vienna, does not receive compensation for serving in this capacity.*

Transactions of members of the Management Board in financial instruments 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 there were no such transactions.

Compensation of the Supervisory Board

On 5 July 2013 the Annual General Meeting approved an annual aggregate remuneration for the Supervisory Board of € 250,000 (prior year: € 200,000) for the 2012|13 financial year and delegated to the Supervisory Board the responsibility for allocating this sum among its members. The amount paid to the individual Supervisory Board members is tied to their function on the Board. No meeting fees were paid.

The compensation of the individual members of the Supervisory Board was as follows:

€	**2013|14[1]**	**2012|13[1]**
Christian Konrad (Chairman of the Supervisory Board)	55,000	50,000
Wolfgang Heer (First Vice-Chairman of the Supervisory Board)	35,000	30,000
Erwin Hameseder (Second Vice-Chairman of the Supervisory Board)	35,000	30,000
Jochen Fenner	25,000	18,000
Hans-Jörg Gebhard	25,000	18,000
Ernst Karpfinger	25,000	18,000
Thomas Kirchberg	25,000	18,000
Josef Pröll	25,000	–
Christian Teufl[2]	*–*	*18,000*

In accordance with section 110 (3) of the Austrian Labour Act, the Supervisory Board members who are employee representatives do not receive Supervisory Board compensation.

COMPLIANCE

For AGRANA, compliance with legal and regulatory requirements is integral to good corporate governance.

The Group's compliance policies and the AGRANA Code of Conduct express and establish important values of the Group and its people.

To reduce its various liability risks, the AGRANA Group maintains a compliance organisation with a dedicated compliance office led by the compliance officer. The responsibilities of the compliance officer include assuring the implementation of internal policies, providing support in compliance matters, conducting compliance trainings and documenting any cases of non-compliance.

The purpose of the AGRANA compliance organisation is to protect the Group's best interests, help employees to avoid violating laws or company policies and assist them in applying these correctly.

The Internal Audit department verifies the compliance with laws, regulations and internal policies. Among its activities in the 2013|14 financial year, it audited twelve of the 51 AGRANA sites (23.5%) that fall within the sustainability report boundaries *(see page 56)*, including audits for corruption and fraud. The audits did not find any significant misconduct. Recommendations for minor adjustments to business processes and authorisation structures were and are implemented on an ongoing basis in the companies concerned.

[1] *Compensation for the prior year.*
[2] *Retired from the Supervisory Board at 2 July 2012.*

MEASURES TO PROMOTE EQUITY FOR WOMEN

Equality of opportunity in the workplace and equal treatment of employees without regard to gender are principles that AGRANA has enshrined in its Code of Conduct. Any form of discrimination is resolutely confronted. The aim of AGRANA's diversity management is to create a work environment where employees feel integrated, respected and connected so that the breadth and depth of their abilities, experience and viewpoints can be harnessed synergistically for the Group.

In line with its core business activity of processing agricultural raw materials, AGRANA is regularly looking for prospective employees with technical training and education. As the proportion of women with vocational training or technical academic degrees is relatively low in Austria and other countries, a "Daughters' Day" was again held in 2013 to raise girls' interest in the technical trades and professions.

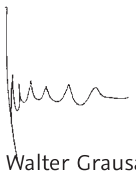
Keeping work and family life in harmony is a universal challenge on the career path. Besides the company day-care centre, in 2014|15 AGRANA is therefore offering a childcare service for staff in Vienna on days when schools close locally for a day, and on long-weekend days falling between a public holiday and the weekend. As well, in the summer of 2014 the company is for the first time providing a week of care during the summer holidays for children of employees at the sugar plant in Tulln, Austria. In this initiative, trained educators from the Lower Austria section of Hilfswerk (a non-profit organisation that is one of the country's largest providers of childcare) will put on age-specific, interesting programmes for the children. This pilot project is to help working parents during the summer.

Vienna, 29 April 2014

The Management Board of AGRANA Beteiligungs-AG

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

AGRANA IN THE CAPITAL MARKET

AGRANA SHARE DATA		2013|14	2012|13[1]	2011|12
Closing price (28 Feb 2014)	€	**87.70**	101.50	83.95
High	€	**115.10**	102.90	86.43
Low	€	**84.52**	80.00	72.30
Earnings per share	€	**7.60**	10.52	10.73
Price/earnings ratio (28 Feb 2014)		**11.54**	9.65	7.82
Closing book value per share (28 Feb 2014)	€	**79.32**	79.27	73.19
Closing market capitalisation (28 Feb 2014)	€m	**1,245.5**	1,441.5	1,192.3

[1] *The prior-year data were restated under IAS 8 in conjunction with IAS 19 (Employee Benefits, Revised 2011).*

KEY SHARE INFORMATION

ISIN code AT0000603709

Market segment Prime Market on VSE

Share class Ordinary shares

Number of shares 14,202,040

Reuters code AGRV.VI

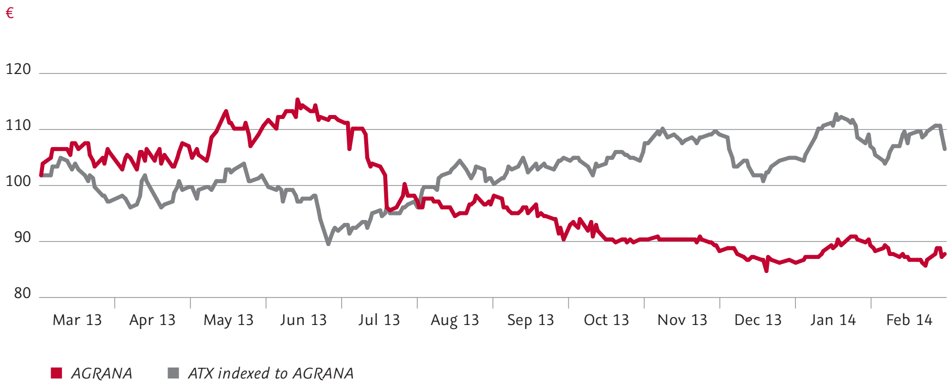
Bloomberg code AGR AV

Ticker symbol AGR

In 2013 the expectation of a continuing expansionary central bank monetary policy, of persistently low interest rates in the longer term and of a mild economic recovery in the industrialised countries led to significant price gains for the major stock markets. For example, the Dow Jones Industrial Average in the United States not only reached new historic highs but also charted its largest advance in almost 20 years. Nonetheless, 2013 did not see a global equity boom, as many smaller stock markets – and particularly in emerging economies – managed only modest gains or even lost ground. As a result of investors' focus on large, liquid equity markets, the performance on the Vienna Stock Exchange lagged that of the eurozone-wide EURO STOXX 50 benchmark index.

AGRANA (ISIN code: AT0000603709) started the 2013|14 financial year at an opening share price of € 101.50. The average trading volume rose from the prior year to just over 2,200 shares per day (based on double counting, as published by the Vienna Stock Exchange). AGRANA's share performance differed between the two halves of the financial year: In the middle of June 2013 the share price reached a new all-time high of € 115.10, but beginning in the summer it corrected to below € 100. Towards the end of the financial year the price moved in a range between € 85 and € 90. The closing price of AGRANA's shares on the balance sheet date was € 87.70. In the financial year under review AGRANA's share price thus decreased by 13.60%, while the performance of the Austrian benchmark index, the ATX, was slightly positive (+4.92%) over the same period.

AGRANA SHARE PERFORMANCE 2013|14



The market capitalisation at 28 February 2014, with an unchanged 14,202,040 shares outstanding, was € 1,245.5 million (prior year: € 1,441.5 million).

AGRANA is listed in the Prime Market segment of the Vienna Stock Exchange and is also quoted in the VÖNIX, the Austrian Sustainability Index. This equity index comprises those exchange-traded Austrian companies that are leading in social and environmental performance.

ACTIVE CAPITAL MARKET COMMUNICATION

AGRANA's investor relations activities are based on the key principles of providing comprehensive information, transparency and ongoing communication with investors and analysts. At the press conferences presenting the annual and half-year results, the financial and industry media were provided with detailed information on the financial results and business performance. In addition, the Management Board gave one-on-one interviews to financial, agricultural and other trade journalists and kept the public informed on current developments through press releases. Journalists were also invited on tours of operational sites.

At several road shows and investor conferences in Austria and abroad, the Management Board provided Austrian and international institutional investors and analysts with information on the performance and prospects of the AGRANA Group. This dialogue was supplemented by numerous individual conversations as well as by conference calls at the publication of quarterly and full-year results. In the financial year AGRANA also hosted an international Capital Markets Day. In October 2013, institutional investors and analysts were invited to tour the new wheat starch plant in Pischelsdorf and the sugar factory in Tulln and learn about new developments at the Group. At the GEWINN trade fair, private shareholders had the opportunity to find out about current projects and the operating business of AGRANA directly from the Management Board. AGRANA encourages young people's interest in the capital market; in 2013|14 the Group participated in a business congress for students and invited students to visit company sites as part of an Austria-wide stock market investment game.

An additional important channel of investor relations activities is the AGRANA 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. In January 2014 the AGRANA website was relaunched to make the Internet presence even more user-friendly and functional. AGRANA endeavours to make the same information available to all market participants at the same time.

In the 2013|14 financial year, Berenberg Bank, Goldman Sachs and Raiffeisen Centrobank published research reports on AGRANA. At the balance sheet date of 28 February 2014 the investment houses respectively rated AGRANA buy, hold, and sell. On 5 March 2014, Koch Bank also initiated coverage of AGRANA's shares. A detailed overview of the research reports can be found on the Internet at www.agrana.com > Investor Relations > The AGRANA Share > Research.

STEADY DIVIDEND POLICY

	2013|14	2012|13	2011|12
Dividend per share	€ 3.60[1]	€ 3.60	€ 3.60
Dividend yield[2]	4.10%[1]	3.55%	4.29%
Dividend payout ratio	47.37%[1]	34.22%	33.55%

[1] *Proposal to the Annual General Meeting.*
[2] *Based on the closing share price at the balance sheet date.*

AGRANA is committed to a dividend policy that takes the long view, with the objective of annually paying out approximately one-third of profit for the period. For the financial year under review, the Management Board will again propose to shareholders at the Annual General Meeting on 4 July 2014 to pay a dividend of € 3.60 per share or a total of approximately € 51.1 million, representing a dividend yield of 4.10% based on the share price of € 87.70 at the end of February 2014 (prior year: 3.55%). The dividend payment date is 9 July 2014.

STABLE SHAREHOLDER STRUCTURE AND COMMITMENT TO THE CAPITAL MARKET

AGRANA has a long-standing, stable principal shareholder in Z&S Zucker und Stärke Holding AG ("Z&S"), Vienna, which itself is indirectly co-owned by Zucker-Beteiligungsgesellschaft m.b.H. ("ZBG"), Vienna, and Germany's Südzucker AG Mannheim/Ochsenfurt, Mannheim, Germany ("Südzucker"). Under a syndicate agreement between Südzucker and ZBG, the partners in the syndicate have mutual rights to appoint members of each other's management board and supervisory board.

In February 2014, AGRANA received notification that British financial services firm Prudential plc (M&G Investments), London, United Kingdom, and several of its subsidiaries had fully divested their holdings in AGRANA. Z&S, which as AGRANA's majority shareholder had until then held 75.5% of the share capital, acquired an additional, direct interest of 10.7% from Prudential plc, giving Z&S a new total of 86.2% of the voting rights in AGRANA. Another 4.9% of AGRANA's shares was acquired directly by Südzucker and is to be returned to free float in order to improve AGRANA's capital market presence and increase its trading liquidity. Z&S holds a call option for this stake of just under 5% of AGRANA's share capital.

The shareholder structure is presented in detail in the section "Capital, Shares, Voting Rights and Rights of Control" on page 77.

GLOBAL REACH

26 countries, 54 production sites

AGRANA, the processor of agricultural raw materials with the three segments Sugar, Starch and Fruit, operates 54 production sites in 26 countries and had 8,929 employees at the end of February 2014.

- ● Sugar segment
- ▲ Starch segment
- ■ Fruit segment
- ✦ Countries
- ♀♂ Employees
- € Revenue in €

EU-28

● 9 sugar plants
▲ 5 starch plants
■ 19 fruit plants

✦ Austria, Belgium, Czech Republic, Denmark, France, Germany, Hungary, Poland, Romania, Slovakia

Employees
♀ 1,300 ♂ 3,411

Revenue
€ 2,492.8 million

NORTH AMERICA

■ 4 fruit plants
✦ USA, Mexico

Employees
♀ 476 ♂ 632

Revenue
€ 249.0 million

SOUTH AMERICA

■ 2 fruit plants
✦ Argentina, Brazil

Employees
♀ 70 ♂ 134

Revenue
€ 31.5 million

EUROPE NON-EU

- 1 sugar plant
- 5 fruit plants

Bosnia-Herzegovina, Russia, Serbia, Turkey, Ukraine

Employees
♀ 449 ♂ 543

Revenue
€ 151.3 million

ASIA

- 3 fruit plants

China, South Korea

Employees
♀ 77 ♂ 186

Revenue
€ 59.1 million

AUSTRALIA & OCEANIA

- 2 fruit plants

Australia, Fiji

Employees
♀ 46 ♂ 73

Revenue
€ 38.9 million

AFRICA

- 4 fruit plants

Egypt, Morocco, South Africa

Employees
♀ 1,235 ♂ 297

Revenue
€ 20.9 million

AGRANA'S STRATEGY

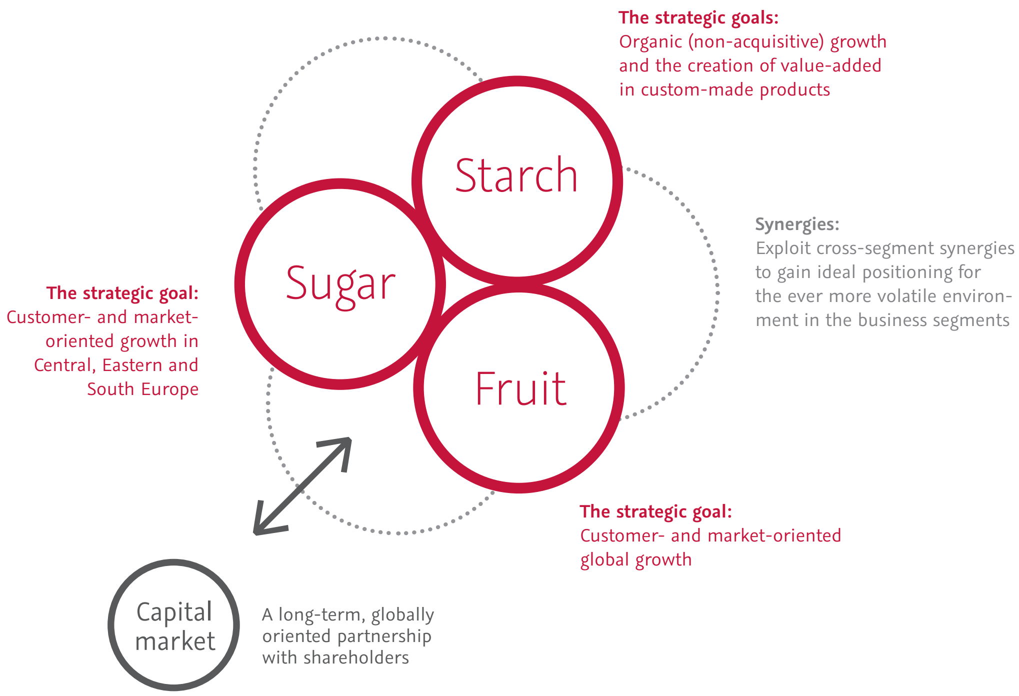
As a partner to our customers, we work hand in hand with them and communicate closely.

As an Austrian industrial group with an international focus, AGRANA's Sugar and Starch segments operate in Europe and its Fruit segment's operations are global. In these markets, AGRANA seeks or already commands a leading position in the industrial processing of agricultural raw materials. The Group pursues a growth strategy oriented to the respective local market opportunities. Long-lasting, stable customer and supplier relationships, respectful treatment of all stakeholders and continual growth in the company's value are major cornerstones of the corporate strategy, which is guided by the principles of sustainable management. AGRANA's aim is to provide both its globally operating and its regional customers worldwide with high product quality, optimum service and innovative product development ideas and expertise.

AGRANA controls and manages the product value chain from the purchase of agricultural raw materials to the production of the resulting intermediate goods for industrial customers (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 and raw material procurement, the knowledge of customer requirements and markets, the opportunities for the development of inter-segment products, and synergies in logistics, purchasing, sales and finance. These commonalities form the basis for a good market position in relation to competitors in all product groups, and underpin AGRANA's innovative strength and lean cost position.

In its business operations, AGRANA seeks to make the part of the product value chain that it has influence over as sustainable as possible. By sustainability, in this context AGRANA means primarily the following three aspects, which apply to all business segments:

- Utilisation of almost 100% of the agricultural raw materials employed, and use of low-emission technologies to protect the environment
- Respect for all stakeholders and communities where the Group operates
- Engaging in long-term partnerships



SUGAR SEGMENT STRATEGY

**The strategic goal:
Customer- and market-oriented growth.**

In the Sugar segment, AGRANA is very well positioned as a supplier in the Central, Eastern and Southeastern European countries. Through high standards of quality, an extensive sugar product portfolio and the building of the Group's regional brands, AGRANA differentiates itself from the competition. In addition to the goal of positioning sugar as a regional brand-name product, AGRANA continues to strive for full capacity utilisation everywhere and an intensification of marketing activities in Southeastern Europe. AGRANA's Sugar segment is also working to further expand the reselling and refining activities.

STARCH SEGMENT STRATEGY

The strategic goals: Organic (non-acquisitive) growth and the creation of value-added in custom-made products.

In the Starch segment, AGRANA focuses on highly refined specialty products. Innovative, customer-driven products supported by application advice and continuous product development, combined with cost optimisation, are the key to the segment's success. Examples are the leading position in organic and in GMO-free[1] starches 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. And AGRANA's essential core competency – processing agricultural raw materials into industrial products – is also the basis for the bioethanol business. In Austria, AGRANA is the leading vendor of this climate-friendly fuel. Through the new wheat starch plant, AGRANA wants to both further optimise the product portfolio and continue to progress towards the ideal of complete raw material utilisation.

FRUIT SEGMENT STRATEGY

The strategic goal: Customer- and market-oriented global growth.

In the Fruit segment, the Group's business activities are fruit preparations (AGRANA Fruit, about 70% of the segment's revenue) and fruit juice concentrates (AUSTRIA JUICE, about 30% of segment revenue):

- AGRANA Fruit, acting as a partner to food manufacturers, produces custom 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 and intends to further expand its presence and follow its internationally operating customers into new markets.

- AUSTRIA JUICE is a producer and reseller mainly of juice concentrates from apples, red fruits and berries. Manufacturing locations near the fruit growing areas allow AGRANA to ensure the high quality of its products, safeguard the global sales to the beverage industry and further expand these sales, including in not-from-concentrate juices and in fruit wines.

Through organic growth and with the help of acquisitions and cooperative new ventures, the Group aims to consolidate and steadily add to its worldwide market position.

[1] *GMO-free or GM-free: Not derived from genetically modified organisms.*

SYNERGY STRATEGY

The strategic goal: Use inter-segment synergies to ensure the Group's ideal positioning amid the volatile operating environment in the business segments.

The synergy strategy encompasses the strategies of the three individual segments and also includes the sustainability dimension. For AGRANA, sustainability has an environmental, a social and an economic aspect. The Group strives for careful, prudent use of natural resources, achieves almost 100% utilisation of its raw materials and employs highly efficient technologies to protect the environment.

CAPITAL MARKET STRATEGY

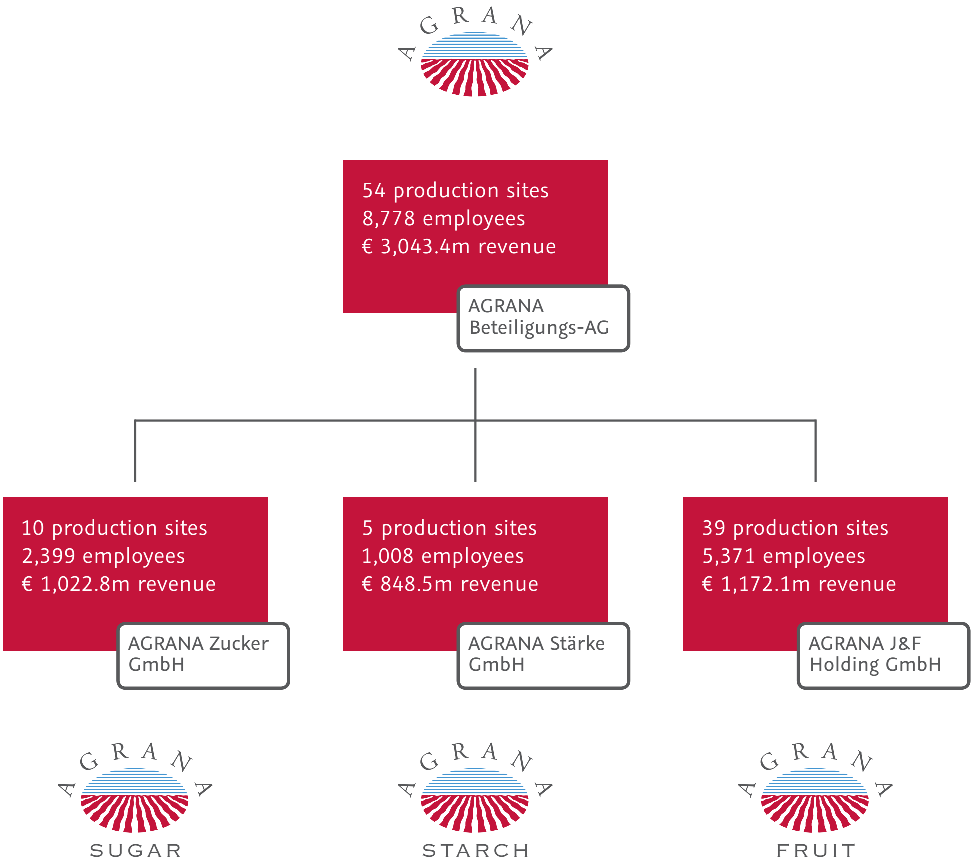
The strategic goal: A long-term partnership with shareholders.

The Group's sound equity base gives AGRANA strategic flexibility. For its overall financing needs, in addition to the ability to self-finance, AGRANA has access to committed credit lines and also, in 2012|13, placed a Schuldscheindarlehen (a loan with some bond-like characteristics, sometimes translated as "bonded loan" or "promissory note loan"). AGRANA sees its shareholders as long-term partners in realising the Group's goals and offers them an attractive, long-run return on investment at a reasonable level of risk. With a policy of open and transparent communication, AGRANA aims to ensure investors' confidence in the Group and make its business performance and management decisions predictable and easy to understand.

GROUP MANAGEMENT REPORT 2013|14

ORGANISATIONAL STRUCTURE

AGRANA is a globally operating processor of agricultural raw materials, with its Sugar, Starch and Fruit segments manufacturing high-quality foods and many intermediate products for the downstream food industry as well as for non-food applications. With about 8,800 employees at 54 production sites on every continent, the Group generated revenue of almost € 3.1 billion in the 2013|14 financial year. AGRANA was established in 1988 and has been quoted on the Vienna Stock Exchange since 1991.



BUSINESS SEGMENTS AND SOURCING MODELS

In the **Sugar segment**, AGRANA processes sugar beet from contract growers and also refines raw sugar purchased worldwide. The products are sold into downstream industries for use in, for example, sweets, non-alcoholic beverages and pharmaceutical applications. Under country-specific sugar consumer brands, AGRANA also markets a wide range of sugars and sugar specialty products to consumers through food retailers. In addition, in the interest of the most complete possible utilisation of the agricultural raw materials used, AGRANA produces a large number of fertilisers and feedstuffs for animals. These not only help the economic bottom line but also ecologically close the material cycle by returning minerals and other nutrients to the land and the food chain.

In the **Starch segment**, AGRANA processes and refines raw materials grown by contract farmers or purchased in the open market – mainly corn (maize), wheat and potatoes – into premium starch products. These products are made in the EU and are sold both to the food and beverage industry and into non-food industries, such as the paper, textile, cosmetics and building materials sectors. The starch operations as well produce fertilisers and high-quality animal feeds. The production of climate-friendly bioethanol for blending with petrol is also part of the Starch segment.

The **Fruit segment** custom-designs and produces fruit preparations (fruit ingredients) and fruit juice concentrates. AGRANA is the world's leading manufacturer of fruit preparations for the dairy, bakery and ice-cream industries. The fruit used in the fruit preparations is sourced largely from primary processors in frozen or aseptic form. In some countries, AGRANA operates its own primary processing plants where fresh fruit (in some cases from contract growers) is received and readied for processing into fruit preparations. In the fruit juice concentrates business, at production sites located mainly in Europe, apple and berry juice concentrates as well as not-from-concentrate juices and purees are manufactured for the highly specialised fruit juice industry. In the Fruit segment too, the most sustainable and complete utilisation of raw materials is important to AGRANA. While fruit preparations production generates very little residue suitable for further use, the press cake from apple juice production, known as apple pomace, is processed into by-products. As valuable dietary fibre, it is used in mueslis and snack products or can be added to baked goods in the form of "apple flour", a proprietary AGRANA product.

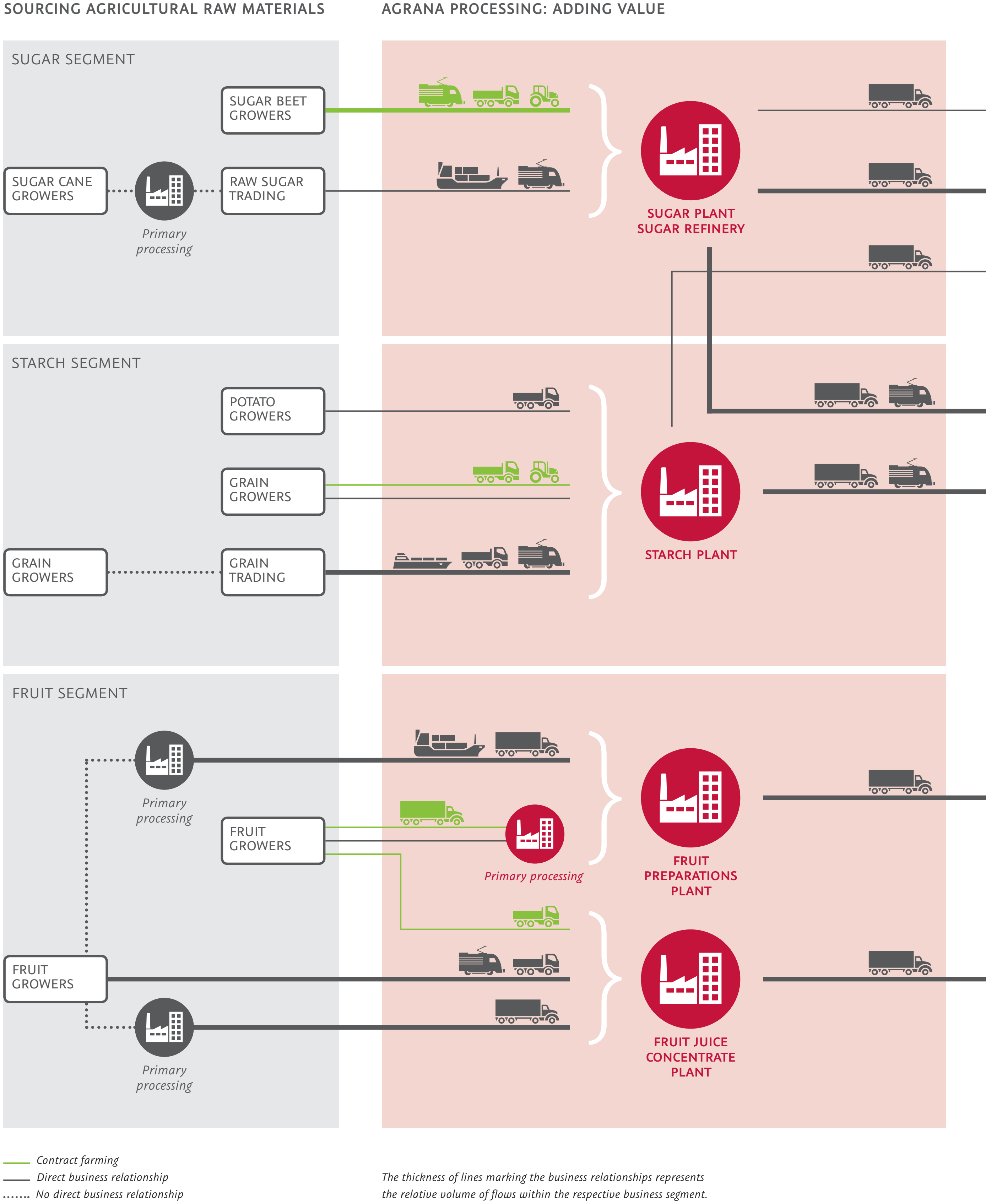
In all three business segments, AGRANA also processes raw materials from certified organic farming. The Group is one of the largest organic manufacturers in Europe. As the relevant demand for organic products is confined mainly to the German, Austrian and US markets, the organic portion of AGRANA's total sales is a (relatively stable) percentage in the single digits.

SUSTAINABILITY IN THE UPSTREAM VALUE CHAIN

Each year, AGRANA's three business segments process about 9.4 million tonnes of agricultural raw materials into approximately 4.0 million tonnes of core and by-products.

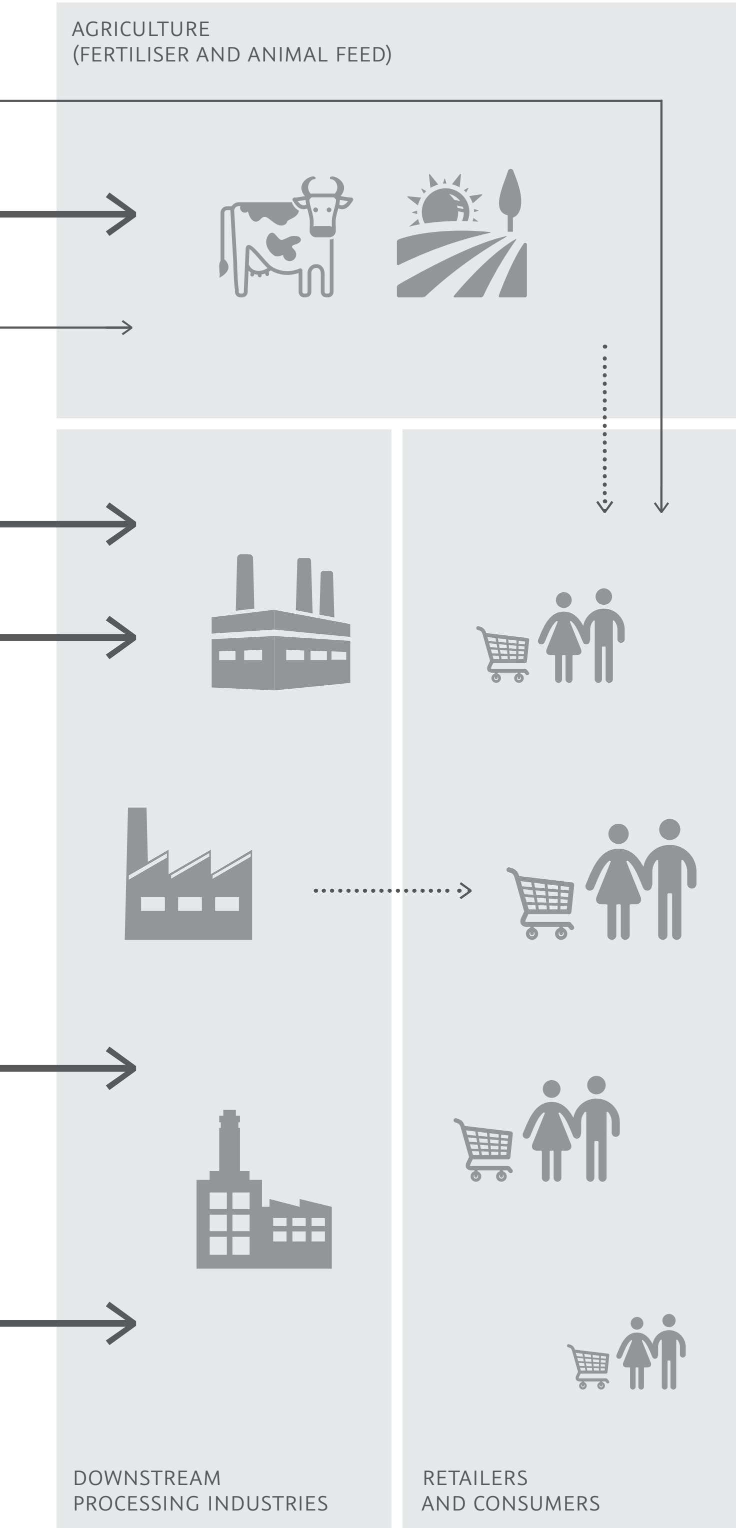
In its own value-added processing, AGRANA strives for the near-total utilisation of these raw materials and the use of low-emission technologies. This is clearly beneficial both economically and environmentally. In its mission statement and its Code of Conduct, AGRANA has enshrined its social values as a responsible employer and corporate member of society. AGRANA also pays attention to suppliers' compliance with minimum social standards. AGRANA's Code of Conduct is therefore incorporated in contracts with suppliers.

SCHEMATIC VALUE CHAIN



The thickness of lines marking the business relationships represents the relative volume of flows within the respective business segment.

CUSTOMERS AND CONSUMERS



The growing sustainability consciousness on the part of consumers, and thus of the Group's customers in the downstream food processing industry, increasingly makes the assurance of sustainability criteria along the entire product value chain a condition of buying and sourcing decisions.

As a long-term average, AGRANA procures about 90% of its agricultural raw materials in the European Union, where rigorously enforced legal requirements as well as socio-cultural conditions impose very high social and environmental standards. In the EU the challenge is to document the relevant sustainability aspects without unreasonable administrative effort.

In the Fruit segment, AGRANA sources its raw materials worldwide. Here, sustainable production conditions in the upstream supply chain can only be ensured by sourcing primary raw materials that are certified to international sustainability standards, or alternatively by expanding direct procurement from contract growers. As the available worldwide supply of certified agricultural crops and fruits for industrial processing is still very small, AGRANA's Fruit segment wants to further expand the model of buying from contract growers, which is well-established in the other segments. By working directly with the contract farmers, not only is a supply of raw materials secured economically, but environmental and social criteria for agricultural production can be established and implemented together with these suppliers.

At the end of 2013|14, to deepen the work on the environmental and social aspects relevant to AGRANA's procurement of crops and on the associated economic impacts in the upstream supply chain, AGRANA formed a working group on sustainable sourcing. Its members come from all AGRANA business segments and, in 2014|15, will develop strategies for the future according to the degree of vertical integration of the respective sourcing model.

FINANCIAL RESULTS

GROUP FINANCIAL PERFORMANCE	2013|14	2012|13[1]	Change
	€000	€000	%
Revenue	**3,043,430**	3,065,906	−0.7
EBITDA[2]	**258,922**	318,350	−18.7
Operating profit before exceptional items	**171,385**	236,939	−27.7
Operating margin before exceptional items	**5.6%**	7.7%	
Exceptional items	**3,944**	(19,077)	> 100
Operating profit after exceptional items [EBIT]	**175,329**	217,862	−19.5
Net financial items	**(27,200)**	(27,656)	+1.6
Profit before tax	**148,129**	190,206	−22.1
Profit for the period	**109,774**	156,508	−29.9
Purchases of property, plant and equipment and intangibles[3]	**135,951**	149,848	−9.3
Purchases of non-current financial assets	**177**	58	> 100
Staff count	**8,778**	8,449	+3.9

[1] The prior-year data were restated under IAS 8 in conjunction with IAS 19 (Employee Benefits, Revised 2011).
[2] Operating profit before exceptional items, depreciation and amortisation.
[3] Excluding goodwill.

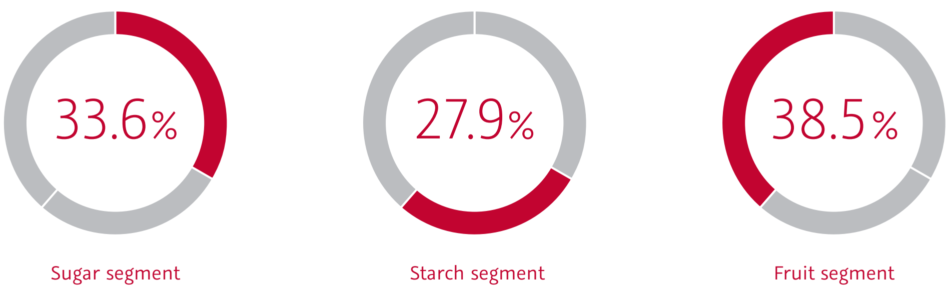
The consolidated financial statements for the 2013|14 financial year (the twelve months ended 28 February 2014) were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

CHANGES IN THE SCOPE OF CONSOLIDATION

In the 2013|14 financial year the Group saw two internal mergers, and five additional companies were included in the accounts by proportionate consolidation.

Thus, the Vienna-based “Agrofrucht, Handel mit landwirtschaftlichen Produkten Gesellschaft m.b.H.” was merged into AGRANA Group-Services GmbH, Vienna, while Frefrost SARL of Laouamra, Morocco, was merged into the Laouamra-based Dirafrost Maroc SARL.

REVENUE BY SEGMENT IN 2013|14



The five newly consolidated companies are AGRAGOLD sugar trading companies registered in Bosnia-Herzegovina, Croatia, Macedonia, Serbia and Slovenia. These joint venture firms had been acquired by AGRANA in prior years as part of the investment in the Studen group based in Vienna, Austria, but for reasons of immateriality had not been consolidated. With the organisational conditions now in place for doing so, the five companies were proportionately consolidated for the first time from 1 December 2013.

REVENUE AND EARNINGS

Revenue of the AGRANA Group eased slightly in the 2013|14 financial year by € 22.5 million or 0.7% to € 3,043.4 million (prior year: € 3,065.9 million), on a combination of higher sales volumes in all segments and a price-driven revenue decline in the Sugar segment. The Sugar segment's revenue, at € 1,022.8 million (prior year: € 1,121.5 million) was down both in quota and non-quota sugar, as sugar sales prices fell significantly. Revenue in the Starch segment rose to € 848.5 million (prior year: € 804.3 million), driven especially by rising volumes. In the Fruit segment, AGRANA also achieved revenue growth, to € 1,172.1 million (prior year: € 1,140.1 million), thanks to volume gains.

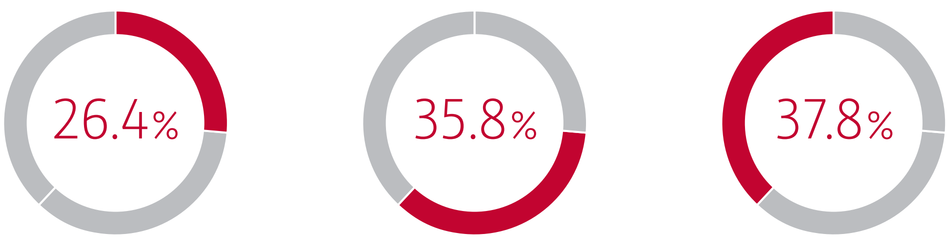
The **Group's operating profit** of € 171.4 million before exceptional items was well below the prior year's result of € 236.9 million. While the Fruit segment greatly improved its pre-exceptionals operating profit, declining selling prices and higher raw material costs weighed on margins in the Sugar and Starch segments since the summer. Particularly the Sugar segment, after two exceptionally good years, saw a very pronounced earnings reduction owing to the difficult conditions in the sugar market.

The **net exceptional items income** of € 3.9 million resulted primarily from reimbursements of the EU production levy in the Sugar segment (income of € 4.7 million), which more than offset the € 0.8 million expense for moving the fruit preparations plant that had been located in Cape Town, South Africa. In the prior year, reorganisation in Europe and provisions in connection with irregularities uncovered at the Mexican subsidiary, AGRANA Fruit México, S.A. de C.V., had led to a net exceptional items expense of € 19.1 million. AGRANA's **operating profit after exceptional items** in 2013|14 was € 175.3 million (prior year: € 217.9 million).

The **net financial items** expense improved marginally to € 27.2 million (prior year: € 27.7 million). Reflected in this number was a significant increase in net interest, which improved by € 13.3 million. The key reasons for this were the lower borrowing needs in view of the reduced working capital; lower interest expense thanks to new, short-term refinancings; and effects from the restructuring of interest rate hedging instruments. On the other hand, significant negative currency effects led to a clear increase in currency translation losses by € 15.7 million.

Profit before tax decreased from € 190.2 million in the prior year to € 148.1 million. After an income tax expense of € 38.4 million based on a tax rate of 25.9% (prior year: 17.7%), the **Group's profit for the period** was € 109.8 million (prior year: € 156.5 million). Profit for the period attributable to shareholders of AGRANA was € 107.9 million (prior year: € 149.4 million); earnings per share eased to € 7.60 (prior year: € 10.52).

OPERATING PROFIT BY SEGMENT[1] IN 2013|14



Sugar segment | Starch segment | Fruit segment

[1] *Before exceptional items.*

INVESTMENT

In the 2013|14 financial year a total of € 136.0 million was invested in purchases of property, plant and equipment and intangible assets (prior year: € 149.8 million); as in the year before, this significantly exceeded the rate of depreciation. The Sugar segment's € 43.2 million share of this capital expenditure (prior year: € 55.9 million) related mainly to logistics improvements in Hungary and Romania. Investment in the Starch segment amounted to € 41.0 million (prior year: € 59.0 million), primarily for the construction of the wheat starch plant and for energy efficiency measures at the Pischelsdorf site in Austria. The capital spending of € 51.8 million in the Fruit segment (prior year: € 34.9 million) related mostly to the new US fruit preparations plant in Lysander, New York.

FINANCIAL POSITION

Total assets at 28 February 2014 were € 2,452.1 million, a decrease of € 126.3 million from the year-earlier level of € 2,578.4 million. As investment significantly exceeded depreciation, non-current assets grew by € 21.8 million. Current assets declined by € 148.1 million from the prior year. This was driven both by volumes, lower raw material prices and active working capital management.

With total assets down by about 5% from 28 February 2013, AGRANA's equity ratio improved slightly from 47.0% to 48.6%. Net debt at 28 February 2014 was € 410.6 million, well below the year-earlier level of € 483.7 million, and the debt-equity gearing thus improved to 34.4% (prior year: 39.9%). Non-current liabilities declined as long-term borrowings were paid down. Current liabilities decreased somewhat, thanks largely to lower trade and other payables.

CASH FLOW

As a result of the lower operating profit, operating cash flow before changes in working capital fell by 23.4% to € 196.2 million (prior year: € 256.3 million). After a reduction of € 88.1 million in working capital (prior year: increase of € 50.9 million), net cash from operating activities amounted to € 283.2 million (prior year: € 204.8 million). Net cash used in investing activities, taking into account outflows for investment in property, plant and equipment and intangible assets, was € 131.1 million (prior year: net cash used of € 136.9 million). With a net decrease in borrowings and after payment of the dividend for the 2012|13 financial year, net cash used in financing activities was € 142.7 million (prior year: net cash used of € 21.6 million).

SEGMENT FINANCIAL RESULTS

Sugar segment

€000	**2013|14**	**2012|13**
Total revenue	1,109,678	1,202,208
Inter-segment revenue	(86,903)	(80,692)
Revenue	1,022,775	1,121,516
EBITDA[1]	65,839	138,851
Operating profit[2]	45,306	119,115
Operating margin[2]	4.4%	10.6%
Exceptional items	4,677	0
Operating profit after exceptional items [EBIT]	49,983	119,115
Purchases of property, plant and equipment and intangibles[3]	43,185	55,903
Purchases of non-current financial assets	15	17
Staff count	2,399	2,315

In the 2013|14 financial year, revenue in the Sugar segment eased by 8.8% to € 1,022.8 million (prior year: € 1,121.5 million). The reduction was due to sharply lower selling prices. In volume terms, both with resellers and the sugar-using industry, the market-leading position was further consolidated through high quota sugar sales quantities and good service. In non-quota sugar sales as well (i.e., sugar deliveries to countries outside the EU and into the chemical industry), AGRANA was able to keep sales volumes stable. The Sugar segment accounted for 33.6% of Group revenue (prior year: 36.6%).

As expected, the segment's pre-exceptionals operating profit, at € 45.3 million, marked a substantial reduction from the prior year's record result of € 119.1 million. Key factors behind this were the falling sales prices combined with still high raw material costs both for beet and for raw sugar. The by-products business (dried beet pulp and molasses) performed well, generating good additional contribution margins. Through focused investment, numerous quality improvements and cost savings were also realised, especially in energy use.

[1] *Operating profit before exceptional items, depreciation and amortisation.*
[2] *Before exceptional items.*
[3] *Excluding goodwill.*

The exceptional item in the Sugar segment represented EU refunds related to the sugar production levy *(also see page 41)*.

Starch segment

€000	2013|14	2012|13
Total revenue	858,556	813,724
Inter-segment revenue	(10,044)	(9,420)
Revenue	848,512	804,304
EBITDA[1]	87,722	96,193
Operating profit[2]	61,440	72,614
Operating margin[2]	7.2%	9.0%
Exceptional items	53	0
Operating profit after exceptional items [EBIT]	61,493	72,614
Purchases of property, plant and equipment and intangibles[3]	40,952	59,081
Purchases of non-current financial assets	0	0
Staff count	1,008	950

Revenue in the Starch segment in 2013|14 was € 848.5 million, or 5.5% higher than the previous year's € 804.3 million. The revenue increase mainly reflected stronger sales volumes of core products and by-products. As planned, the newly built wheat starch plant in Pischelsdorf, Austria, boosted the quantities of starch sold by AGRANA. The selling prices for core and by-products were somewhat lower than one year earlier. The Starch segment's share of Group revenue increased to 27.9% (prior year: 26.2%).

Operating profit before exceptional items was € 61.4 million, a decrease of 15.4% from the prior-year result of € 72.6 million. The earnings reduction was caused primarily by the lower profit contribution from the bioethanol activities. As well, the commissioning of the wheat starch plant in Pischelsdorf, Austria, entailed the expected start-up losses. The combination of decreased earnings and higher revenue meant a contraction in operating margin from 9.0% to 7.2%.

Fruit segment

€000	2013|14	2012|13[4]
Total revenue	1,172,672	1,141,255
Inter-segment revenue	(529)	(1,169)
Revenue	1,172,143	1,140,086
EBITDA[1]	105,361	83,306
Operating profit[2]	64,639	45,210
Operating margin[2]	5.5%	4.0%
Exceptional items	(786)	(19,077)
Operating profit after exceptional items [EBIT]	63,853	26,133
Purchases of property, plant and equipment and intangibles[3]	51,814	34,864
Purchases of non-current financial assets	162	41
Staff count	5,371	5,184

Revenue in the Fruit segment increased by 2.8% in the 2013|14 financial year to a new total of € 1,172.1 million (prior year: € 1,140.1 million). The quantity of fruit preparations sold was expanded by approximately 6%, composed of growth of about 5% at the EU plants and of around 7% at the facilities outside Europe. The revenue growth in fruit juice concentrates was driven primarily by higher sales quantities of apple juice concentrate (partly as a result of the Ybbstaler volume, which the first quarter of the prior year did not yet include). Fruit segment revenue as a share of Group revenue was 38.5% (prior year: 37.2%).

Segment operating profit before exceptional items was € 64.6 million, up 42.9% from the year-earlier level of € 45.2 million, and the operating margin of 5.5% was 1.5 percentage points better than a year ago. The key driving factor was sales volume growth in the fruit preparations business. In fruit juice concentrates, operating profit before exceptional items was pushed up thanks to a favourable contract situation from the prior-year (2012) campaign. Additional earnings also arose in the first quarter of 2013|14 from the full consolidation of the Ybbstaler companies, which were not yet included in the Group accounts in the first quarter of the prior year (being consolidated only since the second quarter of 2012|13).

EVENTS AFTER THE BALANCE SHEET DATE

No significant events occurred after the balance sheet date of 28 February 2014 that had a material effect on AGRANA's financial position, results of operations or cash flows.

[1] *Operating profit before exceptional items, depreciation and amortisation.*
[2] *Before exceptional items.*
[3] *Excluding goodwill.*
[4] *The prior-year data were restated under IAS 8 in conjunction with IAS 19 (Employee Benefits, Revised 2011).*


WIENER ZUCKER
BIO KRISTALL ZUCKER
In weißer Qualität
AUS ÖSTERREICHISCHEN BIO-ZUCKERRÜBEN
ZUM KOCHEN, BACKEN UND SÜSSEN GEEIGNET

PUTTING ORGANIC QUALITY INTO THE HANDS OF EVERYONE

In our three business segments of Sugar, Starch and Fruit, we make organic products for customers in the downstream food industry. Under the umbrella brand "Wiener Zucker", our certified organic sugar from domestic beet is also available to consumers through Austrian food retailers as organic granulated table sugar and as organic sugar for making jams and jellies.

SUGAR SEGMENT

SUGAR SEGMENT RESULTS	2013|14	2012|13	Change
	€m	€m	%
Revenue	**1,022.8**	1,121.5	−8.8
Operating profit before exceptional items	**45.3**	119.1	−62.0
Operating margin before exceptional items	**4.4%**	10.6%	
Purchases of property, plant and equipment and intangibles[1]	**43.2**	55.9	−22.7

[1] *Excluding goodwill.*

BASICS OF THE SUGAR SEGMENT

Marketing relationship B2B and B2C

Products Sugars and sugar specialty products, by-products (fertilisers and feedstuffs)

Raw materials processed Sugar beet, and raw sugar from sugar cane

Key markets Austria, Hungary, Romania, Czech Republic, Slovakia, Bosnia (Western Balkans region), Bulgaria

Customers Food retailers (for consumer products), downstream manufacturers (confectionery, beverage and fermentation industries)

Special strengths High product quality standards; product offering tailored to customer needs

AGRANA Zucker GmbH, Vienna, as the parent company for the Group's Sugar activities, both 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. Also assigned to the Sugar segment are INSTANTINA Nahrungsmittel Entwicklungs- und Produktionsgesellschaft m.b.H., Vienna, and AGRANA Beteiligungs-AG, Vienna, as the Group holding company.

MARKET ENVIRONMENT

World sugar market

For the 2013|14 sugar marketing year ("SMY", October 2013 to September 2014), market research firm F.O. Licht's current forecast of world sugar supply and demand predicts production of 181.0 million tonnes (compared with 184.0 million tonnes in SMY 2012|13) and consumption of 175.8 million tonnes (SMY 2012|13: 172.3 million tonnes). This implies a further stabilisation in world sugar stocks at 76.2 million tonnes (SMY 2012|13: 72.6 million tonnes), or 43.3% (SMY 2012|13: 42.1%) of annual consumption.

World sugar balance	2013|14	2012|13	2011|12
Million tonnes			
Opening stocks	**72.6**	**64.9**	**58.7**
Production	181.0	184.0	174.9
Consumption	(175.8)	(172.3)	(167.8)
Corrections	(1.7)	(4.0)	(0.9)
Closing stocks	**76.1**	**72.6**	**64.9**
In % of consumption	43.3	42.1	38.7

Source: F.O. Licht, Second Estimate of the World Sugar Balance 2013/14, dated 25 February 2014.

Prices on sugar markets were volatile for much of the financial year. In the final months of the reporting period, a steady downward pressure on prices set in that culminated in a three-year low at the end of January 2014. Reports of drought-driven reduced production volumes in South America and a possible cutting of export subsidies in India subsequently brought the downtrend in prices to a halt. At the balance sheet date of 28 February 2014, the closing quotations on commodity exchanges were US$ 476 per tonne for white sugar and US$ 363 per tonne for raw sugar.

EU sugar market

Sugar production in the EU-28 for SMY 2013|14 is expected to fall by about 0.9 million tonnes from the prior year, to 16.4 million tonnes. The reason lies in challenging weather conditions during cultivation and harvesting (ranging from severe drought to heavy rain and extreme cold).

In the completed 2012|13 sugar marketing year, as in the previous year, the European Commission took two exceptional measures to increase the level of supply in the sugar market. By means of a standing invitation to tender for sugar imports at reduced tariffs, approximately 550,000 tonnes of sugar was cleared for preferential import. In addition, four tranches of out-of-quota sugar of 150,000 tonnes each were reclassified as quota sugar and sold into the EU food market. Overall, according to European Commission statistics, an additional total of 1.15 million tonnes of sugar was thus available to the market.

At the same time, for SMY 2013|14, the Commission set a total ceiling of 1.35 million tonnes for exports of European non-quota sugar (this corresponds to the export limit imposed by the World Trade Organisation, the WTO).

EU sugar policy

In the talks to extend the Common Agricultural Policy to 2020, the European Parliament and the EU Agriculture and Fisheries Council have corrected the European Commission's proposal to let the quota and minimum beet price regulations expire as early as the end of SMY 2014|15. Instead they have agreed on an extension to the end of SMY 2016|17 (30 September 2017).

After the expiration at 30 September 2017 of the sugar and isoglucose quotas and of the arrangements on the minimum price for beet, the new regime for the intra-EU market – in addition to an unchanged reference price of € 404 per tonne for white sugar – provides for the possibility of government-funded private storage, and contracts between beet growers and the sugar industry will remain mandatory. As a consequence, all players in the sugar value chain must prepare themselves for the fact that volume and price volatility on the world market will make itself felt more strongly in the EU sugar market than before.

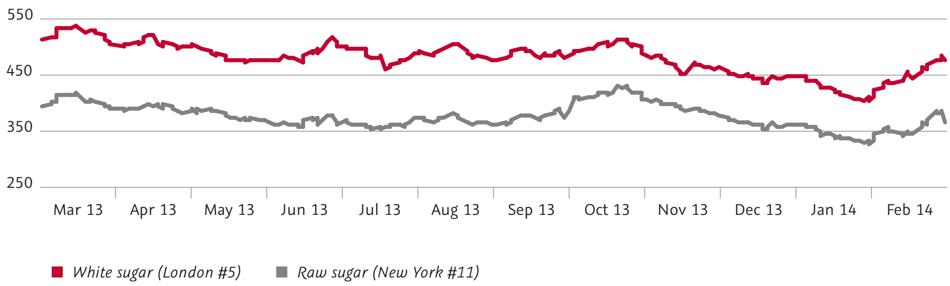
The tariff protection of the EU sugar market for imports from non-EU countries remains unchanged. AGRANA also believes that, after the quotas are abolished, sugar exports will no longer be subject to volume limits in the future, as the absence of quotas and of a minimum beet price will remove any (regulatory) basis for the WTO export limit.

Sugar exports

While the international Ministerial Conference in Bali, Indonesia, from 3 to 6 December 2013 was not able to conclude the WTO-II negotiations (the "Doha Round") that have run since 2001, it did produce a partial solution: Of the total of 43 subjects on the Doha Development Agenda, at least the "trade facilitation" pillar was implemented, which reduces bureaucratic red tape as an obstacle to trade. The further schedule is not yet known.

INTERNATIONAL SUGAR PRICES DURING AGRANA'S 2013|14 FINANCIAL YEAR

US$ per tonne



RAW MATERIALS, CROPS AND PRODUCTION

The area planted to sugar beet by AGRANA's contract farmers in the 2013|14 sugar marketing year (SMY) was about 105,000 hectares (SMY 2012|13: 104,000 hectares); a little over 650 hectares of this was used for organic production in Austria. The 2013 growing season was a period of extremes: About 3,000 hectares of beet fields were lost from production in the spring as a result of frost, mud and other emergence problems, and in the summer due first to flooding and later to drought and heat. However, growing conditions from the end of August to late autumn were favourable again for sugar beet. Overall across AGRANA's beet-growing regions, beet yields in 2013 were average compared to other years, with dramatic regional differences. In total, around 6.2 million tonnes of beet were harvested for AGRANA (prior year: 5.5 million tonnes).

The seven beet-using AGRANA sugar factories processed a daily average of about 50,500 tonnes of beet (prior year: 48,800 tonnes). Over an average campaign length of 125 days (prior year: 117 days), this raw material was processed into approximately 953,000 tonnes of sugar (prior year: 823,000 tonnes). Sugar production thus significantly exceeded the Group's EU sugar beet quota of 618,000 tonnes and was up about 16% from the prior year. The quantities in excess of the quota are marketed as out-of-quota sugar to the chemical industry, sold into the EU food market within the regulatory limits, or exported to the world market. In 2013|14 AGRANA also refined approximately 274,700 tonnes of white sugar equivalent from raw sugar (prior year: 296,600 tonnes). As well, in the organic beet campaign, the Group produced around 3,900 tonnes of organic sugar (prior year: about 5,000 tonnes).

Energy use and emissions during processing

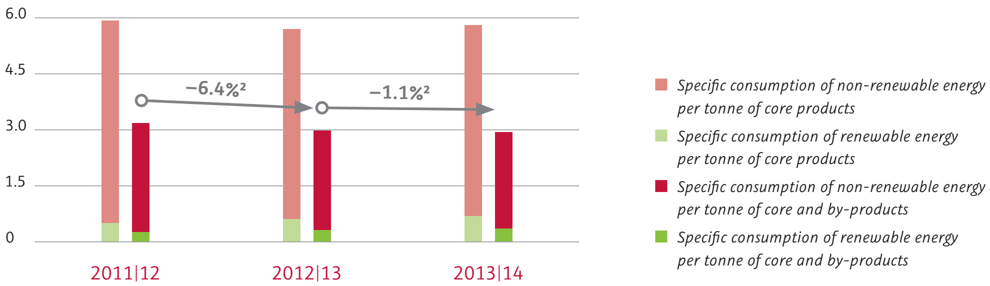
In the 2013|14 financial year, average specific direct energy consumption in processing operations at AGRANA sugar plants[1] per tonne of core and by-products decreased by 1.1% compared with the prior year.

A major driver of energy consumption is the beet campaign. A consistently higher sucrose content in the year's beet crop and higher juice purity, along with technical measures implemented at some factories, led to a reduction of 5.3% in energy consumption in the 2013|14 campaign per tonne of white sugar equivalent produced. Particularly at the Czech site in Opava and the facility in Roman, Romania, considerable reductions of 10.2% and 13.6% were achieved, respectively. In Kaposvár, Hungary, in the 2013|14 financial year the operation of a third fermenter enabled about 71.2% of primary energy needs to be met from biogas produced on site (versus about 66.5% in the prior-year campaign).

The average specific emissions from direct and indirect energy use during processing for AGRANA's sugar manufacturing operations[1] based on the total production volume of core and by-products fell by about 2.7% over the reporting period. The biggest contributions to these reductions were made by two sites in Eastern Europe: the greater use of biogas in Kaposvár, Hungary, led to a reduction of about 2,400 tonnes of carbon dioxide equivalent in emissions compared with the prior year, while in Roman, Romania, improvements to beet delivery and to the factory's heat management even saved approximately 3,600 tonnes of emissions of CO_2 equivalent. In total, emissions equivalent to about 9,000 tonnes of CO_2 were avoided in the beet campaigns.

In November 2013, AGRANA Zucker GmbH was honoured with the "klima:aktiv" certificate for its installation of low-temperature dryers at the Tulln and Leopoldsdorf sugar

AVERAGE SPECIFIC DIRECT ENERGY CONSUMPTION IN PROCESSING OPERATIONS AT AGRANA SUGAR PLANTS[1]
In gigajoules (GJ) per tonne of core products only and per tonne of core and by-products combined



[1] *See GRI report boundary on page 56.*
[2] *Percentage change based on average specific total energy consumption per tonne of core and by-products.*

plants in Austria in 2011|12. This recognition from the Austrian environment ministry is accorded to companies for energy conservation efforts that help climate protection. By using waste heat from earlier process steps for the gentle drying of desugared beet pulp for processing into feedstuffs, these low-temperature dryers saved total emissions of about 59,000 tonnes of CO_2 equivalent in 2012|13 and 2013|14.

Over the coming years, AGRANA plans the gradual introduction of an ISO 50001-certifiable energy management system in its sugar manufacturing. In the 2014|15 financial year, initial experience in this regard is being gained in the Austrian plants.

Waste

Sugar segment	**2013|14**	**2012|13**
Tonnes, except percent		
Waste disposed	464,402	377,942
Of which hazardous waste	*116*	*212*
Waste per tonne of product	20.2%	17.8%
Hazardous waste per tonne of product	0.005%	0.009%
Waste disposed, by disposal method		
Composting	902	970
Energy recovery	792	239
Reuse	357,874	242,792
Recycling	7,942	54,116
Landfill	96,826	79,778
Other	66	47

Source: Reports by waste management contractors, AGRANA calculations.

AGRANA's operating principle of maximising the utilisation of agricultural inputs by making valuable by-products contributes to its economic, environmental and not least social bottom line and is the basis for the Group's low production of waste.

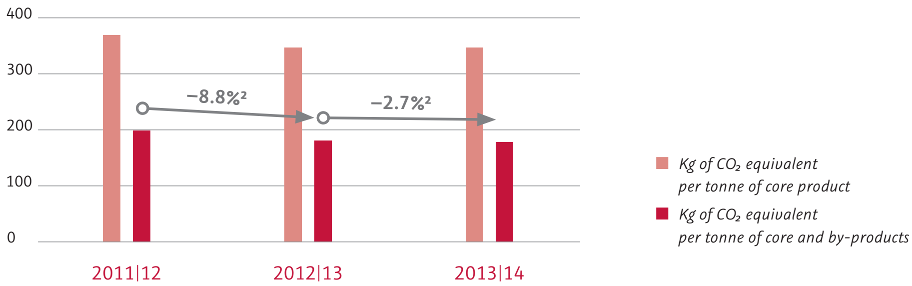
Per tonne of product (counting both core and by-products), the Sugar segment generated about 202 kg of waste in 2013|14 (prior year: 178 kg). This value is explained largely by the reporting effects of local legislation. The increase in the amounts of waste shown within the item "Reuse" resulted mainly from a 38% rise in the quantity of beet processed, and thus in pressed beet pulp, at the sugar factory in Roman, Romania. As well, the reduced pressing of the wet beet pulp to accommodate the higher daily throughput resulted in heavier pressed beet pulp – a by-product which in Romania must be reported as waste but is sold as animal feed. "Reuse" also includes beet pulp at the plant in Kaposvár, Hungary, that is used as a biogas substrate or sold as feedstuff but must be categorised as waste under local legislation.

Biodiversity

Consistent with the nature of its core business activity, its associated dependence on agricultural crops and its commitment to social responsibility, AGRANA places emphasis on the protection of ecosystems and species diversity. Especially in the farm landscape, biodiversity is an important element of sustainability. Both in projects with contract growers and in its own core business of processing farm products, AGRANA therefore strives to protect local ecosystems and conserve biodiversity.

AVERAGE SPECIFIC EMISSIONS (FROM DIRECT AND INDIRECT ENERGY USE) FROM PROCESSING AT AGRANA SUGAR PLANTS[1]

In kg of CO_2 equivalent per tonne of core product or of core and by-products



[1] *See GRI report boundary on page 56.*
[2] *Percentage change based on average specific emissions (from direct and indirect energy use) per tonne of core and by-products.*

The settling ponds of the AGRANA sugar plant in Hohenau an der March, Austria, which was closed down in 2006, lie in an area of high diversity value identified under the RAMSAR Convention on Wetlands *(see glossary)* and have been a popular destination for bird watchers for many years. On the former factory site, together with the AURING conservationist club, AGRANA provides a rare staging area for water birds, most notably waders.

At the sugar plant in Kaposvár, Hungary, a tank containing about 4,600 tonnes of vinasse broke at the end of September 2013. Vinasse is a by-product of the fermentation of molasses. It is free from toxins and is used as organic fertiliser, as an ingredient in livestock feed and as a raw material in the production of biogas. Through the immediate transfer of the remaining tank contents and by containing the escaped material, most of the vinasse was kept safely in place. However, 15 tonnes of vinasse flowed into the nearby Kapos river as a result of a broken retaining dam.

The responsible environmental and water authorities and the fire department immediately released large volumes of fresh water from two reservoirs into the Kapos river. At no time did the discharged vinasse present a threat to humans. However, it resulted in damage to the fish stocks in the river in the immediate vicinity of the plant. AGRANA is working with local fishing associations on a compensation solution for regeneration of the fish population.

Engagement in the upstream stages of the value chain

In the 2012|13 financial year AGRANA had started the "Mont Blanc" project for efficiency improvement in beet production, with environmental aspects also considered. The objective of the project is to increase sugar yield per hectare by 10% to 20% (depending on current yields per hectare in each country) by the year 2017.

The project is being carried out in all countries where AGRANA contracts for sugar beet. Mont Blanc involves agricultural extension, with detailed consulting and education offered to farmers on everything from field preparation and planting of the seeds, through the whole growing season, all the way to harvesting. Prominent subjects include seeding methods, seed drill capacity, seeding timing, fertilising, herbicide and fungicide strategies and correct harvesting. In 2013, extension in Austria focused on beet seeding technology. This involved both analyses related to the seeding method used, and expert inspection and certification of equipment.

Technical information is made available to farmers through personal conversations, field visits, and communication channels such as AGRANA's Raw Material Information System site for beet and potato growers, the AGRANA trade magazine "Agrozucker/Agrostärke" (Agrosugar/Agrostarch), information leaflets and Facebook.

INVESTMENT

In the Sugar segment, AGRANA invested € 43.2 million (prior year: € 55.9 million) in new assets and asset replacement during the 2013|14 financial year. In Tulln, Austria, the laboratory building expansion of Zuckerforschung Tulln's research facility was completed as planned. In November 2013 in Kaposvár, Hungary, the new 60,000 tonne capacity silo for granulated sugar was inaugurated. To further improve sugar quality, beet thin-juice softening plants started operation at the Czech sites of Hrušovany and Opava. In Roman and Buzău, Romania, the packaging facilities were further modernised and, to ensure sugar quality, two silos were equipped with conditioning systems.

TOP-LINE PERFORMANCE

Sales volumes in the Sugar segment in 2013|14 were expanded in almost all areas. The constantly changing market conditions, however, are increasingly causing business activities to become more complex, both from a vendor and buyer perspective.

Especially positive was the rise in quantities sold to wholesalers and retailers, particularly in the Eastern European countries. Overall, despite the challenging environment, the Sugar operations were able to hold or even grow market positions. The situation in Hungary, where market prices continue to be manipulated by widespread VAT fraud, remains difficult.

In sales to the beverage and food industry, the agreements with local and international key accounts resulted in stable volumes. Volumes of non-quota sugar sold to customers in the chemical industry and exports to points outside the EU were largely in line with the prior year.

The previous year's high level of prices, however, could not be duplicated and this significantly hurt margins in the Sugar segment.

In the year under review, the sales volumes of AGRANA Zucker GmbH in Austria were slightly below the prior-year level. The market position was nevertheless maintained. Sales into the food and beverage industry were stable thanks to the intensive collaboration with major local and international customers.

In Hungary in 2013|14, AGRANA was able to increase sales volumes to retailers and industrial customers (by 8.5%) despite difficult market conditions. Because of a high VAT rate, many small importers still neglect to charge or pay value added tax, thus gaining a competitive advantage over AGRANA and driving down prices. To supply the Hungarian market as well as possible, the Group continued to refine imported raw sugar in Hungary. Quota sugar exports from Hungary fell sharply as a result of much lower amounts of sugar swaps and greater shipments to EU customers from Austria.

Within the Czech Republic, overall sugar sales volume in the financial year was up from one year earlier (by 5.1%). While sales to the sugar processing industry grew (up 18.2%), quantities sold to food retailers declined by 15.4%. Quota sugar exports from the Czech Republic too fell markedly as sugar swaps were not entered into on the previous year's scale.

In Slovakia, the total volume of sugar sales in 2013|14 was in line with one year earlier. A drop in sales to the food industry (down 8.3%) was offset by a positive trend in sales to food retailers (up 13.0%). Owing to reduced availability, exports of surplus sugar and of quota sugar decreased significantly.

AGRANA again sold more sugar in Romania in 2013|14 (up 20.3%) than in the year before. The main contributing factors were significantly higher sales to retailers and stronger exports.

Within Bulgaria, intensive marketing in the year continued to drive up sales volume, by 20.6%. The growth occurred evenly in sales to industry and resellers.

In the Western Balkans region, sugar sales quantities grew further year-on-year (by 19.0%). This was driven primarily by a positive trend in reselling of purchased sugar.

EXCEPTIONAL ITEMS IN THE SUGAR SEGMENT

In December 2013 the European Commission complied with a judgment of the European Court of Justice to reimburse the European Sugar industry for wrongly collected so-called production levies. As a result, AGRANA received a refund of € 4.7 million. This amount was recognised as exceptional income in the 2013|14 financial year.

ECOLOGY AND ECONOMY GO HAND IN HAND

In the 2013|14 financial year, with total investment of € 70 million, we started production operations at our new wheat starch factory built adjacent to the bioethanol plant in Pischelsdorf, Austria. Inserted into the process flow before the bioethanol production stage, the wheat starch plant allows the complete, sustainable utilisation of the agricultural raw materials to now make four products and further ensures the profitability of this site.

STARCH SEGMENT

STARCH SEGMENT RESULTS	2013|14 €m	2012|13 €m	Change %
Revenue	**848.5**	804.3	+5.5
Operating profit before exceptional items	**61.4**	72.6	–15.4
Operating margin before exceptional items	**7.2%**	9.0%	
Purchases of property, plant and equipment and intangibles[1]	**41.0**	59.1	–30.6

[1] *Excluding goodwill.*

BASICS OF THE STARCH SEGMENT

Marketing relationship
B2B

Products
General division into food, non-food and feed sectors; native and modified starches, saccharification products, alcohols/bio-ethanol, by-products (fertilisers and feedstuffs)

Raw materials processed
Corn (maize), wheat, potato

Key markets Central and Eastern Europe, principally Austria and Germany; also specialty markets, e.g., in USA and UAE

Customers Food sector: food industry; Non-food sector: paper, textile, construction chemicals, pharmaceutical, cosmetics and petroleum industries; Feed sector: feed industry

Special strengths
GM-free and strong organic focus

The Starch segment consists of AGRANA Stärke GmbH, which holds the Austrian plants in Aschach (corn starch), Gmünd (potato starch) and Pischelsdorf (integrated wheat starch and bioethanol plants). The company also manages and coordinates the international starch and bioethanol holdings in Hungary and Romania.

MARKET ENVIRONMENT

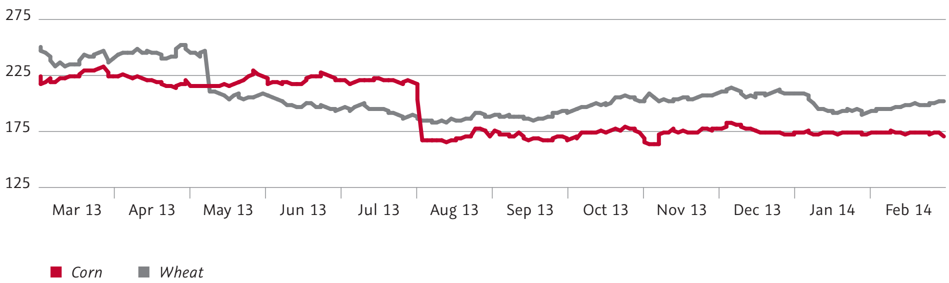
World grain supply and demand for the 2013|14 grain marketing year[1], according to the International Grains Council, shows significantly higher production and demand than in the prior year. Global corn production, at 959 million tonnes, will exceed supply (by 27 million tonnes), as will wheat production at 708 million tonnes compared with demand of 691 million tonnes. Accordingly, both of these raw materials can be expected to see an increase in global stocks.

Consistent with the better supply on international commodity markets, futures prices declined in the course of the year. At the beginning of March 2014 the corn quotation on NYSE Euronext Liffe derivatives exchange in Paris was about € 169 per tonne and that for wheat was around € 201 per tonne, versus respective year-earlier prices of € 227 and € 248 per tonne.

The total isoglucose quota of the EU-28 is approximately 720,000 tonnes, of which HUNGRANA holds the largest single share at 250,000 tonnes.

COMMODITY PRICES DURING AGRANA'S 2013|14 FINANCIAL YEAR

€ per tonne (NYSE Euronext Liffe commodity derivatives exchange in Paris)



[1] *Grain marketing year: July to June.*

RAW MATERIALS, CROPS AND PRODUCTION

Potato starch

In the 2013|14 campaign the Austrian starch plant in Gmünd, over a campaign lasting 101 days (prior year: 127 days), processed about 160,200 tonnes of starch potatoes (prior year: 217,900 tonnes) with an average starch content of 18.7% (prior year: 18.5%). The organically grown portion, measured by input volume, amounted to approximately 4% (prior year: 6%). For the 2014 campaign year, AGRANA is planning for a starch potato contract volume of about 220,000 tonnes. About 23,000 tonnes of food potatoes (prior year: 24,000 tonnes) were processed into around 4,300 tonnes of long-life potato products (prior year: 4,400 tonnes), with an organic share of approximately 19% (prior year: 29%).

Corn starch

Total corn processing volume (excluding corn for bioethanol) in the AGRANA starch plants in Austria, Hungary (based on the Group's 50% share in HUNGRANA's volume) and Romania grew to about 805,000 tonnes in the 2013|14 financial year (prior year: 791,000 tonnes). Within this total, processing of freshly harvested, so-called wet corn accounted for approximately 200,000 tonnes by wet weight (prior year: 173,000 tonnes). The amount of specialty corn processed (waxy corn, organic corn, and Guaranteed Non-GMO corn) increased to about 62,000 tonnes (prior year: 59,000 tonnes).

Wheat starch

At the new wheat starch plant in Pischelsdorf, Austria, which started operation in June 2013, a net total of about 66,500 tonnes of wheat was used in the 2013|14 financial year to produce wheat starch.

Energy use and emissions during processing

The average specific direct energy consumption per tonne of core products and by-products in the Starch segment[1] eased in 2013|14 by approximately 0.5% from the prior year. The greatest contribution to this reduction, at about 55 GWh per year, came from the installation of a waste heat recovery system in the feedstuff drying operations in Pischelsdorf, Austria.

In 2013|14 the average specific emissions from direct and indirect energy use per tonne of core and by-product increased by 0.9% from 2012|13. This is explained primarily by a volume increase in the production of bioethanol (up 7.0% year-on-year) and of feedstuffs, which required the use of additional indirect, i.e. purchased, energy.

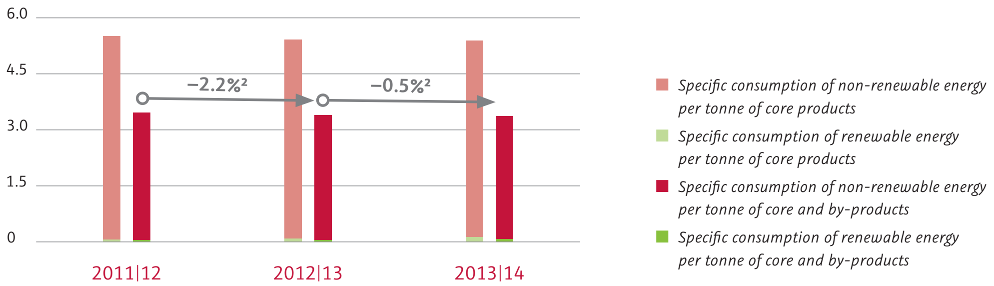
One raw material = four products + zero waste

With the wheat starch factory commissioned in June 2013 on the site of the bioethanol plant in Pischelsdorf, Austria, AGRANA has expanded its product portfolio from corn and potato starch to wheat starch. Locating the starch production immediately next to the bioethanol plant permits an important further advance in resource efficiency.

Through the close integration of the wheat starch plant and the existing bioethanol facility, the process grain is 100% utilised. Those raw material fractions not utilised in the production of wheat starch and of gluten are used to produce bioethanol and ActiProt®, the premium GMO-free protein feed. Including the high-purity biogenic carbon dioxide which industrial gas group Air Liquide harvests

AVERAGE SPECIFIC DIRECT ENERGY CONSUMPTION IN PROCESSING OPERATIONS AT AGRANA STARCH PLANTS[1]

In gigajoules (GJ) per tonne of core products only and per tonne of core and by-products combined



[1] *See GRI report boundary on page 56.*
[2] *Percentage change based on average specific total energy consumption per tonne of core and by-products.*

from the fermentation tanks of the bioethanol plant, the Pischelsdorf complex thus manufactures four high-quality products from a single raw material.

Waste

Starch segment Tonnes, except percent	**2013|14**	**2012|13**
Waste disposed	13,098	9,683
Of which hazardous waste	*68*	*42*
Waste per tonne of product	1.3%	1.0%
Hazardous waste per tonne of product	0.007%	0.004%
Waste disposed, by disposal method		
Composting	8,462	7,775
Energy recovery	1,609	1,095
Reuse	207	23
Recycling	950	459
Landfill	0	0
Other	1,870	331

Source: Reports by waste management contractors, AGRANA calculations.

In the 2013|14 financial year the Starch segment generated about 13 kg (prior year: 10 kg) of waste per tonne of core and by-products. The increase in the amount of waste compared to the year before can be attributed mainly to higher production volumes. The item "other" (disposal method) included above all organic process residues generated at the Romanian starch factory that are spread at the site to dry for future use as a soil conditioner in agriculture. Although this material will be reused, local law requires it to be reported as waste.

Biodiversity

For the long-term preservation of biological diversity and the associated ability of the ecosystem to function, the sustainable use and management of natural resources are critically important. Through the shared "Business & Biodiversity" platform of the Lower Austrian regional government and Österreichischer Umweltdachverband (an Austrian umbrella organisation for environmental protection), business and conservation are joining forces to work more closely together for their mutual benefit.

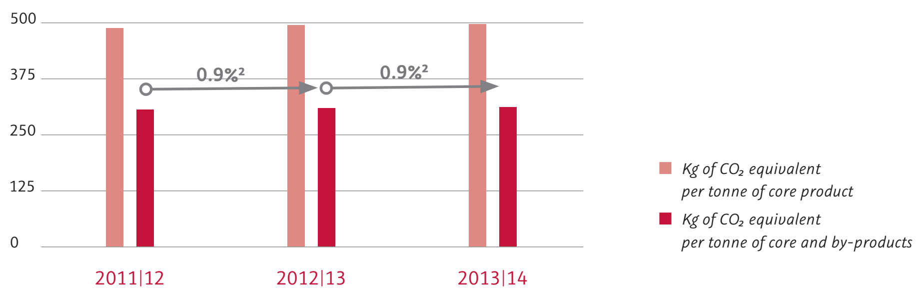
In its business activity, AGRANA is dependent on the availability of agricultural raw materials and hence on the functioning of local ecosystems. In summer 2013, mindful of this reliance on nature, the Group together with Lower Austrian contract suppliers carried out the first physical project over this platform: an initiative for bat conservation in Austria's Waldviertel district. Thirty farmers who supply food potatoes to the AGRANA starch factory in Gmünd installed bat boxes on their farm buildings as additional summer quarters for crevice-nesting bat species, since cavities in trees and traditional entry points in buildings are increasingly being lost as nesting locations.

INVESTMENT

Investment in the Starch segment in 2013|14 was € 41.0 million (prior year: € 59.1 million) and largely flowed to the site in Pischelsdorf, Austria. At this location the wheat starch plant was completed with total project-related capital expenditure over several years of € 70 million and with financial support of about € 3.4 million from the federal government and the government of Lower Austria; an administra-

AVERAGE SPECIFIC EMISSIONS (FROM DIRECT AND INDIRECT ENERGY USE) FROM PROCESSING AT AGRANA STARCH PLANTS[1]

In kg of CO_2 equivalent per tonne of core product or of core and by-products



[1] *See GRI report boundary on page 56.*
[2] *Percentage change based on average specific emissions (from direct and indirect energy use) per tonne of core and by-products.*

tion building was also built. As well, energy efficiency at the Pischelsdorf site was improved, by capturing waste heat from the feed drying plant. At the Hungarian joint venture, HUNGRANA, investment targeted the "Water-Free Ethanol" project and a new gas turbine. At the facility in Aschach, Austria, investment related to the expansion of the capacity for waxy corn derivative production and to an additional syrup loading lane. In Gmünd, Austria, investment was allocated to the drum drying operations among other areas.

TOP-LINE PERFORMANCE

In 2013|14, revenue of AGRANA Stärke GmbH rose by about 13% as a result mainly of higher sales volumes of core and by-products and also of somewhat higher selling prices for both types of products. Selling prices for starch products as such, however, were down from the prior year, for market reasons. In combination with lower raw material costs, the positive revenue trend led to an increase in operating profit before exceptional items. As a result of steady market demand and consistent marketing, as well as the additional quantities from the wheat starch plant in Pischelsdorf, Austria, sales volumes of core and by-products grew from one year earlier. Total sales volume (including by-products) increased considerably to 1,322,200 tonnes from 1,182,300 tonnes in the prior year. Sales of by-products rose significantly to 797,200 tonnes (prior year: 680,800 tonnes), primarily because of higher volumes of purchased feed resold. The tight worldwide supply of protein feeds caused prices for by-products (corn gluten feed, corn gluten meal and potato proteins) to rise from the prior year.

In 2013|14, revenue of HUNGRANA, the joint venture in Hungary, decreased by about 7%. This was caused by lower sales prices for core products – especially bioethanol and isoglucose – and reduced sales quantities of core products (down 2%) and by-products (down 9%). Total sales volume was 505,500 tonnes, off 25,300 tonnes from a year ago. As the lower raw material costs were not able to make up for the decline in sales prices and quantities, the earnings contribution from HUNGRANA decreased compared to the prior year.

In Romania, despite lower sales prices for core and by-products, revenue of the local company remained at the previous year's level, although operating profit before exceptional items fell visibly.

BIOETHANOL

Economic policy environment

The proposal published by the European Commission in 2012 to incorporate the subject of indirect land use change (ILUC) into the existing renewable energy directive (2009/28/EC) was rejected in its present form by a majority of votes in the Council of the European Union. The Commission must revise the proposal. In view of the upcoming European elections, a solution is not likely before 2015. AGRANA sees this as validating its raising of synergies in the production of food, feed and energy through investment in modern technologies and the cascading utilisation of raw materials. For instance, the co-product ActiProt®, a premium protein feed, reduces the requirement for soy imports from overseas. For bioethanol production, AGRANA uses only regional surplus feed grain that meets the European sustainability criteria.

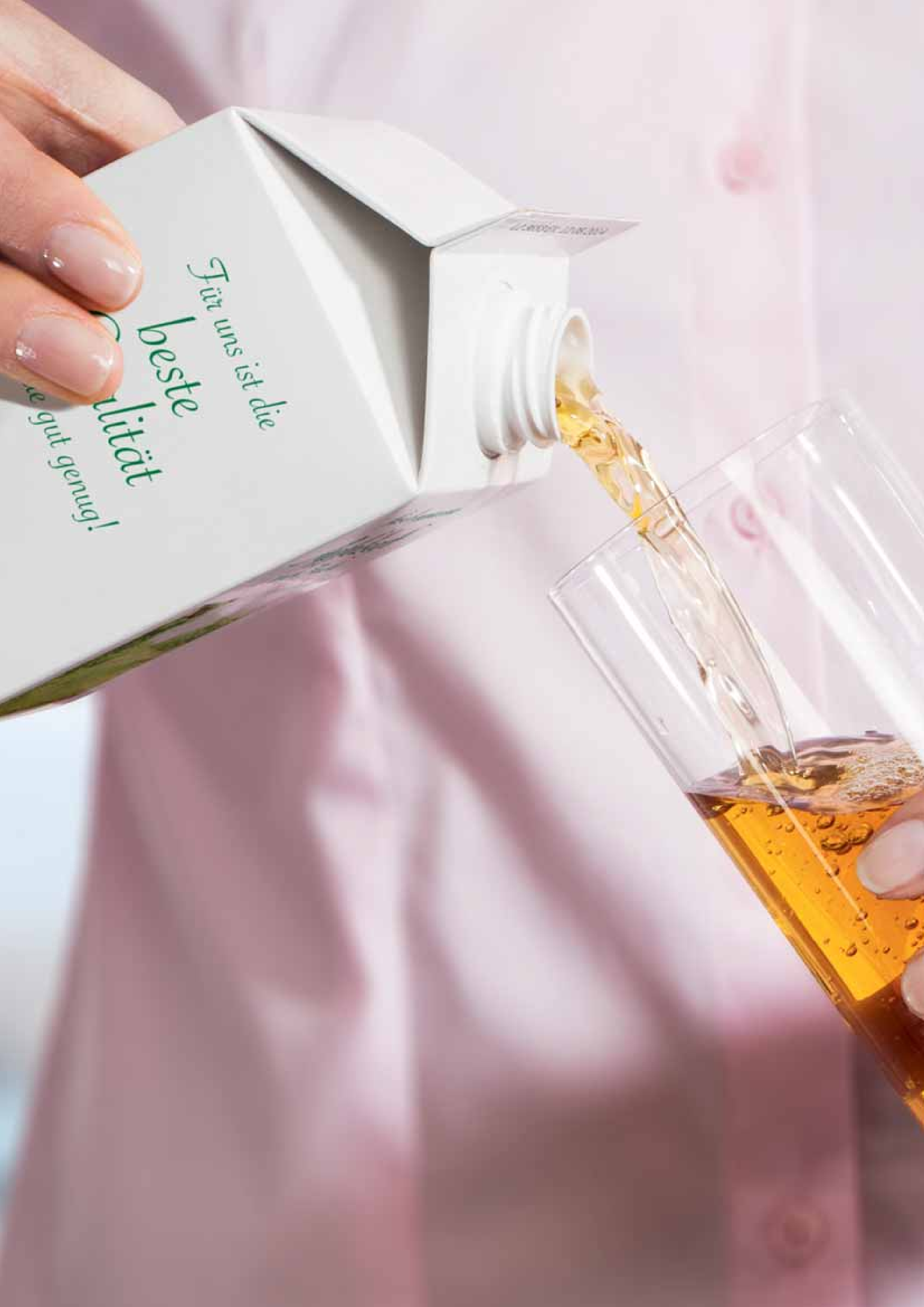
AGRANA bioethanol activities in 2013|14

AGRANA operates two combination starch and bioethanol manufacturing plants – one in Pischelsdorf, Austria and one through the Group's 50% ownership of HUNGRANA Kft. in Szabadegyháza, Hungary. In the 2013|14 financial year, the Austrian beet farmers association (Rübenproduzenten Beteiligungs GesmbH) sold its 25.1% stake in AGRANA Bioethanol GmbH in Pischelsdorf to AGRANA Stärke GmbH. The total bioethanol production capacity of the two plants is about 400,000 cubic metres per year.

Sales of bioethanol (on a consolidated basis including Austria and AGRANA's 50% share of results in Hungary; excluding industrial alcohol), were 336,100 cubic metres, just ahead of the prior-year level (331,500 cubic metres). Selling prices of bioethanol, however, were 7% lower than in the prior year.

At the Austrian bioethanol plant in Pischelsdorf, a total of about 601,000 tonnes (prior year: 568,000 tonnes) of grain was processed, with a ratio of wheat (incl. triticale) to corn of about 45 to 55 (the corn consisted of dry and wet corn; the wet corn was measured on a wet-weight basis in the ratio). As in the previous years, farmers were offered contracts to grow ethanol grains for the 2014 crop.

The ethanol production in Hungary is integrated in the HUNGRANA starch factory in Szabadegyháza, which processes corn into starch, isoglucose and bioethanol. In the year, expressed in terms of the 50% share of HUNGRANA's results attributable to AGRANA, this facility used approximately 190,000 tonnes (prior year: 222,000 tonnes) of corn for processing into bioethanol (total figures for HUNGRANA were thus twice these amounts).


Für uns ist die
beste
gut genug!

TREND REVERSAL ACHIEVED WITH THE RIGHT TOUCH

In the Fruit segment, a clear uptrend was noticeable in 2013|14. The key drivers of the improvement were the structural measures taken in our fruit preparations activities in Europe, and the volume growth in non-European markets. The successful integration and business performance of AUSTRIA JUICE GmbH, the joint venture formed in 2012|13, also contributed to the good results.

FRUIT SEGMENT

FRUIT SEGMENT RESULTS	2013|14	2012|13	Change
	€m	€m	%
Revenue	**1,172.1**	1,140.1	+2.8
Operating profit before exceptional items	**64.6**	45.2	+42.9
Operating margin before exceptional items	**5.5%**	4.0%	
Purchases of property, plant and equipment and intangibles[1]	**51.8**	34.9	+48.4

[1] *Excluding goodwill.*

BASICS OF THE FRUIT SEGMENT

Marketing relationship
B2B

Products Fruit preparations, fruit juice concentrates, not-from-concentrate juices, purees

Raw materials processed
Fruits (leading raw material for fruit preparations: strawberry; raw materials for fruit juice concentrates: apples and berries)

Key markets
Marketed worldwide

Customers
Dairy, bakery, food service and beverage industries

Special strengths
Custom-designed, innovative products

AGRANA J&F Holding GmbH is the holding company for the Fruit segment as a whole. The coordination and operational management of the fruit preparations activities are provided by the holding company AGRANA Fruit S.A.S., based in Mitry-Mory, France. Since the merger of AGRANA Juice and Ybbstaler, the holding company operating in the fruit juice concentrates business is AUSTRIA JUICE GmbH, based in Kröllendorf/Allhartsberg, Austria.

MARKET ENVIRONMENT

Worldwide the demand for **fruit preparations** for use in yoghurts, ice-cream and food services continues to grow by about 3% per year. A number of non-EU markets, where per-capita consumption is still relatively low, are growing vigorously.

For the United States, the latest market data from IRI[1] show strong growth for fruit yoghurts both by volume (3%) and value (8%). In fact, US demand specifically for fruit preparations is growing even more strongly than this, as the product group of Greek yoghurts, which is burgeoning at a growth rate of 29%, has a comparatively higher average content of fruit preparations.

Other regions with strong growth rates of up to 10% remain Brazil, North Africa, Ukraine, China and Southeast Asia. Lower growth rates of around 3% are seen in highly developed markets (notably South Korea and Australia) and in countries where overall economic growth has slowed (Russia, Mexico and South Africa).

In the EU, demand for fruit preparations continues to ease by about 1.5% per year. This decline continues to be driven by lower consumer confidence over the macroeconomic situation and by a slight trend towards natural yoghurts without fruit ingredients. Positive exceptions are the relatively small Scandinavian markets, which are showing mild growth, and France (the second largest market after Germany), where the fruit yoghurt market is stabilising.

In the **juice concentrate business**, the trend towards fruit juice beverages with low juice content continues unbroken. For beverages high in fruit juice, consumption in Western Europe remains on a mild easing trend, with most of this decrease occurring in Germany. Prices for fruit juice concentrates in Europe have settled in at a low overall level as a result mainly of three factors: inventories carried over from the very good 2012 crop, average processing volumes in the most important European growing regions (Poland, Italy, and Hungary) in the 2013 processing season, and an above-average harvest in Turkey.

[1] *Information Resources, Inc.*

Production sites

AGRANA is the world's leading manufacturer of **fruit preparations** for the dairy, bakery and ice-cream industries, with a global market share of about one-third. At the balance sheet date the Group had a total of 25 production sites for fruit preparations in 20 countries. With the new facility in Lysander in the state of New York (to come on-stream in the middle of May 2014) AGRANA plans to meet the growing demand from customers in Canada and the Northeastern United States. In South Africa the plant in Cape Town was closed at the end of January 2014 and local production concentrated at the more centrally located site in Johannesburg.

AUSTRIA JUICE is the leading manufacturer of **apple and berry juice concentrates** in Europe, with 14 production sites, including one in China. Since the merger of AGRANA Juice with the Ybbstaler group, the enlarged company is taking advantage of synergies, intensifying its international marketing and creating additional opportunities for growth. The company aims to further strengthen its leading position as a supplier of fruit juice concentrates, fruit purees, beverage bases, natural aromas and not-from-concentrate juices for the downstream beverage industry.

In Europe, AUSTRIA JUICE produces largely apple juice concentrate with a relatively high acid content for use in the production of pure apple juices and non-alcoholic apple spritzers. The Chinese juice production site is in Xianyang City, located in the world's largest apple growing region, and thus enjoys access to a good supply of raw materials for making "sweet" (low-acid) Chinese apple juice concentrate. Besides apples, AGRANA also processes berries into berry juice concentrates for the international market.
As part of the streamlining of the site network for fruit juice concentrate production in Austria, AUSTRIA JUICE closed the facility in Gleisdorf after the 2013 processing season. Key components of the plant were relocated to the Austrian site in Kröllendorf/Allhartsberg to expand the processing capacity there.

RAW MATERIALS, CROPS AND PRODUCTION

The financial year under review brought an improvement on raw material markets, thanks to a combination of moderate demand on fruit markets and trends in emerging market exchange rates. Generally, purchasing prices on average found a level slightly below that of the prior year. The prices for sugar, starch and liquid sugar, which are a major cost factor in fruit preparations ingredients, were significantly lower than in the year before.

The harvests in the main procurement regions were, with few exceptions, average to better than average.

Within the Group, AGRANA is always striving to buffer possible adverse impacts of raw material prices through effective procurement strategies and the use of the global sourcing network.

The growing product diversity and constantly rising quality requirements make it necessary to refine and expand the AGRANA supplier network in addition to expanding the Group's internal production of raw materials. Especially the mounting demand for sustainably produced raw materials requires intensified efforts in the collaboration with producers; these efforts already yielded demonstrable results and boosted sales of end products.

In the fruit juice concentrates business, available supplies of apples in the foremost European processing regions (Poland and Hungary) were down by about 20% from the prior year. The low apple crop volumes in Germany arrested the previous decline in raw material prices in the neighbouring countries. Chinese apple juice concentrate became less competitive in Europe with an increase in European duties on imports and significantly reduced production quantities, which made it more expensive.

The berry processing season was on the whole marked by good available volumes of the principal fruits. Only the supply of raspberries tightened considerably in the second half of the season as a consequence of dry, hot weather.

By adjusting the sourcing strategy, AUSTRIA JUICE succeeded in meeting its targeted sales quantities. Especially the increase in the proportion of raw materials produced internally, which had been one of the goals motivating the merger, generated a very significant positive earnings contribution.

Energy use and emissions during processing

The data for the average specific direct energy consumption and for specific emissions (from direct and indirect energy use) per tonne of core and by-products from processing in AGRANA fruit preparations plants[1] for the 2013|14 financial year include, for the first time, the data for AUSTRIA JUICE GmbH. For organisational and other reasons, the data on energy, emissions and waste do not include the AUSTRIA JUICE sites Gleisdorf, Austria (closed after the 2013 campaign), Bingen, Germany (fruit wine production) and Xianyang City, China (data quality).

The year-on-year rise of 45.0% in average specific direct energy consumption per tonne of core and by-products in 2013|14 in the Fruit segment is attributable to the fact that the – more energy-intensive – production of fruit juice concentrates was included in the reporting for the first time. Average specific direct energy consumption in the production of fruit preparations eased by about 0.7% from the prior year.

Average specific emissions from direct and indirect energy use per tonne of core and by-product in the Fruit segment increased by only 5.8%. In fruit preparations, the reduction in average specific indirect energy use led to a reduction of 3.8% in average specific emissions.

Waste

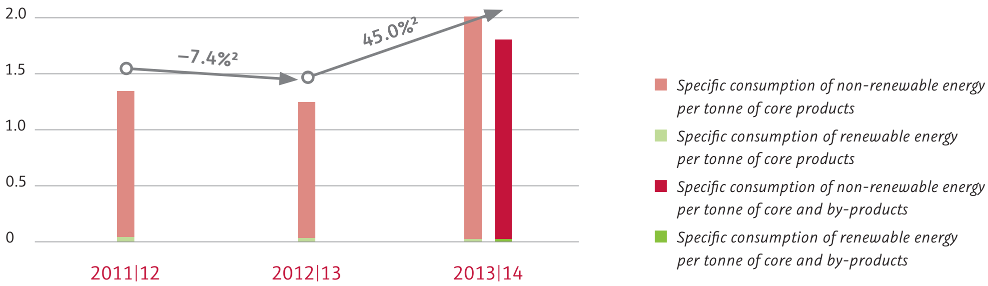
Fruit segment Tonnes, except percent	**2013|14**	**2012|13**
Waste disposed	49,359	29,795
Of which hazardous waste	*206*	*301*
Waste per tonne of product	7.1%	5.9%
Hazardous waste per tonne of product	0.03%	0.06%
Waste disposed, by disposal method		
Composting	6,243	7,465
Energy recovery	686	433
Reuse	23,708	3,732
Recycling	8,971	11,506
Landfill	5,806	4,527
Other	3,945	2,132

Source: Reports by waste management contractors, AGRANA calculations.

The amount of waste in the Fruit segment increased with the inclusion of AUSTRIA JUICE GmbH in the reporting, to 71 kg (prior year: 59 kg) per tonne of core and by-products. This was largely because of local legal definitions of waste. Thus, waste quantities shown in the "reuse" category in 2013|14 included about 18,500 tonnes of residues from fruit juice production, such as pomace, apple stems and leaves, which in some countries must legally be reported as waste although AGRANA sells these materials as by-products or gives them to farmers as soil conditioners. The "recycling" item consisted mainly of carton board and plastic packaging. Waste sent to the landfill was primarily fruit matter and

AVERAGE SPECIFIC DIRECT ENERGY CONSUMPTION IN PROCESSING OPERATIONS AT AGRANA FRUIT PREPARATIONS PLANTS[1]

In gigajoules (GJ) per tonne of core products only and per tonne of core and by-products combined



[1] *See GRI report boundary on page 56.*
[2] *Percentage change based on average specific total energy consumption per tonne of core and by-products.*

reject product. The specific waste generation in the fruit preparations business, at 56 kg per tonne of product, eased by 5.1% from the prior year despite an increase of about 5.0% in the amounts of product manufactured.

Sustainability engagement in the upstream value chain

The growing sustainability consciousness on the part of consumers and existing or planned reporting requirements for non-financial performance indicators are helping to prompt companies to honour, and document, their responsibility for the environmental and social impacts of their activities. Customers in the downstream food processing industry with international operations are thus increasingly inquiring with AGRANA about documentation of and compliance with environmental and social standards in the upstream value chain, specifically by AGRANA's agricultural suppliers.

Through a range of projects in different countries (most of them emerging markets), the Fruit segment has for many years been working to improve social and environmental standards in farming, particularly in sourcing from contract growers. In the 2012|13 financial year, in an initiative going beyond customer requirements, the Fruit segment launched a pilot project for the certification of strawberry and blackberry growers in Jacona in the Mexican state of Michoacán to the global standard of the RainforestAlliance.

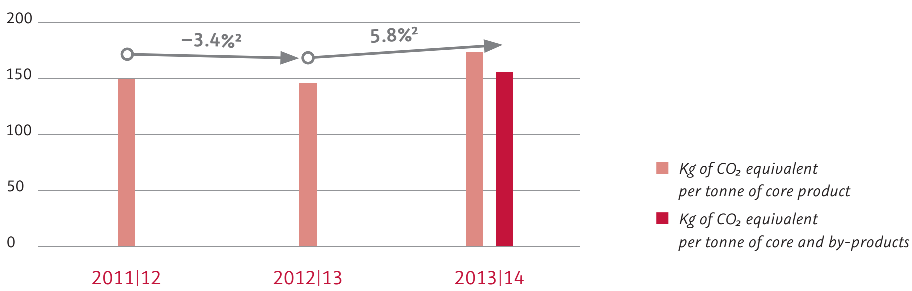
In this project, AGRANA together with local other knowledge transfer partners offered trainings in sustainable agricultural practices to interested contract farmers to prepare their operations for the certification audits – for example, instruction in pesticide use, water and waste management and reporting. The support offered also includes financial and technical support for the development of farms' ecosystem structure and infrastructure; for instance, planting of trees and grass strips to increase local biodiversity, installation of toilets and showers and the introduction of preventive healthcare for the employees of the growers.

After only six months of implementation, in November 2013 the RainforestAlliance Certified™ seal was won by all participating strawberry farms and, ahead of schedule, by three of seven blackberry producers.

Co-financed with development assistance funds from the Austrian Development Agency, the project creates a win-win situation for all its stakeholders: The approximately 1,100 workers of the farms involved are benefiting from better safety and social standards on the job, while the more sustainable agricultural practices protect the environment for the well-being of the communities at large. The broader social and environmental value lies in the long-term conservation of natural resources and biodiversity. The farmers hope to gain competitive advantage through improved product quality, labour efficiency and the innovativeness of the certification in Michoacán. AGRANA benefits from the internationally recognised certification of its suppliers to a standard going beyond that of any specific customer and, in this pilot project, is reaping important insights regarding the staff resources and expense required for contract supplier certification under an international standard. This knowledge can then also be used in other emerging markets through the sustainable sourcing strategic process.

AVERAGE SPECIFIC EMISSIONS (FROM DIRECT AND INDIRECT ENERGY USE) FROM PROCESSING AT AGRANA FRUIT PREPARATIONS PLANTS[1]

In kg of CO_2 equivalent per tonne of core product or of core and by-products



[1] *See GRI report boundary on page 56.*
[2] *Percentage change based on average specific emissions (from direct and indirect energy use) per tonne of core and by-products.*

INVESTMENT

The capital expenditure of € 51.8 million in the Fruit segment (prior year: € 34.9 million) represented maintenance investment and capacity expansion projects. Topping the list of projects in this segment is the construction of the fourth North American fruit preparations plant, in Lysander, New York, which will supply customers in the Northeastern United States and in Canada. It is scheduled to come on-stream in the middle of May 2014. Plant capacity in Ukraine was expanded by adding a new production line. The global growth in sales volumes of fruit preparations also increased the need for stainless steel containers for transport. Investment in the fruit juice concentrates business was primarily directed to the improvement of production efficiency. Besides other necessary asset replacement spending, the segment began to streamline the network of production sites in Austria and worked on the introduction of a uniform ERP system.

TOP-LINE PERFORMANCE

In the 2013|14 financial year, sales volumes in the fruit preparations business grew by 3.8% to 518,000 tonnes, thus further expanding the Group's lead as the world's largest supplier of fruit preparations.

Despite the challenging market environment, the Group was able to marginally expand its position in the EU (excluding Eastern Europe) as the most important region for this business and also slightly increased its profit. This was made possible mainly through volume growth and good cost management. AGRANA will continue to take measures to further raise profitability in the EU.

In Eastern Europe (Russia and Ukraine), although lower trading volume did not allow AGRANA to hold fruit preparations revenue constant, the operating margin improved.

Revenue in North America remained stable despite volume growth. This reflected the strong euro and the fact that major customers in some cases provided raw materials themselves. However, earnings increased substantially as costs rose disproportionately less than volumes.

Overall in the three Latin American countries where the Group operates (Argentina, Brazil and Mexico), AGRANA held the line on revenue and improved the profit situation despite weak currencies. Although the after-effects of the fraud case uncovered in 2012 in Mexico are weighing on the resources of the local organisation through many pending civil and criminal cases, business in the financial year under review was satisfactory.

In the Asia/Australia region, revenue was boosted and the high profitability was maintained. Particularly the production expansion in China drove the growth in this region.

Revenue and earnings in the Middle East/North Africa region also saw a positive trend. Defying the difficult political environment, the Egyptian joint venture delivered very good results and met expectations. Only in South Africa was there a drastic decline in revenue, in response to which the production operations in this country were concentrated at the Johannesburg site and the plant in Cape Town was closed ahead of schedule.

Compared with the 2012|13 financial year, sales volumes in the fruit juice concentrate activities grew by almost 8%. AUSTRIA JUICE operates globally, centred on the EU as the core market. Other major geographic markets are North America, Russia, the Middle East and Far East. The apple juice concentrate manufactured in the Chinese plant is shipped largely to the USA, Japan, India, Russia and Australia. The fruit wine product area showed growth in revenue and volume from the year before.

Price trends remained volatile in the year under review, with an easing tendency on balance. Through the customary annual contracts, most of the production from the 2013 harvest was already sold worldwide while the campaign was still in progress.

For earnings purposes, the reduced selling prices were only partly offset by lower raw material prices.

The integration of AGRANA Juice and Ybbstaler in AUSTRIA JUICE continues to progress as planned. The harmonisation of the business model and of systems is expected to be largely completed in the present 2014|15 financial year and the synergies are likely to be fully effective from 2015|16.

EXCEPTIONAL ITEMS IN THE FRUIT SEGMENT

In the Fruit segment, exceptional items in the 2013|14 financial year represented one-off effects in the fruit preparations company AGRANA Fruit South Africa (Proprietary) Ltd. For partly logistic reasons, all South African production will from now on be concentrated at the Johannesburg site; the plant in Cape Town was closed in January 2014. The related exceptional expense of € 0.8 million resulted mostly from termination benefit obligations and impairment charges.

In the prior year, exceptional items related to reorganisation measures in the fruit preparations business in Europe, and provisions in connection with the irregularities in business conduct uncovered at AGRANA Fruit México, S.A. de C.V.

The variety of hands-on ways in which AGRANA practices sustainable action ranges from responsible raw material sourcing and low-emission production technologies all the way to social engagement.

AGRANA'S PRACTICAL UNDERSTANDING OF SUSTAINABILITY

By sustainability, AGRANA means a harmonious balance of economic, environmental and social responsibility. In developing the Group-wide sustainability management system, AGRANA formulated three principles that sum up its concept of sustainability more concretely and reflect the six core subjects most significant for the Group.

At AGRANA we:

- Utilise almost 100% of our raw materials and employ low-emission technologies to protect the environment
- Respect all our stakeholders and the communities where we operate
- Engage in long-term partnerships

The essence of these three principles is also incorporated in AGRANA's mission statement. Beyond legal requirements and voluntary reporting commitments and standards, these principles are meant to serve management and employees as a practical and intuitive guide to daily sustainable action.

SUSTAINABILITY REPORTING

Organisational boundaries of sustainability reporting

The sustainability information integrated in this 2013|14 annual report which is considered material to AGRANA's business activities is marked with a green fingerprint. The content is selected and structured based on the questionnaire of the Global Reporting Initiative (GRI version 3.1) and on the GRI's food processing sector supplement. For the first time, the performance figures assembled for the Sugar, Starch and Fruit segments include data for AUSTRIA JUICE GmbH, a joint venture firm created in the 2012|13 financial year by the merger of AGRANA Juice Holding GmbH and Ybbstaler Fruit Austria GmbH that is fully consolidated by AGRANA in the Fruit segment.

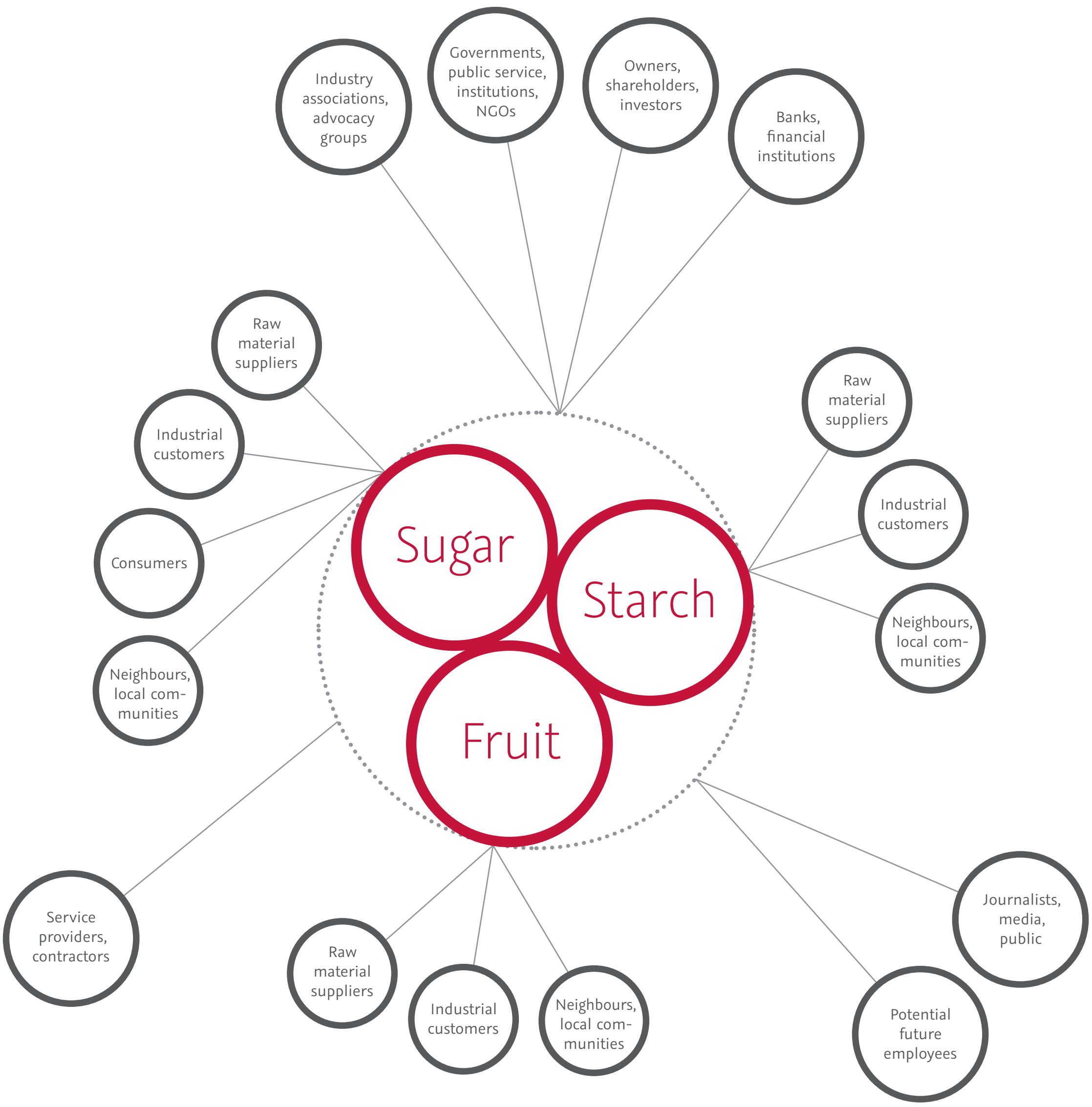
For organisational boundary reasons, the joint ventures that are proportionately consolidated in the financial statements of the AGRANA Group – i.e., the AGRANA-Studen group (in the Sugar segment) and the HUNGRANA group (in the Starch segment) – as well as companies not material for sustainability reporting purposes, such as INSTANTINA (in the Sugar segment), remain excluded from the scope of the data. In total, operations excluded from the sustainability data for 2013|14 represented revenue of € 299.4 million and an average of 367 employees.

Content boundaries of sustainability reporting

At the Group's 54 production sites worldwide, AGRANA's Sugar, Starch and Fruit segments use agricultural raw materials to make premium foods and many high-quality intermediate products both for the downstream food industry and for non-food applications. In 2012|13 AGRANA's cross-segment, cross-functional sustainability core team grouped the sustainability aspects that are material to the business activities into the following six subject areas:

- Environmental and social criteria in the sourcing of agricultural raw materials
- Environmental and energy aspects of production
- Labour practices and human rights of employees
- Product responsibility and sustainable products
- Compliance and business conduct
- Social engagement

To these six topics, AGRANA assigned the GRI indicators relevant for its business activities. The most relevant indicators are covered in this annual report *(see GRI content index on page 167)*. The materiality of the individual indicators was determined based on stakeholder feedback received by the various business segments and functional departments. This materiality information was for the first time recorded in a structured manner Group-wide by the AGRANA sustainability core team in the 2012|13 financial year and the materiality of the indicators was confirmed in 2013|14.



ACHIEVEMENTS IN 2013|14 AND FURTHER PLANS

The following projects within the six key subject areas were implemented in the 2013|14 financial year, are in progress or are planned for the next several years:

Environmental and social criteria in the sourcing of agricultural raw materials

■ At the end of the 2013|14 financial year, AGRANA started a working group on sustainable sourcing, in order to do justice to the growing consumer awareness – and the resulting higher expectations by customers especially in the food industry – regarding environmental and social criteria in the upstream agricultural supply chain, and thus to honour its responsibilities as a corporate citizen. In the current, 2014|15 financial year the participants, drawn from all AGRANA business segments, will evaluate environmental and social criteria in the procurement strategy – taking into consideration the degree of vertical integration of the respective sourcing model *(also see the value chain from page 28)* and AGRANA's resulting ability to influence sustainability aspects – and will refine these criteria with the help of a materiality analysis.

■ As early as the 2012|13 financial year, the Fruit segment launched a pilot project based on – and surpassing – customer-specific expectations for compliance with social criteria and certain agricultural practices. The project objective was the certification of strawberry and blackberry suppliers in the Mexican state of Michoacán to the standards of the international RainforestAlliance. Under this project, AGRANA together with other knowledge transfer partners offered trainings to interested contract farmers to prepare for the certification audits – for example, instruction in pesticide use, water and waste management, and reporting. The support offered also includes financial and technical assistance with the development of infrastructure, such as toilets, showers and preventive healthcare. After only six months of implementation, in November 2013 the RainforestAlliance Certified™ seal was won by all participating strawberry farms and, ahead of schedule, by three of seven blackberry producers.

Co-financed with development assistance funds from the Austrian Development Agency, the project creates a win-win situation for all its stakeholders: The approximately 1,100 workers of the farms involved are benefiting from better safety and social standards on the job, while the more sustainable agricultural practices protect the environment for the well-being of the communities at large. The broader social and environmental value lies in the long-term conservation of natural resources and biodiversity. The farmers hope to gain a competitive advantage through improved product quality, labour efficiency and the innovativeness of the certification in Michoacán. AGRANA benefits from the internationally recognised certification of its suppliers to a standard going beyond that of any specific customer and, in this pilot project, is reaping important insights regarding the staff resources and expense required for contract supplier certification under an international standard. In the future, this knowledge can also be used in other emerging markets through the sustainable sourcing strategic process.

Environmental and energy aspects of production

■ In the 2013|14 financial year AGRANA prepared for the introduction of an ISO 50001-certifiable energy management system for all Austrian production sites. In 2014|15 the Group is collecting the defined energy data and training the staff involved. Based on analysis of the energy figures, action plans are prepared for further energy savings measures. AGRANA is aiming for certification to ISO 50001 for autumn 2014.

■ "klima:aktiv", the climate protection initiative of the Austrian environment ministry, in November 2013 gave recognition to companies for energy conservation efforts in the context of corporate climate protection. AGRANA Zucker GmbH received the "klima:aktiv" honorary certificate for its installation in 2011|12 of low-temperature dryers at the Tulln and Leopoldsdorf sugar plants in Austria. The use of this technology, which captures waste heat from earlier process steps and harnesses it for the drying of desugared beet pulp to produce animal feeds, has already saved emissions of about 59,000 tonnes of CO_2 equivalent.

Working conditions and human rights in respect of AGRANA employees

■ The workplace safety data collected for the first time in the 2013|14 financial year across all business segments by uniform worldwide criteria are currently being analysed. On the basis of this analysis, potential for improvement and best practices are being identified and the latter progressively implemented, with adaptations to fit the individual sites *(also see the section "AGRANA's people", page 70)*.

■ In a pilot project during the 2014 summer holidays, to support parents in reconciling work with their family obligations, AGRANA is offering childcare for children of staff working at the Tulln sugar plant: During the pre-school and school holidays in Lower Austria, trained educators from the local section of Hilfswerk (the large social service organisation) will provide a varied, age-appropriate all-day programme for employees' children.

Product responsibility and sustainable products

■ As AGRANA primarily makes intermediate products for the downstream food industry, the priorities in terms of product responsibility are food safety and food defense. The compliance with applicable national laws and regulations at all production sites is regarded by AGRANA as merely the baseline from which to reach for even higher voluntary standards. In addition, AGRANA is guided by internationally recognised standards for food safety, such as the Codex Alimentarius (the food code of the Food and Agriculture Organisation (FAO) of the World Health Organisation). In the Codex Alimentarius, the General Principles of Food Hygiene introduced the Hazard Analysis and Critical Control Point (HACCP) system. The HACCP system is used to analyse and evaluate potential hazards to human health, whether chemical, physical or microbial in nature. Appropriate steps are then taken to eliminate or reduce these threats as necessary. In its assurance of food safety, the Group goes beyond the legal requirements. It has implemented and is externally certified to globally recognised standards of food safety and food defense. Among the most significant of these standards are FSSC 22000, ISO 22000 and IFS. In the 2013|14 financial year, 92.5% of all production sites were certified under at least one international food safety standard. Ultimately, it is product responsibility as a daily practice and the honouring of the three sustainability principles that underpin AGRANA's production of sustainable goods.

Social engagement

■ In autumn 2013 AGRANA celebrated 25 years in business. During the whole 2013|14 financial year, external events and the company's communications bore the theme of successful development from an Austrian sugar and starch producer with sales of about € 360 million to an internationally operating group with approximately 8,800 employees and revenue of about € 3 billion.

To make this anniversary truly memorable for employees, a celebration was held in September 2013 at the Tulln sugar factory for the staff of all Austrian plants. As well, a benefit concert was organised in cooperation with Theater an der Wien to which employees from AGRANA's international locations had a chance to win 25 tickets in a sweepstake. AGRANA made a donation matching the ticket revenue from this concert, thus donating (together with Theater an der Wien) a total of € 70,000, of which one-half each went to the children's services and disaster aid organisations "Malteser Care-Ring Kinderhilfe" and "Hilfe im eigenen Land – Katastrophenhilfe Österreich". Malteser Care-Ring Kinderhilfe provides hands-on support with home care for families with severely ill children, youths and young adults. "Hilfe im eigenen Land" is an Austria-wide organisation that, through financial aid, quickly and directly helps individuals and families who are in crisis because of an unexpected death, a serious illness or natural disaster.

Helping hands

■ In 2013|14 as in the previous years, AGRANA continued its tradition of donating sugar to the "Le+O markets" operated by Caritas, a charity. These regularly held markets offer food at a symbolic price, together with orientation, social counselling and support for people with low incomes. As in the past, AGRANA employees from the head office in Vienna volunteered their help with the weekly food distribution at a nearby Le+O market during working hours.

■ The AGRANA potato starch factory in Gmünd, Austria, supported "SOMAmobil Waldviertel" by supplying it with long-life potato products, such as potato puree. SOMAmobil is a mobile Sozialmarkt (food bank store) providing food and other essential goods to more than 800 economically disadvantaged people in 16 communities of the Waldviertel region.

■ In 2013|14, AGRANA Fruit México took part in an initiative of the Mexican Center for Philanthropy, which annually recognises companies for activities in the realm of corporate social responsibility. Candidates are evaluated by a number of criteria within the four categories business ethics, social standards and services for employees, environmental protection, and social engagement in the local community. AGRANA's Mexican manufacturing site received the Center's "ESR" seal (Empresa Socialmente Responsable – socially responsible business) for the broad range of physical and mental health measures provided for its staff and the volunteer work done by its employees on renovation projects at 20 local schools.

RESEARCHERS' SLEIGHT OF HAND ADDS VALUE TO NATURE'S GIFTS

Product innovation is vital to success in our highly competitive market environment. After a physical expansion of our research facility in Tulln, it will become the single, central new "AGRANA Research and Innovation Center", combining the Austrian research and development activities that until now have been geographically separated into those of the Sugar and Starch segments in Tulln and of the Fruit segment in Gleisdorf.

RESEARCH AND DEVELOPMENT

RESEARCH & DEVELOPMENT		2013|14	2012|13	2011|12
R&D expenditure (total internal and external	€m	**17.2**	18.2	15.1
R&D-to-sales ratio[1]	%	**0.57**	0.59	0.59
Employees in R&D		**218**	204	199

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

We are always trying out new ideas and seeking innovative solutions.

Operating in a highly competitive market environment, it is vital for AGRANA to be a market trendsetter and differentiate itself from the competition through product innovations. In close partnership with customers, AGRANA's research and development (R&D) teams are always working on new recipes, specialty products and innovative applications for existing products, in a tribute also to the Group's strategic focus on lasting, sustainable success.

In the 2013|14 financial year AGRANA maintained two research and development facilities. The activities of Zuckerforschung Tulln Ges.m.b.H. (ZFT) in Tulln, Austria, ranged from agricultural R&D, to food, sugar, starch and bioethanol technology, all the way to microbiology and biotechnology projects. Meanwhile, the Centre of Innovation and Excellence in Gleisdorf, Austria, conducted the centralised research and development for the fruit preparations business. This facility was responsible for the development of products and production methods, in addition to longer-term R&D projects to provide AGRANA's international customers with innovative solutions in direct response to the needs of the market.

With the help of a physical expansion of the research site in Tulln, AGRANA's research and innovation activities at the existing two centres will soon be combined in this one location. From July 2014 the new AGRANA Research & Innovation Center (ARIC) with a staff of about 60 people will be the Group's central research and development institute. This merging of resources is expected not only to yield administrative synergies but is especially intended to promote the closer collaboration of the previously geographically separate groups of researchers. The complementarity between the knowledge and experience of both groups will generate advantages in cross-segment areas of research such as clean label, nutrition physiology, sweeteners and aromas. In this way, the growing number of projects that pertain to more than one AGRANA business segment is expected to be carried out much more simply and efficiently. This new AGRANA "research cluster" at the Tulln facility also makes for easy and close connectivity with relevant university institutions and their graduates.

SUGAR SEGMENT

Methods developed and operationally used by AGRANA in recent years for the objective detection of deteriorated beet (beet damaged by changes in weather conditions during storage) won international recognition at the 3rd general meeting of the ESST, the European Society for Sugar Technology. AGRANA's report on this subject received the Best Paper Award. With the methods described by AGRANA, such as image analysis and the detection of volatile organic compounds and of glucose produced during the natural breakdown of sucrose, beets that will be difficult to process can be identified well in advance and remedial measures taken early enough. This largely avoids disruptions of operations and reduces expenses for the necessary process additives.

Besides the well-known criteria of sugar quality, such as “colour in solution” and ash content, properties that are increasingly gaining importance are odour and flavour. A research project was therefore started to help secure the desired sensory characteristics of powdered sugar by studying the factors that control them. The systematic trials already conducted have shown that both the granulated sugar used as the raw material and the conditions associated with grinding, packaging and storage of the powdered sugar significantly affect the sensory quality of the product. Top-grade powered sugar can only be produced when the granular sugar used for grinding has itself been manufactured under specific conditions and when the air coming into contact with the sugar meets certain specifications. In the further course of this two-year project supported by Austria’s Research Promotion Agency (Forschungsfördergesellschaft, or FFG), trials are planned on the objective assessment of sensory characteristics. This objective determination will employ highly advanced analytics, including, for example, gas chromatography after special enrichment of the aroma compounds using solid-phase dynamic extraction (SPDE), as well as gas chromatography coupled with ion mobility spectroscopy.

The segment-wide quality monitoring programme for white sugar instituted by ZFT is also already beginning to yield benefits. The programme is not confined to mere monitoring – when necessary, the production processes can be optimised by providing consulting on site. Thus, during the last campaign, technological modifications to one facility’s beet juice purification system were able to bring down the so-called floc potential – a quality parameter of white sugar important for certain customers – to well within the desired range. These consulting and training activities will continue to be expanded in the future.

In order to improve the microbiological quality of sugar products, a new project was launched last year around the detection of thermoacidophiles (bacteria-like, single-celled organisms) in the sugar manufacturing process. The project goal is to identify potential sources of infection and minimise the risk of sugar product contamination with thermoacidophiles.

STARCH SEGMENT

In R&D on potato starch raw material, a joint project was begun with the Austrian Institute of Technology and the Lower Austria Seed Growers Cooperative (Niederösterreichische Saatbaugenossenschaft). The aim of this FFG-supported project is to breed new potato varieties with special starch properties. The role of ZFT in the coming years of the project will be to process potatoes from the trials on a laboratory scale and assess the quality of the starch derived from them. The resulting findings will help the project partners evaluate progress and direct the breeding programme.

Production of silage from wet corn is being investigated as a way of extending the wet corn campaign, which has ecological and economic benefits by saving the energy-intensive step of drying the corn. To this end, a new ensilage technique was tested in which the wet corn is stored in plastic film tunnels. The early positive results are to be verified in the next campaign.

In food starches, the focus was on the expansion of application expertise. This included improving and enlarging the array of procedures available to test newly developed starches. Particular emphasis was also placed on expanding the line of organic products, using specially developed organic starches. These innovations are intended for use in organic gourmet foods among other market segments.

Work also began on developing new modified pregelatinized food starches and evaluating them for applications such as baking-stable fruit preparations. The goal is to expand the portfolio of functional pregelatinized starches in order to safeguard the necessary capacity utilisation of the production facilities in the future.

Another research priority at ZFT in food starches was the study of the nutrition physiology of specialty starches as dietary fibre. For this purpose, together with the University of Veterinary Medicine in Vienna, a preliminary stage to testing in humans is to be established using a porcine model. Two AGRANA specialty starches are already being studied by means of this test. A transglucosidated dextrin was developed that is suitable for the proxy to studies in humans.

A major area of R&D in the 2013|14 financial year was the development of starch products for non-food applications in the building, adhesive, paper and biopolymer sectors.

Important projects revolved around the development of special modified sustainable starches as substitutes for synthetic latex. These activities were targeted both to the paper market and to applications in textiles and construction, where such sustainable materials are also attracting more and more interest from customers.

Sustainable and biodegradable adhesives are becoming ever more significant in the market and for consumers. In partnership with well-known companies, modified starches were developed for the DIY market segment for use in consumer products, such as craft adhesives and glue sticks. These so-called green glues offer both environmental benefits and economic and quality advantages.

The replacement of synthetic glues with the use of the innovative NOVACOLL starch led to the development of ready-to-use adhesives and pastes with outstanding stability and adhesive strength. In the areas of bread bags and lamination, AGRANA positioned itself with new, intelligent products.

Growing environmental and sustainability consciousness is heightening the interest in and demand for biodegradable bioplastics. Thermoplastic starches are a major component of bioplastics. AGRANA was able to develop modified thermoplastic starches specifically for injection moulding in the production of consumer goods and of other biodegradable products suitable for everyday use. For example, it created vine clips for vineyards and gardening that contain a significant proportion of the proprietary new thermoplastic starch. AGRANA also plans to bring to market other new developments in specialty starch products for blown film applications where sustainability, environmental protection, and safety of direct contact with food are primary considerations.

Another new project, in collaboration with an Austrian civil engineering firm, is centred on the bio-sealing of dams: Cracks and tears in the soil of leaking dams are to be closed by promoting soil bacteria growth and thus stimulating the production of a polysaccharide matrix to reseal the dams.

Supporting the bioethanol plant in Pischelsdorf is a big part of the biotechnology activities. The continual adjustment of process parameters to the varying raw material composition, and the evaluation of enzymes and yeasts newly available on the market, contribute to the step-by-step optimisation of processes.

FRUIT SEGMENT

In the 2013|14 financial year, AGRANA's Centre of Innovation and Excellence further expanded its Consumer-Relevant Innovation Strategy and launched the "Gold" project, a cornerstone of its work on continuous quality improvement of fruit preparations. The aim of this long-term project is to achieve and secure the best possible (natural) texture of fruit pieces in the product while at the same time preserving the fruit's own aromas responsible for the natural fruit taste. Through the development of a building block system, potential for improvement in the individual steps of the basic operations/production processes can be identified and sub-projects started and implemented in a goal-oriented manner.

Other R&D priorities in the financial year were:

- Implementing the potential improvements identified for fruit raw materials in Morocco
- Testing different treatment and processing options immediately after harvesting
- Identification of significant process parameters such as pasteurisation temperature and time
- Evaluation of innovative cooker kettle designs with a view to quality improvement of fruit preparations
- Introduction of novel stabilisation systems
- Collaboration with filling and dosing machinery manufacturers supplying the dairy and beverage industries

In the new 2014|15 financial year, the previously begun activities are being continued, and with the improvement of the individual process building blocks, a solid foundation is to be laid for supporting the AGRANA plants and local developer teams. The right combinations of the optimised building blocks are to ensure made-to-measure product development.

In R&D for fruit juice concentrates, AGRANA worked on the optimisation of aroma yield and aroma quality in its production plants. A project to improve the utilisation and marketing of press cake, such as apple and blueberry pomace, in the form of by-products was successfully carried out. A patent was issued in Austria for the process for producing "apple flour", a valuable, low-calorie source of dietary fibre for use especially in the baking industry.

In 2014|15 the central research priority for AUSTRIA JUICE will be the further expansion of the development capabilities for beverage bases and aromas.

Special attention in this regard is placed on the development, and ultimately the marketing, of premium natural fruit flavourings known as FTNF ("from the named fruit") flavours. Other R&D objectives are the improvement of manufacturing processes for water phase flavours, and the evaluation of the technical feasibility of reducing critical herbicide use in the fruit juice supply chain by physical methods.

A GRIP ON SUSTAINABILITY IN THE SUPPLY CHAIN

AGRANA's core business is the resource-saving, low-emission processing of agricultural raw materials. Depending on the particular sourcing model, we strive to also exert influence on the social and environmental criteria used in our agricultural supply chain. In the 2013|14 financial year this was practiced very successfully in a pilot project with long-standing Mexican contract suppliers of strawberries and blackberries.

We challenge our people to excel and we support them with focused training and development.

In the 2013|14 financial year the AGRANA Group as a whole employed an average of 8,778 people (prior year: 8,449). Of this total, 2,131 worked in Austria (prior year: 1,993) and 6,647 in other countries (prior year: 6,456). The average number of employees in each business segment was as follows:

- Sugar segment: 2,399 employees (prior year: 2,315)
- Starch segment: 1,008 employees (prior year: 950)
- Fruit segment: 5,371 employees (prior year: 5,184)

The average age of permanent employees[1] on 28 February 2014 was 41 years, as in the prior year. Of the permanent employees, 28.9% (prior year: 28.4%) were women, and 60.1% of salaried staff had an academic degree (prior year: 57.7%).

The increase in staff numbers in the Sugar segment resulted partly from the fact that the employees of the AGRAGOLD companies were included for the first time. As well, the production operations of AGRANA Zucker GmbH required more staff than in the previous year. In the Starch segment, the growth of about 6% in the staff count was driven primarily by the start of operations of the new wheat starch plant in Pischelsdorf, Austria. The higher number of people working in the Fruit segment was attributable both to the coming opening of the new US production facility in Lysander in New York state and a volume-induced greater need for seasonal workers, particularly at the plants in Mexico and Ukraine.

HUMAN RESOURCES STRATEGY AND MANAGEMENT

AGRANA's personnel strategy follows sustainable principles. It is defined by mutual respect – including respect for different cultures and religions – and seeks to encourage entrepreneurial thinking and action.

AGRANA's human resources management in 2013|14 continued to focus on the judicious support and development of employees as key factors for the Group's success in the future.

Additionally, the processes in HR administration were further harmonised and standardised, and information technology solutions were revised from the ground up to enhance the level of detail of, for instance, the monthly reporting while at the same time improving administrative

AGRANA EMPLOYEES WITHIN THE GRI REPORT BOUNDARY[2]

at the balance sheet date of 28 February 2014

Segment	Non-permanent staff[3]		Permanent staff						Managers[4]		Of which Executive Leadership[5]	
	Total	Female	Blue-collar	Female	White-collar	Female	Total	Female	Total	Female	Total	Female
Sugar[6]	168	23.8%	1,050	14.3%	729	41.4%	1,779	25.4%	152	21.7%	18	16.7%
Starch	43	27.9%	563	12.8%	247	41.3%	810	21.5%	37	13.5%	3	0.0%
Fruit	2,202	77.2%	2,257	25.1%	1,299	46.3%	3,556	32.8%	224	26.3%	15	6.7%
Total	**2,413**	**72.6%**	**3,870**	**20.4%**	**2,275**	**44.2%**	**6,145**	**29.2%**	**413**	**23.5%**	**36**	**11.1%**

[1] *Employees of AGRANA Group companies hired for an indefinite period, i.e. excluding temporary staff.*
[2] *See GRI report boundary on page 56.*
[3] *Almost all non-permanent positions represent seasonal local workers in harvesting and processing campaigns.*
[4] *Reporting level 2 and 3.*
[5] *Reporting level 1 (i.e., the reporting level immediately below the Management Board of AGRANA Beteiligungs-AG).*
[6] *The Sugar segment includes the staff of AGRANA Beteiligungs-AG.*

efficiency. This makes it possible to also show components like the monthly workplace safety reporting and human resource planning on the same system and to benefit from improved plausibility checks and flexible analytical options. As well, the merging begun in 2011|12 of the payroll services for Austrian companies of the AGRANA Group at the HR services center in Tulln has contributed to higher quality and scalable solutions.

AGRANA's compensation policy is generally based on collective bargaining agreements. For its management, AGRANA maintains a global, objectively based compensation system consisting of a fixed (salary) element and a variable element. The fixed compensation is based on the job duties, market rates of pay and the need for internal fairness. The amount of variable pay is dependent on achievement of the respective corporate business targets and individual targets.

In the 2013|14 financial year, 6.7% (prior year: 6.0%) of all employees were covered by this incentive-enhanced compensation scheme.

STAFF DEVELOPMENT AND TRAINING

As in the previous years, AGRANA offered numerous trainings, in subject areas spanning both professional skills and personal development. Ongoing Group-wide programmes were continued to foster interaction between the segments, strengthen the Group's international integration and encourage broad horizons. Only this consistent effort can ensure the lasting success of these trainings and trainee programmes and ensure they add value for the Group and for employees.

In the 2013|14 financial year, special focus continued to be placed on onboarding programmes and welcome days, which were organised in all segments and in the holding company to swiftly give new hires an overview of their own part of the organisation and the whole AGRANA universe. Subsequently, employees can take part in cross-segment, Group-wide exchanges, e.g. INCA (International Communication at AGRANA).

AGRANA makes a particular point of encouraging and developing talent. In January 2014, twenty-two men and seven women completed what was already the third cycle of AGRANA Competencies Training (ACT), a two-year talent development curriculum for employees. The project presentation which concluded it showcased results that surpassed the already high expectations, such as regarding further marketing opportunities for residues from apple juice concentrate production. However, equally striking was the positive development in the participating employees themselves over the course of the programme. The results of the specific projects completed within ACT, as well as the intensive training of selected staff members, are doing their part to prepare AGRANA for the future.

In the year under review, AGRANA provided training to a total of 78 apprentices (prior year: 65) in Austria and Germany in preparation for careers as, among others, mechanical engineering technicians, electrical engineering technicians, plant electricians and process control technicians, metalworking technicians, chemical lab technicians, food technicians, mechatronics technicians, industrial sales representatives and computer technicians. The proportion of female apprentices was 10.3%.

TRAINING HOURS OF AGRANA EMPLOYEES[1]

in the 2013|14 financial year

Segment	Average training hours per employee			Proportion of employees who received a training	Training & development costs[2]
	Male	Female	Total		
Sugar[3]	37.9	47.5	40.4	92.0%	1.8%
Starch	24.8	18.4	23.5	75.2%	0.7%
Fruit	17.7	16.6	17.3	81.0%	1.1%
Total	**24.9**	**24.6**	**24.8**	**83.4%**	**1.3%**

[1] *Permanent staff within the GRI report boundary (see page 56).*
[2] *As a share of pay.*
[3] *The Sugar segment includes the staff of AGRANA Beteiligungs-AG.*

"AGRANA Academy" launched Group-wide

The name AGRANA Academy stands for the company's programme for training all senior managers in the AGRANA core skills and corporate principles. The various workshops are intended to establish a shared understanding of the Group and develop a common management culture. The competency selected as a focus for the year under review and for 2014|15 was that of leadership. Through the Academy, AGRANA aims to prepare all levels of its management even better for future challenges.

The Group-wide expenditure for external training and development in the 2013|14 financial year amounted to about € 2.7 million (prior year: € 2.3 million), equivalent to approximately 1.2% (prior year: 1.1%) of total wages and salaries.

WORKPLACE SAFETY AND HEALTH

In 2013|14 AGRANA for the first time collected fully standardised workplace safety data globally across all business segments, additional to legal and segment-specific reporting requirements.

These data collected by uniform worldwide criteria for the first time in 2013|14 are being analysed in detail in the 2014|15 financial year. Based on the findings of this analysis, potential for improvement and best practices are being identified and the latter will be adapted to the individual locations and progressively implemented.

Health programmes

Under the "AGRANA Fit" programme, with the goal of maintaining and improving employees' health and wellness, AGRANA in many locations offers a comprehensive range of health services and sports. Besides routine health check-ups, tips for balanced and healthy eating, ergonomic help at work to prevent muscle tension and more serious issues, many different sports and exercise activities are available. In 2013, combining sports with an opportunity to practice team spirit, AGRANA once again invited its staff to participate in the annual Wien Energie Business Run. No fewer than 177 employees from all business segments took up this challenge in September 2013.

Aside from these opportunities to improve and maintain physical health, a (legally required) assessment of psychological strain in the work place was conducted in February 2014 at all Austrian sites. With the help of an employee survey, work-related psychological stress factors are now also captured in addition to the ongoing workplace evaluation by the preventive health and safety specialists at the company sites. Appropriate measures will be taken in the 2014|15 financial year after analysis of the results.

WORKPLACE SAFETY DATA FOR THE AGRANA GROUP[1]

in the 2013|14 financial year

Segment	Injury rate[2]			Lost day rate[3]			Absentee rate[4]		
	Total	Male	Female	Total	Male	Female	Total	Male	Female
Sugar	2.0	2.4	0.6	19.9	23.0	10.6	4,442.1	4,549.1	4,114.0
Starch	1.6	1.8	0.5	19.2	24.1	–	5,540.8	5,445.7	5,917.0
Fruit	3.1	4.1	1.8	34.6	47.3	17.9	3,239.8	3,482.1	2,919.9
Total	**2.6**	**3.2**	**1.5**	**28.6**	**35.8**	**15.2**	**3,864.5**	**4,130.8**	**3,370.7**

In the 2013|14 financial year there were no fatal accidents in the workplace at the AGRANA Group[1].
In the 2013|14 financial year there were five accidents of AGRANA contractors. For organisational reasons, these are not included in the AGRANA workplace safety data such as the injury rate, lost day rate and absentee rate.

[1] *Non-permanent (i.e., fixed-term or temporary) and permanent employees within the GRI reporting boundaries (see page 56).*
[2] *Injury rate = (total number of accidents[5] ÷ total paid hours worked[6]) × 200,000*
[3] *Lost day rate = (total number of lost days[7] ÷ total paid hours worked[6]) × 200,000*
[4] *Absentee rate = (total number of missed hours due to accident[5] and sickness ÷ total paid hours worked[6]) × 200,000*
[5] *In AGRANA's workplace safety data, injuries are counted as accidents if a scheduled work day is lost. Days are counted as lost from the first scheduled work day missed after the accident (excluding accidents on the way to or from work).*
[6] *Total paid hours worked are defined by AGRANA as contractual work hours plus paid overtime.*
[7] *A work day is assumed to have eight hours.*

DIVERSITY

For its core business of the industrial processing of agricultural raw materials into foods and high-quality intermediate products for the downstream food industry and for non-food applications, AGRANA regularly seeks employees with a vocational background or higher technical education. As the proportion of women with vocational training or technical academic degrees is relatively low in Austria and other countries, a "Daughters' Day" was again held in 2013 to raise girls' interest in the technical trades and professions.

A significant challenge on the career path is that of keeping work and family life in harmony. AGRANA already provides a company kindergarten, as well as a childcare service for children of staff in Vienna on days when schools close locally for a day, and on longweekend days falling between a public holiday and the weekend. Going a step further, on a pilot basis in summer 2014, the company is for the first time offering a week of childcare during the summer holidays for children of employees at the sugar plant in Tulln, Austria. During the pre-school and school holidays in Lower Austria, trained educators from the Lower Austria section of Hilfswerk, a care services organisation, will provide age-specific, rich and diverse programmes for children aged three to ten years, ranging from creative workshops to excursions and sports activities.

RISK MANAGEMENT
AND SYSTEM OF INTERNAL CONTROL

We accept and manage calculated risks and avoid excessive uncertainty.

The Management Board of the AGRANA Group recognises the importance of active risk management. The basic aim of such risk management is to identify risks and opportunities as early as possible and take appropriate measures to safeguard the profitability and continued existence of the Group.

The AGRANA Group uses integrated monitoring and reporting systems that permit regular assessment of the risk situation. For the early identification and monitoring of risks relevant to the Group, two mutually complementary control tools are in place:

- An enterprise-wide, *operational* planning and reporting system forms the basis for the monthly reporting to the appropriate decision-makers. Under this reporting process, a separate risk report is prepared for the Group and each business segment. Its focus is on risks and opportunities arising from changing market prices for the current and next financial year. Besides these ongoing reports, the risk managers from the different business areas regularly discuss with the Management Board the business situation and the use of risk mitigation measures.

- The aim of *strategic* risk management is to identify material individual risks and evaluate their implications for the overall profile of risks and opportunities. Twice every year, the medium- to long-term risks in the individual business areas are analysed by a designated risk management team together with the Group's central risk management function. The process involves risk identification and risk assessment by probability of occurrence and potential magnitude of risk/opportunity, the definition of early warning indicators and the taking of countermeasures. Also, the aggregate risk position of the AGRANA Group is determined for the current financial year using a Monte Carlo simulation. This allows a judgement to be made as to whether a combination or accumulation of individual risks could pose a threat to the ability to continue in business as a going concern. The results are reported to the Management Board and the Audit Committee of the Supervisory Board.

The business segments of the AGRANA Group have designated risk management representatives responsible for initiating loss-minimising measures as required, subject to Management Board approval.

RISK POLICY

AGRANA sees the responsible treatment of business opportunities and risks as an essential basis for purposeful, value-driven and sustainable business management. The Group's risk policy seeks to ensure risk-aware behaviour and stipulates clearly defined responsibilities, independent risk control, and integrated internal controls.

Throughout the Group, risks may be assumed only if they arise from the core business of the AGRANA Group and it does not make economic sense to avoid, insure or hedge them. The policy is to minimise risks to the extent reasonably possible while achieving an appropriate balance of risks and returns. The assumption of risks outside the operating business is strictly prohibited.

AGRANA Beteiligungs-AG is responsible for the Group-wide coordination and implementation of risk management arrangements determined by the Management Board. The use of derivative financial instruments is permitted only for the purpose of hedging business transactions, not for speculative purposes. Use of derivatives is subject to regular reporting to the Management Board.

SIGNIFICANT RISKS AND UNCERTAINTIES

The AGRANA Group is exposed to risks both from its business operations and from its national and international operating environment. As a globally operating processor of agricultural raw materials, climatic changes and their impacts on the availability of raw materials pose risks for AGRANA. With its energy-intensive production activities, particularly in the Sugar and Starch segments, AGRANA is also subject to risks from energy-related and environmental legislation in the various countries.

OPERATIONAL RISKS

Procurement risks

AGRANA is dependent on the availability of sufficient amounts of agricultural raw materials of the necessary quality. Beyond a possible supply shortfall of appropriate raw materials, fluctuation in the prices of these inputs (to the extent that it cannot be passed through to customers) also represents a risk. Major drivers of availability, quality and price are weather conditions in the growing regions, the competitive situation, regulatory and legal requirements, and movements in the exchange rates of relevant currencies.

In the **Sugar segment**, sugar beet and raw sugar are used as raw materials. Besides weather factors, an important determinant of sugar beet availability is the profitability for farmers of growing beet rather than other field crops. For the refining facilities in Bosnia-Herzegovina, Hungary and Romania, the basic driver of AGRANA's profitability is how much value can be added by processing the purchased raw sugar, taking into account the market prices achievable for white sugar. Next to the risk of high raw sugar purchasing prices, another procurement risk lies in the regulations on the import of white and raw sugar into the European Union. The prices for the required raw sugar are hedged through commodity derivatives where financially appropriate. This hedging is performed in accordance with internal policies and must be reported to the Management Board.

In the **Starch segment**, sufficient supply contracts are concluded to secure the required quantities of raw materials. When economical, the hedging can also take the form of futures contracts, which require management approval. The volume and results of these hedges are included in the monthly reporting and are reported to AGRANA's Management Board.

In bioethanol production, when prices for the grains used as input materials change, the selling price of the co-product ActiProt® generally changes in the same direction. This acts as a natural hedge by partly offsetting the grain price movements. However, there remains a residual risk that rising raw material costs cannot be fully passed on to bioethanol customers.

In the **Fruit segment**, crop failures caused by unfavourable weather and plant diseases can adversely affect the availability and purchasing prices of raw materials. In the fruit preparations business, with its worldwide presence and knowledge of procurement markets, AGRANA is able to anticipate regional supply bottlenecks and price volatility and take appropriate action in response. Where possible, one-year contracts are used both with suppliers and customers.

The production processes are energy-intensive, especially in the Sugar and Starch segments. AGRANA therefore continually invests in improving energy efficiency in the manufacturing facilities and designs them for the most cost-effective use of different sources of energy. The quantities and prices of the required energy are also to some extent secured, for the short and medium term.

Product quality and safety

AGRANA sees the manufacturing and marketing of high-quality, safe products as a fundamental prerequisite of sustained economic success. The Group applies rigorous quality management that is continually refined, meets the requirements of the relevant food and beverage legislation, standards and customer specifications, and covers the entire process from raw material sourcing, to manufacturing, to the delivery of the finished product. The compliance with legal and other quality standards is regularly verified by internal and external audits. In addition, product liability insurance is carried to cover any remaining risks.

Market risks and competitive risks

In its worldwide operations, AGRANA is exposed to intense competition from regional and supraregional competitors. The Group's own market position is continually monitored so that any required corrective action can be rapidly initiated. In response to demand and other factors, capacity and cost structures are frequently adjusted to maintain competitiveness in the core markets. The early detection of changes in demand patterns and consumer behaviour is based on the constant analysis of sales variances. In this context, AGRANA also monitors new technological developments and production processes in the market that, going forward, could lead to a partial backward integration on the part of customers into core businesses of individual segments of the AGRANA Group.

REGULATORY RISKS

Risks from sugar market regulation

Sugar regime: The Council of European Union and the European Parliament reached agreement in October 2013 to let the EU sugar regime expire in September 2017. The quota system for sugar and isoglucose will thus end on 30 September 2017 and both products can then be manufactured and sold in any quantity.

Free trade agreement: The free trade agreement currently being negotiated between the European Union and the United States could have economic impacts on AGRANA. As it currently stands, agricultural products (especially sugar and starch) are classified as sensitive products and are thus excluded from the talks. However, this may change in further rounds of negotiation that are to begin in 2015. Details of the agreement texts under negotiation are not yet publicly available.

As part of the risk management process, potential scenarios and their impacts are analysed and evaluated from an early stage. Current developments and their implications are also reported beginning on page 37 of this report, in the section on the Sugar segment.

EU renewable energy directive (2009/28/EC)

The EU renewables directive forms the basis for the requirement – in place in Austria since October 2007 – for the minimum bioethanol content in petrol. The level at which this minimum is set has a strong impact on AGRANA's bioethanol business. Based on the current status of Austrian and European legislation, it can be assumed that the present ethanol content percentages will, at the least, be maintained until 2020. Nonetheless, new initiatives at EU level (indirect land use change) and the public debate and national law-making initiatives on this subject are all very closely monitored, analysed, and evaluated in the risk management process.

LEGAL RISKS

AGRANA continually monitors possible changes in the legal setting that could lead to a risk situation, and takes anticipative action as appropriate. This applies particularly to food and environmental legislation.

There are currently no civil actions pending against companies of the AGRANA Group that could have a material impact on the Group's financial position, results of operations and cash flows.

As noted in previous annual reports, the Slovak competition authority opened investigations in the 2009|10 financial year into, among other entities, the local AGRANA sugar company. However, to date no further steps have been taken.

The antitrust case filed in 2010 by the Austrian Federal Competition Authority against AGRANA Zucker GmbH, Vienna, and Südzucker AG Mannheim/Ochsenfurt, Mannheim, Germany, for alleged competition-restricting arrangements with respect to Austria has thus far not brought a further ruling by the Cartel Court. AGRANA continues to regard the allegation as unfounded.

FINANCIAL RISKS

AGRANA is subject to risks from movements in exchange rates, interest rates and product prices. The financing of the Group is largely provided centrally by the Treasury department, which regularly reports to the Management Board on the movement in and structure of the Group's net debt, on financial risks and the amounts and results of the hedging positions taken.

Interest rate risks

Interest rate risks arise from fluctuation in the value of fixed interest financial instruments as a result of changes in market interest rates; this is referred to as interest rate price risk. 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 market interest rates 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, the existing interest rate risks are determined by calculating Cash-Flow-at-Risk and the modified duration and are 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 and from financing in foreign currencies or local financing in euros. For AGRANA, the principal relevant exchange rates are those between the euro and the US dollar, Hungarian forint, Polish zloty, Romanian leu, Ukrainian hryvnia, Russian ruble and Brazilian real.

For hedging, AGRANA primarily employs forward foreign exchange contracts (also known as currency forwards). Through these, the value of cash flows denominated in foreign currencies is protected against exchange rate movements. In countries with volatile currencies, these risks are further reduced through the shortening of credit periods, indexing of selling prices to the euro or US dollar, and similar methods of risk mitigation.

Currency risk is determined using the Value-at-Risk approach and presented in the notes to the consolidated financial statements.

Liquidity risks at single-company or country level

Liquidity risks at single-company or country level are detected early through the standardised reporting, thus allowing timely mitigative action to be taken as appropriate. The liquidity of the AGRANA Group is sufficiently assured at all times through credit lines committed by banks.

Risks of default on receivables

Risks of default on receivables are mitigated by trade credit insurance, strict credit limits, and the ongoing monitoring of customers' credit quality. The residual risk is covered by appropriate amounts of provisions.

RISKS FROM IRREGULARITIES

The auditing of the 2011|12 annual financial statements of AGRANA Fruit México, S.A. de C.V., Michoacán, Mexico, had uncovered grounds for suspicion that various business transactions were not in compliance with the AGRANA Code of Conduct and that their financial reporting did not meet the applicable external and internal accounting standards. On the basis of intensive investigations, the local management was replaced in June 2012, the facts of the case were established and appropriate provisions set aside in the 2012|13 accounts.

In the 2013|14 financial year no material new information emerged in this fraud case, and the internal and external investigations conducted in 2012|13 proved to have been sufficiently comprehensive. Criminal complaints filed by AGRANA are pending against the former local management and against companies which are or were owned by them. Negotiations with the insurance company regarding cover of the reputational damage are in progress.

Arrangements for internal and external audits are in place to assure, to the extent possible, that similar occurrences are prevented or detected at an early stage.

AGGREGATE RISK

The Group's aggregate risk exposure was marked by continuing high volatility in selling prices and raw material purchasing prices, and on balance remained the same as in the prior year. At present there are no discernible risks to the AGRANA Group's ability to continue in business.

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

The Management Board of AGRANA recognises its responsibility for the establishment and design of an internal control system and risk management system in respect of the accounting process and of compliance with the relevant legal requirements.

Standardised Group-wide accounting rules, the internal control system and International Financial Reporting Standards (IFRS) assure both the uniformity of accounting and the reliability of the financial reporting and externally published financial statements.

Most Group companies use SAP as the primary ERP system. The data from the separate financial statements are collected in the central SAP consolidation module. This permits the reporting system to operate on the basis of uniform data. The consolidated financial statements are prepared by the Group Accounting department. The department is responsible for ensuring the correct and complete transfer of financial data from Group companies, carrying out the financial statement consolidation, performing analytical processing of the data and preparing financial reports. On a monthly basis, the Controlling and Group Accounting departments validate and assure the congruence of the internal and external reporting.

The primary control tool for AGRANA's management is the enterprise-wide, uniform planning and reporting system. The system comprises a medium-term plan with a planning horizon of five years, budget planning for the next financial year, monthly reporting including a separate monthly risk report, and, three times per year, a projection for the current financial year that incorporates the significant financial developments. In the event of substantial changes in the planning assumptions, this system is supplemented with ad-hoc forecasts.

The monthly financial reporting produced by Controlling portrays the performance of all Group companies. The contents of this report are standardised across the Group and include detailed sales data, the balance sheet, income statement and the financials derived from them, as well as an analysis of significant variances. This monthly report includes a dedicated risk report both for each business segment and the AGRANA Group. It calculates the risk potential for the current and the next financial year, based on the assumption that the key profitability factors (energy prices, raw material prices, selling prices, etc.) remain constant at their current level to the end of the respective financial year.

A Group-wide risk management system at both operational and strategic level in which all sources and types of risk relevant to AGRANA – such as the regulatory and legal environment, raw material procurement, competitive and market risks, and financing – are analysed for risks and opportunities, enables the management to identify changes in the Group's environment at an early stage and to take timely corrective action as required.

Internal Audit monitors all operational and business processes in the Group for compliance with legal provisions and with internal policies and procedures, and for the effectiveness of risk management and the systems of internal control. The unit's audit activities are guided by a Management-Board-approved annual audit plan that is based on a Group-wide risk assessment. When requested by the Management Board, Internal Audit also performs ad-hoc audits focusing on current and future risks. The audit findings are regularly reported to AGRANA's Management Board and the respective managers responsible. The implementation of the actions proposed by Internal Audit is assured by follow-up verifications.

As part of the audit of the financial statements, the external independent auditor, to the extent required for the audit opinion, annually evaluates the internal control system of the accounting processes and of the information technology systems. The audit findings are reported to the Audit Committee of the Supervisory Board.

CAPITAL, SHARES, VOTING RIGHTS AND RIGHTS OF CONTROL

(DISCLOSURES UNDER SECTION 243A (1) AUSTRIAN COMMERCIAL CODE)

The share capital of AGRANA Beteiligungs-AG at the balance sheet date of 28 February 2014 was € 103.2 million, divided into 14,202,040 voting ordinary no-par value 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, directly holding 86.2% of the share capital of AGRANA Beteiligungs-AG. Z&S is a wholly-owned subsidiary of AGRANA Zucker, Stärke und Frucht Holding AG, Vienna, in which Zucker-Beteiligungsgesellschaft m.b.H. ("ZBG"), Vienna, in turn holds 50% less one share (that share being held by AGRANA Zucker GmbH, a subsidiary of AGRANA Beteiligungs-AG) and in which Südzucker AG Mannheim/Ochsenfurt ("Südzucker"), Mannheim, Germany, holds the other 50%. 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 syndicate have certain mutual rights to nominate members of each other's management board and supervisory board. Thus, Johann Marihart has been nominated by ZBG and appointed as a member of the management board of Südzucker, and Thomas Kölbl has been nominated by Südzucker and appointed as a member of the management board of AGRANA Beteiligungs-AG.

Until 27 February 2014, M&G Investments, a subsidiary of London, UK-based financial services firm Prudential plc, held 15.6% of AGRANA's share capital. Z&S, which as the majority shareholder of AGRANA Beteiligungs-AG had until then held 75.5% of the share capital, acquired an additional, direct interest of 10.7% from M&G Investments, giving Z&S a new total of 86.2% of the voting rights in AGRANA. Another 4.9% of AGRANA's shares were acquired directly by Südzucker, which thus increased its direct interest in AGRANA Beteiligungs-AG to about 6.5%. Of this total, the newly acquired stake of almost 5 percentage points is to be placed on the market again in order to increase the widely held (free float) portion of shares of AGRANA Beteiligungs-AG. The aim is to boost the liquidity of AGRANA shares and thus enhance their attractiveness for investors. On any shares within this stake of 4.9% that are not placed, Z&S holds a call option that can be exercised from 1 March 2015, with Südzucker as the counterparty.

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

The Management Board does not have powers to issue or repurchase shares except to the extent provided by law.

The agreements pertaining to the Schuldscheindarlehen (bonded loan) and credit lines (syndicated loan agreements) contain change of control clauses that grant the lenders an extraordinary right to call the loans.

With this exception, there are no significant agreements that take effect, change materially, or end, in the case of a change of control 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 power to achieve continuing success rests in our hands.

CHANGES RESULTING FROM USE OF EQUITY ACCOUNTING FROM 2014|15 FINANCIAL YEAR

The application of IFRS 11 (Joint Arrangements) is mandatory from the new 2014|15 financial year. As a result, the companies of the HUNGRANA group (in the Starch segment) and of the Western Balkans group (in the Sugar segment) will no longer be proportionately consolidated in AGRANA's consolidated financial statements but instead will be accounted for using the equity method *(details are provided in the notes from page 95)*. The transition to the equity method of accounting will have impacts particularly on the reporting of sales revenue, operating profit before exceptional items and operating profit after exceptional items.

The outlook for 2014|15 is already presented on the basis of using equity accounting to restate the 2013|14 comparative data, as shown in the following table.

€m	2013|14 published[1]	IFRS 11 restatement	2013|14 restated[2]
Revenue	3,043.4	(201.7)	2,841.7
Operating profit before exceptional items	171.4	(36.6)	134.8
Share of results of associates	0.0	28.4	28.4
Operating profit after exceptional items [EBIT]	175.3	(8.3)	167.0

[1] *Proportionate consolidation.*
[2] *Equity accounting.*

It should be noted that, as a result of the adoption of equity accounting referred to above, the focus of the earnings outlook is now on profit after exceptional items (EBIT). The reason is that under the new accounting standard, operating profit before exceptional items, which was the target parameter until now, no longer includes the HUNGRANA and Western Balkans groups and, in the future, would thus not fairly present the AGRANA Group's actual results.

As the Fruit segment is not affected by the new method of inclusion in the accounts, no IFRS 11 reconciliation is provided for this segment.

OUTLOOK FOR THE 2014|15 FINANCIAL YEAR

In view of the healthy balance sheet structure on 28 February 2014 and the well-diversified business model, AGRANA believes it is soundly positioned for the new financial year, but expects a slightly lower earnings trend.

At present, AGRANA expects a small decrease in **Group revenue** for the 2014|15 financial year as a result of a combination of somewhat lower average selling prices and a slight increase in sales volumes. The Group also foresees a mild decrease in **operating profit after exceptional items (EBIT)**.

Sugar segment

€m	2013|14 published[1]	IFRS 11 restatement	2013|14 restated[2]
Revenue	1,022.8	(59.9)	962.9
Operating profit before exceptional items	45.3	0.2	45.5
Share of results of associates	0.0	(0.9)	(0.9)
Operating profit after exceptional items [EBIT]	50.0	(0.8)	49.2

[1] *Proportionate consolidation.*
[2] *Equity accounting.*

In the Sugar segment AGRANA expects a decline in revenue amid the continuing low selling prices for sugar. It is believed that, in the new 2014|15 financial year, the raw sugar refining volumes in the EU and Bosnia will see an increase. For the 2014|15 campaign year, AGRANA is planning on a similarly high acreage of beet fields as in the 2013|14 sugar marketing year. As the revenue reduction will only partly be offset by lower raw material costs, a further decrease in EBIT is projected.

Starch segment

€m	2013|14 published[1]	IFRS 11 restatement	2013|14 restated[2]
Revenue	848,5	(141,8)	706,7
Operating profit before exceptional items	61,5	(36,8)	24,7
Share of results of associates	0,0	29,3	29,3
Operating profit after exceptional items [EBIT]	61,5	(7,5)	54,0

[1] *Proportionate consolidation.*
[2] *Equity accounting.*

In the Starch segment, AGRANA is expecting a small, price-driven revenue reduction for 2014|15. The new wheat starch plant in Pischelsdorf will be fully operational all year and produce native wheat starch, wheat gluten and wheat bran. The resulting potential positive impact on sales volumes will probably not be able to make up for the price decline – especially in saccharification products and bioethanol – as a result of the high levels of supply on the market. Nonetheless, AGRANA expects EBIT in the Starch segment to come in slightly ahead of the year-earlier result.

Fruit segment

€m	2013|14
Revenue	1,172.1
Operating profit before exceptional items	64.6
Share of results of associates	0.0
Operating profit after exceptional items [EBIT]	63.8

The projection in the Fruit segment for the 2014|15 financial year is for sustained growth in revenue thanks to rising sales volumes. EBIT is also seen as rising. In fruit preparations, both revenue and EBIT are expected to increase. AGRANA thinks that volumes of fruit preparations sales will expand in all regions. Despite the start-up costs for the new US plant, it should be possible to raise EBIT earnings, thanks particularly to synergy effects in production costs and structural costs. In the fruit juice concentrate activities, a gentle easing trend in revenue is expected year-on-year. For efficiency improvement, a uniform shared enterprise resource planning (ERP) system is being implemented at all juice companies in Austria, Poland and Hungary to allow synergies to be fully mobilised. EBIT of AUSTRIA JUICE should be marginally below the 2013|14 result.

PLANNED INVESTMENT IN 2014|15

During 2014|15, total investment in the three segments, at about € 96 million, will be in line with the rate of depreciation.

The investment planned for the **Sugar segment** is approximately € 37 million. Most of this spending will target the areas of packaging and storage. In Tulln, Austria, a reconfiguration of the molasses desugaring plant is to be begun. In Kaposvár, Hungary, work will continue on the construction of the central packaging facility for Hungary. At three sites – in Hrušovany and Opava in the Czech Republic, and in Sereď, Slovakia – a total of four beet pulp presses need to be replaced as a result of wear and aging technology after having been in use for decades. As well, the building expansion at the research facility in Tulln is being completed.

The investment budget for the **Starch segment** is approximately € 11 million. At the plant in Pischelsdorf, Austria, investment will flow to the expansion of DDGS[1] storage and to the facilities for the unloading of ships. Capital spending in Gmünd, Austria, is to pay for boosting the performance of the MSD3 multi-stage spray dryer and replacing the existing automatic filter press. At the factories in Aschach, Austria, and Tăndărei, Romania, various asset replacement and maintenance investment is planned.

The **Fruit segment** has the Group's highest budgeted investment for the year, at about € 48 million. The main capital expenditure project in 2014|15 is the completion of the new US fruit preparations plant in Lysander, New York. Investment in Morocco is to focus on a warehouse expansion. Central projects in the fruit juice concentrate operations are asset replacement and maintenance investment, continuous improvement of product quality, and implementing the optimisation of the network of production sites in Austria.

INVESTMENT

€m	2013|14 published[2]	IFRS 11 restatement	2013|14 restated[3]	2014|15 planned[3]
Sugar segment	43.2	(0.1)	43.1	37
Starch segment	41.0	(5.9)	35.1	11
Fruit segment	51.8	0.0	51.8	48
Total	**136.0**	**(6.0)**	**130.0**	**96**

[1] *Distiller's dried grain with solubles.*
[2] *Proportionate consolidation.*
[3] *Equity accounting.*

CONSOLIDATED FINANCIAL STATEMENTS 2013|14

AGRANA GROUP (UNDER IFRS)

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 28 FEBRUARY 2014

	€000	2013|14	2012|13[1]
(1)	Revenue	3,043,430	3,065,906
(2)	Changes in inventories of finished and unfinished goods	(111,024)	70,284
(2)	Own work capitalised	2,796	4,955
(3)	Other operating income	30,542	29,804
(4)	Cost of materials	(2,065,969)	(2,234,147)
(5)	Staff costs	(281,380)	(274,268)
(6)	Depreciation, amortisation and impairment losses	(87,537)	(81,411)
(7)	Other operating expenses	(355,529)	(363,261)
(8)	**Operating profit after exceptional items**	**175,329**	**217,862**
(9)	Finance income	18,738	16,475
(10)	Finance expense	(45,938)	(44,131)
	Net financial items	**(27,200)**	**(27,656)**
	Profit before tax	**148,129**	**190,206**
(11)	Income tax expense	(38,355)	(33,698)
	Profit for the period	**109,774**	**156,508**
	– Attributable to shareholders of the parent	*107,947*	*149,445*
	– Attributable to non-controlling interests	*1,827*	*7,063*
(12)	Earnings per share under IFRS (basic and diluted)	€ 7.60	€ 10.52

[1] *The prior-year data were restated in accordance with IAS 8. Further information is provided from page 94.*

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 28 FEBRUARY 2014

€000	2013|14	2012|13[1]
Profit for the period	**109,774**	**156,508**
Other comprehensive (expense)/income		
Currency translation differences	(45,324)	(5,502)
Available-for-sale financial assets (IAS 39) after deferred taxes	(442)	223
Cash flow hedges (IAS 39) after deferred taxes	(1,797)	2,084
(Expense) to be recognised in the income statement in the future	(47,563)	(3,195)
Change in actuarial gains and losses on defined benefit pension obligations and similar liabilities (IAS 19) after deferred taxes	104	(5,130)
(Expense) recognised directly in equity	**(47,459)**	**(8,325)**
Total comprehensive income for the period	**62,315**	**148,183**
– *Attributable to shareholders of the parent*	*62,540*	*139,659*
– *Attributable to non-controlling interests*	*(225)*	*8,524*

[1] *The prior-year data were restated in accordance with IAS 8. Further information is provided from page 94.*

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 28 FEBRUARY 2014

	€000	2013|14	2012|13
	Profit for the period	109,774	156,508
	Depreciation, amortisation and impairment of non-current assets	87,582	81,870
	Reversal of impairment losses on non-current assets	(1,098)	0
	Changes in non-current provisions	(4,646)	(455)
	Other non-cash expenses and income	4,625	18,387
	Operating cash flow before changes in working capital	**196,237**	**256,310**
	Gains on disposal of non-current assets	**(1,080)**	**(672)**
	Changes in inventories	143,313	(41,840)
	Changes in receivables, deferred tax assets and current assets	22,099	27,723
	Changes in current provisions	8,255	2,392
	Changes in payables (excluding borrowings)	(73,867)	(38,504)
	Effect of movements in foreign exchange rates on non-cash items	(11,716)	(653)
	Changes in working capital	**88,084**	**(50,882)**
(13)	**Net cash from operating activities**	**283,241**	**204,756**
	Proceeds from disposal of non-current assets	3,685	2,275
	Purchases of property, plant and equipment and intangible assets, net of government grants	(138,181)	(148,973)
	Proceeds from disposal of securities	987	248
	Purchases of non-current financial assets	(177)	(59)
	Proceeds from initial consolidation or purchase of businesses	2,636	9,625
(14)	**Net cash (used in) investing activities**	**(131,050)**	**(136,884)**
	Capital increase in a subsidiary through non-controlling interests	547	3,765
	Issue of Schuldscheindarlehen, or bonded loan	0	110,000
	Proceeds from loans	0	50,000
	Outflows from repayment of non-current borrowings	0	(30,675)
	Proceeds/(outflows) from bank overdrafts and cash advances	(91,118)	(102,209)
	Dividends paid	(52,080)	(52,447)
(15)	**Net cash (used in) financing activities**	**(142,651)**	**(21,566)**
	Net increase in cash and cash equivalents	**9,540**	**46,306**
	Effect of movements in foreign exchange rates on cash and cash equivalents	(9,465)	(401)
	Cash and cash equivalents at beginning of period	144,409	98,504
	Cash and cash equivalents at end of period	**144,484**	**144,409**

€000	2013|14	2012|13
Dividends received	1,047	1,005
Interest received	15,474	17,555
Interest paid	(23,671)	(33,387)
Tax paid	(46,474)	(36,439)

CONSOLIDATED BALANCE SHEET
AT 28 FEBRUARY 2014

	€000	28 February 2014	28 February 2013[1]
	ASSETS		
	A. Non-current assets		
(16)	Intangible assets	247,763	249,338
(17)	Property, plant and equipment	711,626	685,481
(18)	Securities	104,584	105,264
(18)	Investments in non-consolidated subsidiaries and outside companies	1,169	5,745
(19)	Receivables and other assets	24,532	18,945
(20)	Deferred tax assets	30,084	33,137
		1,119,758	**1,097,910**
	B. Current assets		
(21)	Inventories	712,222	851,492
(19)	Trade receivables and other assets	461,090	472,084
	Current tax assets	14,364	11,271
(22)	Securities	146	1,198
	Cash and cash equivalents	144,484	144,409
		1,332,306	**1,480,454**
	Total assets	**2,452,064**	**2,578,364**
	EQUITY AND LIABILITIES		
(23)	**A. Equity**		
	Share capital	103,210	103,210
	Share premium and other capital reserves	411,362	411,362
	Retained earnings	611,906	611,257
	Equity attributable to shareholders of the parent	1,126,478	1,125,829
	Non-controlling interests	66,255	86,060
		1,192,733	**1,211,889**
	B. Non-current liabilities		
(24a)	Retirement and termination benefit obligations	56,796	58,844
(24b)	Other provisions	12,642	14,435
(25)	Borrowings	331,469	428,788
(26)	Other payables	1,387	2,283
	Tax liabilities	0	744
(27)	Deferred tax liabilities	15,614	14,368
		417,908	**519,462**
	C. Current liabilities		
(24b)	Other provisions	37,441	29,186
(25)	Borrowings	328,316	305,802
(26)	Trade and other payables	444,012	471,421
	Tax liabilities	31,654	40,604
		841,423	**847,013**
	Total equity and liabilities	**2,452,064**	**2,578,364**

[1] *The prior-year data were restated in accordance with IAS 8. Further information is provided from page 94.*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 28 FEBRUARY 2014

			Attributable to the shareholders		
					Retained
€000	Share capital	Share premium and other capital reserves	Available-for-sale reserve	Cash flow hedge reserve	Reserve for actuarial gains and losses
2013|14					
At 1 March 2013	**103,210**	**411,362**	**4,411**	**(693)**	**(15,028)**
Fair value movements under IAS 39	0	0	(567)	(2,662)	0
Change in actuarial gains and losses on defined benefit pension obligations and similar liabilities	0	0	0	0	140
Tax effects	0	0	127	699	(37)
Currency translation loss	0	0	0	0	0
Other comprehensive income/(expense) for the period	**0**	**0**	**(440)**	**(1,963)**	**103**
Profit for the period	0	0	0	0	0
Total comprehensive income for the period	**0**	**0**	**(440)**	**(1,963)**	**103**
Dividends paid	0	0	0	0	0
Transfer to reserves	0	0	0	0	0
Additional contributions from other shareholders	0	0	0	0	0
Changes in equity interests and in scope consolidation	0	0	0	0	0
Other changes	0	0	0	0	(481)
At 28 February 2014	**103,210**	**411,362**	**3,971**	**(2,656)**	**(15,406)**
					611,906
2012|13[1]					
At 1 March 2012 (published)	**103,210**	**411,362**	**4,097**	**(1,608)**	**(9,799)**
Restatement under IAS 8	0	0	0	0	(233)
At 1 March 2012 (restated)	**103,210**	**411,362**	**4,097**	**(1,608)**	**(10,032)**
Fair value movements under IAS 39	0	0	387	1,285	0
Change in actuarial gains and losses on defined benefit pension obligations and similar liabilities	0	0	0	0	(6,706)
Tax effects	0	0	(73)	(370)	1,710
Currency translation loss	0	0	0	0	0
Other comprehensive income/(expense) for the period	**0**	**0**	**314**	**915**	**(4,996)**
Profit for the period (including IAS 8 restatement)	0	0	0	0	
Total comprehensive income for the period	**0**	**0**	**314**	**915**	**(4,996)**
Dividends paid	0	0	0	0	0
Transfer to reserves	0	0	0	0	0
Additional contributions from other shareholders	0	0	0	0	0
Changes in equity interests and in scope consolidation	0	0	0	0	0
Other changes	0	0	0	0	0
At 28 February 2013	**103,210**	**411,362**	**4,411**	**(693)**	**(15,028)**
					611,257

[1] *The prior-year data were restated in accordance with IAS 8. Further information is provided from page 94.*

of AGRANA Beteiligungs-AG					
earnings					
Other retained earnings	Currency translation reserve	Profit for the period	Equity attributable to shareholders of the parent	Non-controlling interests	Total
513,521	**(40,399)**	**149,445**	**1,125,829**	**86,060**	**1,211,889**
0	0	0	(3,229)	218	(3,011)
0	0	0	140	1	141
0	0	0	789	(54)	735
0	(43,107)	0	(43,107)	(2,217)	(45,324)
0	**(43,107)**	**0**	**(45,407)**	**(2,052)**	**(47,459)**
0	0	107,947	107,947	1,827	109,774
0	**(43,107)**	**107,947**	**62,540**	**(225)**	**62,315**
0	0	(51,127)	(51,127)	(952)	(52,079)
98,318	0	(98,318)	0	0	0
0	0	0	0	547	547
(10,811)	0	0	(10,811)	(19,014)	(29,825)
528	0	0	47	(161)	(114)
601,556	**(83,506)**	**107,947**	**1,126,478**	**66,255**	**1,192,733**
414,230	**(34,380)**	**152,360**	**1,039,472**	**33,516**	**1,072,988**
0	0	0	(233)	0	(233)
414,230	**(34,380)**	**152,360**	**1,039,239**	**33,516**	**1,072,755**
0	0	0	1,672	1,470	3,142
0	0	0	(6,706)	(179)	(6,885)
0	0	0	1,267	(347)	920
0	(6,019)	0	(6,019)	517	(5,502)
0	**(6,019)**	**0**	**(9,786)**	**1,461**	**(8,325)**
0	0	149,445	149,445	7,063	156,508
0	**(6,019)**	**149,445**	**139,659**	**8,524**	**148,183**
0	0	(51,127)	(51,127)	(1,319)	(52,446)
101,233	0	(101,233)	0	0	0
0	0	0	0	3,765	3,765
(1,729)	0	0	(1,729)	41,812	40,083
(213)	0	0	(213)	(238)	(451)
513,521	**(40,399)**	**149,445**	**1,125,829**	**86,060**	**1,211,889**

AGRANA Beteiligungs-AG ("the Company") is the parent company of the AGRANA Group and has its registered office at Friedrich-Wilhelm-Raiffeisen-Platz 1, A-1020 Vienna. The Company together with its subsidiaries constitutes an international group engaged mainly in the worldwide industrial processing of agricultural raw materials.

The consolidated financial statements of the AGRANA Group for 2013|14 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.

1. SEGMENT INFORMATION

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 AGRANA Group has the three reportable segments Sugar, Starch and Fruit, which correspond to its strategic businesses. Each of the segments offers a different product portfolio and is managed separately in view of the different production technologies, raw material procurement and sales strategies. AGRANA Beteiligungs-Aktiengesellschaft ("AGRANA Beteiligungs-AG"), the Group's holding company, is considered part of the Sugar segment.

For each segment, there is internal monthly reporting to the Group's chief operating decision maker. Information on the results of the reportable segments is given below. Segment profitability is evaluated primarily on the basis of operating profit before exceptional items, which is a key performance indicator in every internal management report.

1.1. SEGMENTATION BY BUSINESS ACTIVITY

€000	Sugar	Starch	Fruit	Consoli-dation	Group
2013|14					
Total revenue	1,109,678	858,556	1,172,672	(97,476)	3,043,430
Inter-segment revenue	(86,903)	(10,044)	(529)	97,476	0
Revenue	**1,022,775**	**848,512**	**1,172,143**	**0**	**3,043,430**
EBITDA	65,839	87,722	105,361	0	258,922
Depreciation, amortisation and impairment of property, plant and equipment and intangibles[1]	(20,533)	(26,282)	(40,722)	0	(87,537)
Operating profit before exceptional items	**45,306**	**61,440**	**64,639**	**0**	**171,385**
Exceptional items	4,677	53	(786)	0	3,944
Operating profit after exceptional items	49,983	61,493	63,853	0	175,329
Segment assets	1,869,500	562,154	1,066,887	(1,046,477)	2,452,064
Segment liabilities	930,971	281,260	765,178	(718,078)	1,259,331

[1] *Excluding goodwill.*

€000	Sugar	Starch	Fruit	Consoli-dation	Group
Purchases of property, plant and equipment and intangibles[1]	43,185	40,952	51,814	0	135,951
Purchases of non-current financial assets	15	0	162	0	177
Total capital expenditure	43,200	40,952	51,976	0	136,128
Staff count	2,399	1,008	5,371	0	8,778
2012|13[2]					
Total revenue	1,202,208	813,724	1,141,255	(91,281)	3,065,906
Inter-segment revenue	(80,692)	(9,420)	(1,169)	91,281	0
Revenue	**1,121,516**	**804,304**	**1,140,086**	**0**	**3,065,906**
EBITDA	138,851	96,193	83,306	0	318,350
Depreciation, amortisation and impairment of property, plant and equipment and intangibles[1]	(19,736)	(23,579)	(38,096)	0	(81,411)
Operating profit before exceptional items	**119,115**	**72,614**	**45,210**	**0**	**236,939**
Exceptional items	0	0	(19,077)	0	(19,077)
Operating profit after exceptional items	119,115	72,614	26,133	0	217,862
Segment assets	1,849,353	541,734	1,156,812	(969,535)	2,578,364
Segment liabilities	915,807	246,787	845,018	(641,137)	1,366,475
Purchases of property, plant and equipment and intangibles[1]	55,903	59,081	34,864	0	149,848
Purchases of non-current financial assets	17	0	41	0	58
Total capital expenditure	55,920	59,081	34,905	0	149,906
Staff count	2,315	950	5,184	0	8,449

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

Exceptional items consisted of income from reimbursement for excess amounts of production levy paid for the 2001|02 to 2005|06 sugar marketing years, and expenses for the closure of a fruit preparations plant in South Africa.

The items “segment assets” and “segment liabilities” match the allocation used in internal reporting.

[1] *Excluding goodwill.*
[2] *The prior-year data were restated in accordance with IAS 8. Further information is provided from page 94.*

1.2. SEGMENTATION BY REGION

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

€000	2013|14	2012|13
Revenue		
Austria	1,553,283	1,524,219
Hungary	258,268	306,763
Romania	225,393	228,706
Rest of EU	455,863	454,113
EU-28	2,492,807	2,513,801
Rest of Europe (Bosnia-Herzegovina, Macedonia, Russia, Serbia, Turkey, Ukraine)	151,312	168,349
Other foreign countries	399,311	383,756
Total	**3,043,430**	**3,065,906**

Group revenue remained steady at approximately the prior-year level. The revenue generated by the Eastern European companies was € 870,938 thousand (prior year: € 957,514 thousand), or about 29% of total revenue. The countries defined as Eastern Europe are Bosnia-Herzegovina, Bulgaria, Croatia, Czech Republic, Hungary, Macedonia, Poland, Romania, Russia, Serbia, Slovakia, Slovenia, Turkey and Ukraine. No single customer represented 10% or more of the consolidated revenue of the AGRANA Group.

€000	2013|14	2012|13
Purchases of property, plant and equipment and intangibles[1]		
Austria	50,550	86,587
Hungary	20,930	13,759
Romania	13,574	9,238
Rest of EU	16,588	17,463
EU-28	101,642	127,047
Rest of Europe (Bosnia-Herzegovina, Macedonia, Russia, Serbia, Turkey, Ukraine)	5,089	6,827
Other foreign countries	29,220	15,974
Total	**135,951**	**149,848**

€000	2013|14	2012|13
Carrying amount of property, plant and equipment and intangible assets[1]		
Austria	319,323	305,681
Hungary	103,063	99,535
Romania	38,585	28,972
Rest of EU	126,303	130,254
EU-28	587,274	564,442
Rest of Europe (Bosnia-Herzegovina, Macedonia, Russia, Serbia, Turkey, Ukraine)	45,539	53,937
Other foreign countries	96,262	88,506
Total	**729,075**	**706,885**

[1] *Excluding goodwill.*

2. BASIS OF PREPARATION

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.

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.

In addition to the income statement, statement of comprehensive income, cash flow statement and balance sheet, a statement of changes in equity is presented. The notes also include information on the business segments.

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.

The amendments to IFRS 7 (Financial Instruments: Disclosures) regarding expanded disclosures on instances of netting had no impacts. The newly effective IFRS 13 (Fair Value Measurement) introduced a single, cohesive standard for the determination of fair value. The new standard led to expanded disclosures on financial instruments, particularly in interim reporting; there were no material impacts on the Group's fair value accounting and measurement.

The amended IAS 12 (Income Taxes), the newly effective IFRIC 20 (Stripping Costs in the Production Phase of a Surface Mine) and the amendments to standards under the Annual Improvements Project 2009–2011 had no effects on the consolidated financial statements.

The impacts from the initial application of IAS 19 (Employee Benefits; Revised 2011) are presented later in this section. The amended IAS 1 (Presentation of Financial Statements) had been adopted early, at the beginning of the 2012|13 financial year.

The following standards and interpretations either have been adopted by the European Union and will become effective for the 2014|15 financial year or later, or have been issued by the IASB but not yet adopted by the EU. In the latter case, the effective year given in the table represents the expected time of adoption. AGRANA has not early-adopted any of the new or changed standards cited below.

Standard/Interpretation		Issued by the IASB	Effective for AGRANA from financial year	Adopted by the EU
IAS 19	Employee Benefits (Amended)	21 Nov 2013	2015|16	Not to date
IAS 28	Investments in Associates and Joint Ventures (Revised)	12 May 2011	2014|15	11 Dec 2012
IAS 32	Financial Instruments: Presentation (Amended)	16 Dec 2011	2014|15	13 Dec 2012
IAS 36	Impairment of Assets (Amended)	29 May 2013	2014|15	19 Dec 2013
IAS 39	Financial Instruments: Recognition and Measurement (Amended)	27 Jun 2013	2014|15	19 Dec 2013
IFRS 9	Financial Instruments	16 Dec 2011	2018|19	Not to date
IFRS 10	Consolidated Financial Statements	12 May 2011	2014|15	11 Dec 2012
IFRS 11	Joint Arrangements	12 May 2011	2014|15	11 Dec 2012

Expected impacts on AGRANA

The amendments, titled "Defined Benefit Plans: Employee Contributions (Amendments to IAS 19 'Employee Benefits')", relate to the recognition of contributions from employees or third parties where the amount of the contributions is independent of the number of years of employee service. It will be permitted to recognise such contributions as a reduction in the service cost in the period in which the related service is rendered. No material impact on the presentation of the financial position, results of operations and cash flows is expected.

The scope of IAS 28 is expanded to include investments in joint ventures *(see explanations regarding IFRS 11)*.

The amendment provides clarifications on the offsetting of financial assets and financial liabilities. AGRANA does not expect any material impacts.

The amendments titled "Recoverable Amount Disclosures for Non-Financial Assets" clarify that the recoverable amount of an asset or cash-generating unit for which an impairment loss was recognised or reversed during the period must be disclosed. Additional disclosures are required if the recoverable amount was determined based on fair value less costs of disposal. These disclosures include the level of the fair value hierarchy and, in the case of Level 2 and Level 3 measurements, a description of the valuation technique, key assumptions, and (if a fair value technique was employed) the discount rate used. For the Group this is expected to lead to expanded disclosures.

The amendments published as "Novation of Derivatives and Continuation of Hedge Accounting" clarify that, under certain conditions, derivatives may remain designated as hedging instruments in an existing hedge relationship despite their novation. This is not expected to have a material impact.

The new IFRS 9 standard sets out the classification and measurement requirements for financial assets and liabilities. Work to update the issued standard has already begun. The categories and associated measurement benchmarks are being revised. The existing classification and measurement model of IAS 39 is to be eliminated. The new rules for hedge accounting were published in November 2013. They set out the future requirements for accounting for hedging positions. The key differences from the existing requirements under IAS 39 include the elimination of the thresholds of hedge effectiveness to be used in the retrospective test of effectiveness, in favour of documentation of the economic relationship between the hedged item and the hedging instrument. A new effective date will be set by the IASB when the standard is complete. Only then is the standard to be endorsed by the European Union. AGRANA is reviewing the likely impacts on accounting and measurement. An expansion of disclosures is expected.

IFRS 10 replaces the guidelines in IAS 27 (Consolidated and Separate Financial Statements) and SIC 12 (Consolidation – Special Purpose Entities) on control and consolidation. IFRS 10 changes the definition of control such that the same criteria will be applied to all companies in determining a relationship of control. Having control now means having exposure or rights to variable returns, and the ability to affect those returns through power over an investee. In November 2012 the IASB amended the standard in relation to investment entities; these amendments were adopted by the EU in November 2013. There are no impacts on AGRANA's consolidated financial statements.

The new standard defines two types of joint arrangements – joint operations and joint ventures. The existing option to account for jointly controlled entities using proportionate consolidation is removed. Partner entities in a joint venture (joint venturers) must now use the equity method of accounting. The accounting rules for parties to joint operations (joint operators) become consistent with the existing accounting treatment of jointly controlled assets and jointly controlled operations. In AGRANA's consolidated financial statements for the year under review, twelve companies are included by proportionate consolidation. Had IFRS 11 already been applied in 2013|14, the impact would have been as presented in a table later in this section.

Standard/Interpretation		Issued by the IASB	Effective for AGRANA from financial year	Adopted by the EU
IFRS 12	Disclosure of Interests in Other Entities	12 May 2011	2014|15	11 Dec 2012
IFRS 14	Regulatory Deferral Accounts	30 Jan 2014	2016|17	Not to date
Various	Annual Improvements to IFRSs 2010–2012 Cycle	12 Dec 2013	2015|16	Not to date
Various	Annual Improvements to IFRSs 2011–2013 Cycle	12 Dec 2013	2015|16	Not to date
IFRIC 21	Levies	20 May 2013	2014|15	Not to date

RESTATEMENTS IN ACCORDANCE WITH IAS 8

IAS 19 (Employee Benefits, Revised 2011): The key revision to IAS 19 was that actuarial gains and losses must now be recognised in other comprehensive income; this change was early-adopted by AGRANA in the 2011|12 financial year under IAS 19 in its then current form. The accounting changes in the 2013|14 financial year relate to the correction of past service cost, with the effect of an increase in provisions for pensions and termination benefits. These changes were made retrospectively from the beginning of the 2012|13 financial year.

In the balance sheet at 28 February 2013, this restatement led to an increase of € 310 thousand in pension and termination benefit provisions and an increase of € 116 thousand in deferred tax assets. The net effect was a reduction of € 207 thousand in consolidated shareholders' equity.

Expected impacts on AGRANA

IFRS 12 sets out the required disclosures for entities that report in accordance with IFRS 10 (Consolidated Financial Statements), IFRS 11 (Joint Arrangements) and IAS 28 (Investments in Associates and Joint Ventures). It will have the effect of expanding disclosures. In November 2012 the IASB amended the standard in relation to investment entities; these amendments were adopted by the EU in November 2013. The application of the standard will lead to expanded disclosures.

IFRS 14 permits entities that are first-time adopters of IFRS to continue to account for regulatory deferral account balances in accordance with their previous GAAP both on initial adoption of IFRS and in subsequent financial statements. The standard is not relevant to AGRANA.

The improvements relate mainly to IFRS 2 (Definition of vesting conditions), IFRS 3 (Accounting for contingent consideration in a business combination), IFRS 8 (Aggregation of operating segments), IFRS 13 (Short-term receivables and payables), IAS 16 and IAS 38 (Revaluation method – proportionate restatement of accumulated depreciation/amortisation) and IAS 24 (Key management personnel). The impacts on the presentation of the financial position, results of operations and cash flows are being assessed.

The improvements relate mainly to IFRS 1 (meaning of effective IFRSs), IFRS 3 (scope of exception for joint ventures), IFRS 13 (scope of IFRS 13) and IAS 40 (clarification of the interrelationship between IFRS 3 and IAS 40 when classifying property as investment property or as owner-occupied). The impacts on the presentation of the financial position, results of operations and cash flows are being assessed.

IFRIC 21 provides guidance on when to recognise a liability for a levy imposed by a government. Its scope does not cover income taxes (as defined in IAS 12), fines and other penalties. Its application to liabilities arising from emissions trading schemes is optional. The obligating event for the recognition of a liability is the activity that triggers the payment of the levy in accordance with the relevant legislation. If the obligating event occurs over a period of time, the liability is recognised progressively. By contrast, if the obligation is triggered by reaching a minimum threshold, the liability is recognised when that threshold is reached. The recognition requirements also apply to interim financial statements. The changes are not expected to have a material impact on the presentation of the financial position, results of operations and cash flows.

The adjustments to the 2012|13 income statement reduced staff costs for 2012|13 by € 39 thousand and increased profit for the period by € 26 thousand. This resulted in an increase of € 13 thousand in deferred tax liabilities. As non-cash items, none of the effects cited have an impact on the cash flow statement.

Impacts from the adoption of IFRS 11 in the subsequent financial year

Through the application of IFRS 11, the companies of the HUNGRANA group and the Sugar segment's Western Balkans group will no longer be proportionately consolidated but instead included by the equity method of accounting. The transition date is 28 February 2013. This results in the following changes in the consolidated balance sheet and income statement:

€000	As published	Transition to equity method	Restated for equity method
Consolidated balance sheet at 28 February 2014			
Non-current assets	1,119,758	(17,120)	1,102,638
Current assets	1,332,306	(44,580)	1,287,726
Total assets	**2,452,064**	**(61,700)**	**2,390,364**
Equity	1,192,733	(1,273)	1,191,460
Non-current liabilities	417,908	(6,953)	410,955
Current liabilities	841,423	(53,474)	787,949
Total equity and liabilities	**2,452,064**	**(61,700)**	**2,390,364**

€000	As published IAS 19 restated	Transition to equity method	Restated for equity method
Consolidated balance sheet at 28 February 2013 (transition date)			
Non-current assets	1,097,910	(11,138)	1,086,772
Current assets	1,480,454	(45,985)	1,434,469
Total assets	**2,578,364**	**(57,123)**	**2,521,241**
Equity	1,211,889	(1,066)	1,210,823
Non-current liabilities	519,462	(5,895)	513,567
Current liabilities	847,013	(50,162)	796,851
Total equity and liabilities	**2,578,364**	**(57,123)**	**2,521,241**

€000	As published	Transition to equity method	Restated for equity method
Consolidated income statement for the year ended 28 February 2014			
Revenue	3,043,430	(201,714)	2,841,716
Changes in inventories of finished and unfinished goods	(111,024)	1,923	(109,101)
Own work capitalised	2,796	(275)	2,521
Other operating income	30,542	(1,139)	29,403
Cost of materials	(2,065,969)	133,949	(1,932,020)
Staff costs	(281,380)	6,326	(275,054)
Depreciation, amortisation and impairment losses	(87,537)	7,883	(79,654)
Other operating expenses	(355,529)	16,398	(339,131)
Share of results of associates	0	28,392	28,392
Operating profit after exceptional items	**175,329**	**(8,257)**	**167,072**
Finance income	18,738	86	18,824
Finance expense	(45,938)	447	(45,491)
Net financial items	**(27,200)**	**532**	**(26,668)**
Profit before tax	**148,129**	**(7,725)**	**140,404**
Income tax expense	(38,355)	7,725	(30,630)
Profit for the period	**109,774**	**0**	**109,774**
– *Attributable to shareholders of the parent*	*107,947*	*0*	*107,947*
– *Attributable to non-controlling interests*	*1,827*	*0*	*1,827*

3. 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, results of operations and cash flows is immaterial. Subsidiaries' accounts are consolidated from the time that control is acquired until control ceases.

Companies managed 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.

At the balance sheet date, 64 (prior year: 66) companies besides the parent were fully consolidated in the Group financial statements and 12 (prior year: 7) companies were proportionately consolidated.

An overview of the fully and proportionately consolidated entities and other business interests is given beginning on page 151.

The number of companies that were fully or proportionately consolidated changed as follows in the 2013|14 financial year:

	Full consolidation	**Proportionate consolidation**
At 1 March 2013	66	7
Initial consolidation	0	5
Merger	(2)	0
At 28 February 2014	**64**	**12**

Mergers

The Vienna-based "Agrofrucht, Handel mit landwirtschaftlichen Produkten Gesellschaft m.b.H." was merged into AGRANA Group-Services GmbH, Vienna, while Frefrost SARL of Laouamra, Morocco, was merged into Dirafrost Maroc SARL, Laouamra, Morocco.

Initial proportionate consolidation of companies

The newly consolidated entities were five AGRAGOLD sugar trading companies registered in Bosnia-Herzegovina, Croatia, Macedonia, Serbia and Slovenia. These joint venture firms had been acquired by AGRANA in prior years as part of the investment in the Vienna-based STUDEN group, but for reasons of immateriality had not been consolidated. With the organisational conditions now in place for doing so, the five companies were proportionately consolidated for the first time with effect from 1 December 2013.

Within the financial year under review, during the period from 1 December 2013 to 28 February 2014 the AGRAGOLD companies contributed € 1,676 thousand to Group revenue and reduced Group profit for the period by € 233 thousand.

Joint ventures

The information in the table below presents the Group's share of the aggregated results of the proportionately consolidated companies. The companies involved were the following joint ventures:

- HUNGRANA Keményitö- és Isocukorgyártó és Forgalmazó Kft., Szabadegyháza, Hungary
- HungranaTrans Kft., Szabadegyháza, Hungary
- GreenPower E85 Kft, Szabadegyháza, Hungary
- AGRANA-STUDEN Beteiligungs GmbH, Vienna
- STUDEN-AGRANA Rafinerija Secera d.o.o., Brčko, Bosnia-Herzegovina
- AGRANA Studen Sugar Trading GmbH, Vienna
- AGRAGOLD Holding GmbH, Vienna
- "AGRAGOLD" d.o.o., Brčko, Bosnia-Herzegovina
- AGRAGOLD d.o.o., Zagreb, Croatia
- AGRAGOLD dooel Skopje, Skopje, Macedonia
- AGRAGOLD trgovina d.o.o., Ljubljana, Slovenia
- Company for trade and services AGRANA-STUDEN Serbia d.o.o. Beograd, Belgrade, Serbia

€000	28 Feb 2014	28 Feb 2013
Non-current assets	71,686	81,020
Inventories	26,772	26,370
Receivables and other assets	37,426	39,779
Cash, cash equivalents and securities	8,629	17,961
Current assets	72,827	84,110
Total assets	**144,513**	**165,130**
Equity	55,784	71,271
Non-current liabilities	7,008	5,572
Current liabilities	81,721	88,287
Total equity and liabilities	**144,513**	**165,130**
Revenue	278,739	298,955
Other (expense), net	(250,347)	(266,136)
Profit for the period	**28,392**	**32,819**

3.1. 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.

4. 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.

- 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.

5. CURRENCY TRANSLATION

■ 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 outside profit or loss, 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	
€	Currency	28 Feb 2014	28 Feb 2013	1 Mar 2013–28 Feb 2014	1 Mar 2012–28 Feb 2013
Argentina	ARS	10.87	6.60	7.88	6.03
Australia	AUD	1.54	1.28	1.42	1.25
Bosnia	BAM	1.96	1.96	1.96	1.96
Brazil	BRL	3.21	2.59	2.96	2.57
Bulgaria	BGN	1.96	1.96	1.96	1.96
China	CNY	8.49	8.17	8.16	8.12
Croatia	HRK	7.65	7.59	7.59	7.52
Czech Republic	CZK	27.34	25.64	26.31	25.18
Denmark	DKK	7.46	7.46	7.46	7.45
Egypt	EGP	9.53	8.94	9.34	8.03
Fiji	FJD	2.58	2.36	2.47	2.31
Hungary	HUF	310.45	295.80	299.10	288.39
Macedonia	MKD	61.69	61.62	61.59	61.54
Mexico	MXN	18.31	16.76	17.15	16.88
Morocco	MAD	11.24	11.13	11.16	11.09
Poland	PLN	4.16	4.16	4.20	4.16
Romania	RON	4.50	4.36	4.44	4.46
Russia	RUB	49.94	40.08	43.47	39.97
Serbia	CSD	115.94	111.52	113.75	113.85
South Africa	ZAR	14.76	11.76	13.35	10.81
South Korea	KRW	1,473.27	1,423.71	1,457.68	1,440.48
Turkey	TRY	3.06	2.36	2.64	2.32
USA	USD	1.38	1.31	1.33	1.29
Ukraine	UAH	13.64	10.47	10.74	10.32

6. ACCOUNTING POLICIES

6.1. 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
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.

6.2. 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.

6.3. FINANCIAL INSTRUMENTS

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

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

Financial liabilities
- Bank loans and overdrafts, and other loans from non-Group entities
- Borrowings from affiliated companies in the Südzucker group
- Trade payables
- Financial 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.

■ 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 outside profit or loss (after deferred taxes) in a separate reserve item in equity. 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, which represents their market value. Cash and cash equivalents include cash on hand and bank deposits having a remaining term to maturity of up to three months at the time of investment.

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. Changes in value 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 initially recognised at fair value and subsequently measured at amortised cost. Non-interest-bearing receivables with a remaining maturity of more than one year are recognised at their present value using the effective interest method. For default risks or other risks contained in receivables, sufficient impairment provisions are individually allowed. The face amounts of the receivables net of necessary impairment provisions represent the fair values. Irrecoverable receivables are derecognised on an individual case-by-case basis. Impairment provisions are recorded in an allowance account. If the reasons for an impairment provision cease to apply, the impairment loss is reversed, to no more than the asset's historical cost.

■ Foreign currency receivables are measured at middle rates of exchange in effect 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.

6.4. 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.

6.5. 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, except as noted below, are to 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 carbon dioxide), a provision for CO_2 emissions must be established for actual additional emissions and recognised in the income statement. The provision is calculated by taking into account the cost incurred for purchased emission allowances or any excess of their market value at the measurement date over their cost. CO_2 emission allowances that have already been purchased for use in a subsequent trading period are recorded in non-current assets.

6.6. 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.

6.7. EMPLOYEE BENEFIT OBLIGATIONS

■ The AGRANA Group maintains both defined contribution and defined benefit plans for pensions and termination benefits. Under the defined contribution pension and termination benefit arrangements, AGRANA has no further obligation after paying the agreed premium. Contributions to defined contribution plans are recognised as an expense when they fall due, and are reported in staff costs. Contributions paid to government plans are treated in the same manner as those paid to defined contribution plans. As the Group has no payment obligations beyond making the contributions, no provision is maintained.

■ The provisions for defined benefit pension, 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.

■ Actuarial gains and losses arising from changes in actuarial assumptions or from differences between previous actuarial assumptions and observed outcomes are recognised directly in equity in the period in which they occur, along with their effect on deferred taxes. Correspondingly, the full amount of the obligation is recognised in the balance sheet. The changes in actuarial gains and losses recognised in the respective period are presented separately on the face of the statement of comprehensive income.

■ Effects from past service cost arising from plan curtailments or changes are recognised immediately in profit or loss for the period.

■ The calculation is based on extrapolated future trends in salaries, retirement benefits and employee turnover, as well as a discount rate of 3.5% (prior year: 3.5%).

■ A portion of pension obligations was transferred to pension funds. The retirement benefit contributions to be paid 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 Group also holds benefit insurance policies to secure its ability to meet obligations under pension and termination benefit plans. The individual assets allocated to the pension plan are netted against the present value of the pension obligation to arrive at the net obligation. The qualifying insurance policies are also treated as plan assets and thus also reduce the present value of the obligation to its net level.

6.8. 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.

6.9. 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, to the extent that deferred tax assets are likely to be realised.

■ Deferred taxes are measured on the basis of legislation in force or enacted at the balance sheet date, in the amount expected to be payable. 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 preparation of the financial statements.

■ When income and expenses are recognised directly in equity, the respective deferred tax assets and liabilities are also taken directly to equity. The assessment of the recoverability of deferred tax assets arising from temporary differences and from tax loss carryforwards takes into account company-specific forecasts of, for instance, the future earnings situation in the respective Group company.

■ 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.

■ The income tax reported represents the tax levied in the individual countries on taxable income, and the movement in deferred taxes.

6.10. 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; and 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.

6.11. 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 act 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 next financial year:

– The impairment testing of goodwill (carrying amount at 28 February 2014: € 230,314 thousand), other intangible assets (carrying amount at 28 February 2014: € 17,449 thousand) and property, plant and equipment (carrying amount at 28 February 2014: € 711,626 thousand) is based on forward-looking assumptions. The determination of the recoverable amounts for the purpose of the impairment review involves several assumptions, such as regarding future net cash flows and the discount rate. The net cash flows are the amounts in those five-year cash flow forecasts for the cash generating units that are most current at the time of preparation of the financial statements. The discount rate varies by industry, company risk level and specific market environment; in the financial year it ranged from 8.3% to 9.4% (prior year: 7.6% to 8.7%).

– Had the WACC been 1 percentage point higher, no goodwill impairment would have required recognition in any of the segments.

– Financial instruments for which no active market exists are reviewed for impairment by using alternative discounting-based valuation methods. The inputs used for the determination of fair value are based in part on assumptions concerning the future.

– The measurement of existing retirement and termination benefit obligations (carrying amount 28 February 2014: € 56,796 thousand) involves assumptions regarding discount rate, age at retirement, life expectancy, employee turnover and future increases in pay and benefits.

– The sensitivity analysis below is based on varying one assumption at a time with the other assumptions remaining unchanged from the original calculation. Potential correlation effects between assumptions are thus not taken into account. The changes in assumptions would have the following effects on the present values of the obligations stated in note 24a:

€000	28 Feb 2014		28 Feb 2013	
Change in actuarial assumptions	**Pension benefits**	**Termination benefits**	**Pension benefits**	**Termination benefits**
Discount rate				
+0.5 percentage points	(1,820)	(1,347)	(1,788)	(1,246)
−0.5 percentage points	1,989	1,456	1,953	1,481
Wage and salary increase				
+0.25 percentage points	125	720	126	762
−0.25 percentage points	(123)	(695)	(124)	(612)
Pension increase				
+0.25 percentage points	839	–	824	–
−0.25 percentage points	(809)	–	(795)	–
Life expectancy				
Increase by 1 year	3,315	–	3,553	–
Decrease by 1 year	(3,504)	–	(3,754)	–

– The recognition of deferred tax assets (carrying amount at 28 February 2014: € 30,084 thousand) is based on the assumption that sufficient tax income will be realised in the future to utilise tax loss carryforwards.

– The off-balance sheet obligations from financial guarantees and from other contingent liabilities, and any reductions in these obligations, are regularly reviewed as to whether they require recognition in the balance sheet.

– In determining the amount of other provisions (carrying amount at 28 February 2014: 50,083 thousand), management exercises judgement as to whether AGRANA is likely to incur an outflow of resources from the obligation concerned and whether the amount of the obligation can be estimated reliably. Provisions are measured at the amount of the likely outflow of resources.

■ The estimates and underlying assumptions are reviewed on an ongoing basis. The actual values may deviate from the assumptions and estimates made if the actual general conditions do not match the expectations held at the balance sheet date. Changes in estimates of assets, liabilities, income and expense are recognised in profit or loss as they become known, and the assumptions adjusted accordingly.

7. NOTES TO THE CONSOLIDATED INCOME STATEMENT

Note (1)

7.1. REVENUE

€000	2013|14	2012|13
By nature of activity		
Revenue from sale of finished goods	2,851,776	2,761,091
Revenue from sale of goods purchased for resale	186,223	300,998
Service revenue	5,431	3,817
Total	**3,043,430**	**3,065,906**

The regional analysis of revenue is presented in the Segment reporting section (beginning on page 88).

The Group's top ten customers accounted for 26% of consolidated revenue.

Note (2)

7.2. CHANGE IN INVENTORIES AND OWN WORK CAPITALISED

€000	2013|14	2012|13
Change in inventories of finished and unfinished goods	(111,024)	70,284
Own work capitalised	2,796	4,955

The decrease of € 111,024 thousand in inventories of finished and unfinished goods (prior year: increase of € 70,284 thousand) occurred mainly in the Sugar segment, at a decrease of € 61,606 thousand (prior year: increase of € 24,764 thousand), and in the Fruit segment (particularly the juice activities), at a decrease of € 50,364 thousand (prior year: increase of € 40,526 thousand).

Note (3)

7.3. OTHER OPERATING INCOME

€000	2013|14	2012|13
Income from		
Exceptional income from production levy refund	4,730	0
Derivatives	3,717	478
Insurance benefits and payments for damages	2,335	9,438
Disposal of non-current assets other than financial assets	1,547	2,010
Rent and leases	1,126	1,149
Services rendered to third parties	1,058	134
Beet and pulp cleaning, transport and handling	771	791
Currency translation gains	217	0
Other items	15,041	15,804
Total	**30,542**	**29,804**

Within other operating income, "other items" represent, for instance, revenue from the sale of raw materials and consumables.

Note (4)

7.4. COST OF MATERIALS

€000	2013|14	2012|13
Costs of		
Raw materials	1,125,605	1,301,633
Consumables and goods purchased for resale	899,452	881,995
Purchased services	40,912	50,519
Total	**2,065,969**	**2,234,147**

Note (5)

7.5. STAFF COSTS

€000	2013|14	2012|13[1]
Wages and salaries	219,766	215,711
Social security taxes	55,150	51,978
Expenses for retirement benefits	1,473	1,567
Expenses for termination benefits	4,991	5,012
Total	**281,380**	**274,268**

The expense for the unwinding of discount on the pension and termination benefits newly accrued in prior years, less the return on plan assets, is included within net financial items. The interest component, at € 1,948 thousand (prior year: € 2,579 thousand) is included in net financial items. The current and past service costs are included in staff costs.

In the 2013|14 financial year an expense of € 6,565 thousand (prior year: € 6,302 thousand) was recognised for contributions to government pension plans.

€ 849 thousand of contributions to a defined contribution termination benefit fund were recognised in the income statement for the year (prior year: € 727 thousand).

Expenses for termination benefits included € 189 thousand of exceptional items.

Average number of employees during the financial year

	2013|14	2012|13
By employee category		
Wage-earning staff	6,169	6,007
Salaried staff	2,514	2,361
Apprentices	95	81
Total	**8,778**	**8,449**

[1] *The prior-year data were restated in accordance with IAS 8. Further information is provided from page 94.*

	2013|14	2012|13
By region		
Austria	2,131	1,993
Hungary	574	546
Romania	698	740
Rest of EU	1,656	1,627
EU-28	5,059	4,906
Rest of Europe (Bosnia-Herzegovina, Macedonia, Russia, Serbia, Turkey, Ukraine)	1,143	1,054
Other foreign countries	2,576	2,489
Total	**8,778**	**8,449**

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

	2013|14	2012|13
Wage-earning staff	157	156
Salaried staff	116	71
Total	**273**	**227**

Note (6)

7.6. DEPRECIATION, AMORTISATION AND IMPAIRMENT

€000	2013|14				2012|13		
	Total	Amortisation, depreciation	Impairment	Reversal of impairment losses	Total	Amortisation, depreciation	Impairment
Intangible assets	6,587	6,516	212	(141)	6,693	6,552	141
Property, plant and equipment	80,950	78,969	2,938	(957)	74,718	73,922	796
Recognised in operating profit before exceptional items	**87,537**	**85,485**	**3,150**	**(1,098)**	**81,411**	**80,474**	**937**
Recognised in operating profit after exceptional items	**87,537**	**85,485**	**3,150**	**(1,098)**	**81,411**	**80,474**	**937**
Financial assets	44	0	44	0	460	0	460
Recognised in net financial items	**44**	**0**	**44**	**0**	**460**	**0**	**460**
Total	**87,581**	**85,485**	**3,194**	**(1,098)**	**81,871**	**80,474**	**1,397**

Impairment losses and reversals of impairment losses, by segment, were as follows:

€000	2013|14	2012|13
Sugar segment	(183)	1,105
Starch segment	(864)	18
Fruit segment	3,143	274
Total	**2,096**	**1,397**

Note (7)

7.7. OTHER OPERATING EXPENSES

€000	2013|14	2012|13
Selling and freight costs	138,369	129,324
Operating and administrative expenses	135,246	134,562
Rent and lease expenses	12,008	7,449
Other taxes	8,572	7,463
Research and development expenses (external)	8,421	7,772
Advertising expenses	8,025	7,985
Production levy	4,474	4,412
Lease expenses	2,622	2,673
Derivatives	2,187	2,303
Reclassification of non-quota sugar	1,645	7,295
Losses on disposal of non-current assets	1,076	1,627
Damage payments	863	2,697
Exceptional items	597	16,572
Currency translation losses	0	2,521
Other items	31,424	28,606
Total	**355,529**	**363,261**

Internal and external R&D costs totalled € 17,225 thousand (prior year: € 18,186 thousand).

Within other operating expenses, “other items” included provisions, as well as expenses for cleaning and waste removal.

The costs incurred in the financial year for external auditor KPMG Austria AG Wirtschaftsprüfungs- und Steuerberatungsgesellschaft were € 838 thousand (prior year: € 584 thousand). Of this total, € 496 thousand (prior year: € 414 thousand) related to the audit of the consolidated financial statements (including the audit of the separate financial statements of individual subsidiaries and joint ventures), € 141 thousand (prior year: EUR 64 thousand) was for other assurance services, and € 201 thousand (prior year: 106 thousand) represented other non-audit services.

Note (8)

7.8. OPERATING PROFIT AFTER EXCEPTIONAL ITEMS

€000	2013|14	2012|13[1]
Operating profit before exceptional items	171,385	236,939
Exceptional items	3,944	(19,077)
Total	**175,329**	**217,862**

Exceptional items consisted of income of € 4,730 thousand from reimbursement for excess amounts of production levy paid for the 2001|02 to 2005|06 sugar marketing years, recognised in other operating income, and expenses for the closure of a South African fruit preparations plant, recognised in the consolidated income statement at € 189 thousand within staff costs and at € 597 thousand within other operating expenses.

[1] *The prior-year data were restated in accordance with IAS 8. Further information is provided from page 94.*

Note (9)

7.9. FINANCE INCOME

€000	2013|14	2012|13
Interest income	15,288	12,073
Other finance income		
Share of results of non-consolidated subsidiaries	1,047	1,005
Gains on derivatives	1,555	2,786
Other items	848	611
Total	**18,738**	**16,475**

Interest income by segment was as follows:

€000	2013|14	2012|13
Sugar segment	13,280	8,670
Starch segment	177	586
Fruit segment	1,831	2,817
Total	**15,288**	**12,073**

Note (10)

7.10. FINANCE EXPENSE

€000	2013|14	2012|13
Interest expense	25,983	36,075
Other finance expenses		
Currency translation losses	16,411	670
Losses from derivatives	81	2,684
Other items	3,463	4,702
Total	**45,938**	**44,131**

Interest expense by segment was as follows:

€000	2013|14	2012|13
Sugar segment	18,989	6,836
Starch segment	677	3,408
Fruit segment	6,317	25,831
Total	**25,983**	**36,075**

Interest expense includes the interest component of allocations to the provisions for retirement and termination benefits. In the financial year, this interest component was € 1,948 thousand (prior year: € 2,579 thousand).

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

€000	2013|14	2012|13
Net interest (expense)	(10,695)	(24,002)
Currency translation differences	(16,411)	(670)
Share of results of non-consolidated subsidiaries and outside companies	1,047	1,005
Net (loss) on disposal of non-consolidated subsidiaries and outside companies	(18)	(459)
Other financial items	(1,123)	(3,530)
Total	**(27,200)**	**(27,656)**

Net currency translation differences on financing activities amounted to a loss of € 16,411 thousand (prior year: loss of € 670 thousand). This represented the balance of a realised loss of € 98 thousand (prior year: realised gain of € 1,063 thousand) and an unrealised loss of € 16,313 thousand (prior year: unrealised loss of € 1,733 thousand). The loss was attributable largely to movements in exchange rates for the currencies of Ukraine, Romania, Argentina, Russia, South Africa and Brazil.

Note (11)

7.11. INCOME TAX EXPENSE

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

€000	2013|14	2012|13[1]
Current tax expense	34,432	39,367
– *Of which Austrian*	*7,631*	*16,006*
– *Of which foreign*	*26,801*	*23,361*
Deferred tax expense	3,923	(5,669)
– *Of which Austrian*	*5,035*	*(1,251)*
– *Of which foreign*	*(1,112)*	*(4,418)*
Total tax expense	**38,355**	**33,698**
– *Of which Austrian*	*12,666*	*14,755*
– *Of which foreign*	*25,689*	*18,943*

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

€000	2013|14	2012|13[1]
(Decrease)/increase in deferred tax assets in the consolidated balance sheet	(3,053)	3,373
(Decrease)/increase in deferred tax liabilities in the consolidated balance sheet	(1,246)	2,885
Total change in deferred taxes before changes in scope of consolidation	**(4,299)**	**6,258**
– *Of which from changes in scope of consolidation, recognised directly in equity*	*(31)*	*(406)*
– *Of which from other changes recognised directly in equity [fair value changes,cash flow hedges, IAS 19, and other]*	*(345)*	*995*
– *Of which from changes recognised in the income statement*	*(3,923)*	*5,669*

[1] *The prior-year data were restated in accordance with IAS 8. Further information is provided from page 94.*

Reconciliation of profit before tax to income tax expense

€000	2013|14	2012|13[1]
Profit before tax	148,129	190,206
Standard Austrian tax rate	25%	25%
Nominal tax expense at standard Austrian rate	**37,032**	**47,552**
Tax effect of:		
Different tax rates applied on foreign income	(2,031)	(7,602)
Tax-exempt income and tax deductions	(1,601)	(1,590)
Non-tax-deductible expenses and additional tax debits	2,545	3,235
Non-recurring tax (income)/expenses	2,410	(4,032)
Non-temporary differences resulting from consolidation	0	(3,865)
Income tax expense	**38,355**	**33,698**
Effective tax rate	**25.9%**	**17.7%**

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 m.b.H., AGRANA Bioethanol GmbH, AGRANA J&F Holding GmbH, AGRANA Internationale Verwaltungs- und Asset-Management GmbH, AGRANA Juice Holding GmbH, AGRANA Group-Services GmbH, INSTANTINA Nahrungsmittel Entwicklungs- und Produktionsgesellschaft m.b.H., AGRANA Juice Sales & Customer Service GmbH and AUSTRIA JUICE GmbH.

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. € 7,051 thousand (prior year: € 8,377 thousand) of potential tax assets were not recognised. These related to cumulative unused tax loss carryforwards of € 24,895 thousand (prior year: € 37,919 thousand).

At the balance sheet date the deferred tax assets and liabilities recognised directly in equity amounted to a net asset of € 5,085 thousand (prior year: € 4,063 thousand).

For temporary differences on investments in subsidiaries, deferred tax liabilities of € 231,801 thousand (prior year: € 253,877 thousand) were not recognised, as these gains are intended to be reinvested for an indefinite period and these temporary differences are thus not likely to reverse in the foreseeable future.

[1] *The prior-year data were restated in accordance with IAS 8. Further information is provided from page 94.*

Note (12)

7.12. EARNINGS PER SHARE

		2013|14	2012|13[1]
Profit for the period attributable to shareholders of the parent (AGRANA Beteiligungs-AG)	€000	107,947	149,445
Average number of shares outstanding		14,202,040	14,202,040
Earnings per share under IFRS (basic and diluted)	€	7.60	10.52
Dividend per share	€	3.60[2]	3.60

Subject to the Annual General Meeting's approval of the proposed allocation of profit for the 2013|14 financial year, AGRANA Beteiligungs-AG will pay a dividend of € 51,127 thousand (prior year: € 51,127 thousand).

8. 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 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 (13)

8.1. CASH FLOWS FROM OPERATING ACTIVITIES

Operating cash flow before changes in working capital was € 196,237 thousand (prior year: € 256,310 thousand), or 6.45% of revenue (prior year: 8.36%). The item "other non-cash expenses and income" consisted of, among other items, the unrealised foreign currency translation losses reflected in net financial items, with a positive effect of € 16,313 thousand in this part of the cash flow statement (prior year: translation losses with a positive impact of € 1,733 thousand); a positive effect of € 4,299 thousand from deferred taxes (prior year: negative effect of € 6,581 thousand); a negative impact of € 12,043 thousand from non-cash current taxes (prior year: positive effect of € 2,927 thousand); the negative effect of the non-cash net exceptional items income of € 3,944 thousand (prior year: positive effect from a net exceptional items expense of € 19,077 thousand from reorganisation and the fraud case in Mexico). After changes in working capital, net cash from operating activities was € 283,241 thousand (prior year: € 204,756 thousand).

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

Note (14)

8.2. CASH FLOWS FROM INVESTING ACTIVITIES

In the financial year, € 131,050 thousand was required to fund the investing activities (prior year: € 136,884 thousand). Outflows from purchases of property, plant and equipment and intangible assets declined to € 138,181 thousand (prior year: € 148,973 thousand). Proceeds from disposal of non-current assets were € 3,685 thousand (prior year: € 2,275 thousand).

[1] *The prior-year data were restated in accordance with IAS 8. Further information is provided from page 94.*
[2] *Proposal to the Annual General Meeting.*

Note (15)

8.3. CASH FLOWS FROM FINANCING ACTIVITIES

In the 2013|14 financial year, borrowings, net of unrealised currency translation losses, fell by € 91,118 thousand (prior year: increase of € 58,883 thousand, of which € 27,116 thousand represented actual cash flows).

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

Note (16)

9. NOTES TO THE CONSOLIDATED BALANCE SHEET

9.1. INTANGIBLE ASSETS

€000	Goodwill	Concessions, licences, and similar rights	Total
2013|14			
Cost			
At 1 March 2013	227,934	85,986	313,920
Currency translation differences	0	(1,036)	(1,036)
Changes in scope of consolidation	2,380	33	2,413
Additions	0	2,701	2,701
Reclassifications	0	206	206
Disposals	0	(674)	(674)
At 28 February 2014	**230,314**	**87,216**	**317,530**
Accumulated amortisation and impairment			
At 1 March 2013	0	64,582	64,582
Currency translation differences	0	(857)	(857)
Changes in scope of consolidation	0	3	3
Amortisation for the period	0	6,516	6,516
Impairment	0	212	212
Reclassifications	0	92	92
Disposals	0	(640)	(640)
Reversal of impairment losses	0	(141)	(141)
At 28 February 2014	**0**	**69,767**	**69,767**
Carrying amount at 28 February 2013	**230,314**	**17,449**	**247,763**
2012|13			
Cost			
At 1 March 2012	222,332	86,235	308,567
Currency translation differences	(12)	5	(7)
Changes in scope of consolidation	5,614	(31)	5,583
Additions	0	1,856	1,856
Reclassifications	0	88	88
Disposals	0	(2,167)	(2,167)
At 28 February 2013	**227,934**	**85,986**	**313,920**

€000	Goodwill	Concessions, licences, and similar rights	Total
Accumulated amortisation and impairment			
At 1 March 2012	0	60,184	60,184
Currency translation differences	0	(30)	(30)
Changes in scope of consolidation	0	(145)	(145)
Amortisation for the period	0	6,552	6,552
Impairment	0	141	141
Reclassifications	0	(4)	(4)
Disposals	0	(2,116)	(2,116)
At 28 February 2013	**0**	**64,582**	**64,582**
Carrying amount at 28 February 2013	**227,934**	**21,404**	**249,338**

■ The additions of € 2,701 thousand of non-goodwill intangible assets related primarily to software.

■ The goodwill of € 2,380 thousand associated with changes in the scope of consolidation relates to the first-time inclusion of the AGRAGOLD companies.

■ 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. and similar rights.

■ Of the total carrying amount of goodwill, the Sugar segment accounted for € 23,764 thousand (prior year: € 21,384 thousand), the Starch segment for € 2,090 thousand (prior year: € 2,090 thousand) and the Fruit segment for € 204,460 thousand (prior year: € 204,460 thousand).

■ 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. All goodwill was allocated to cash-generating units.

■ 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 in profit or loss 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 business plans that are validated and 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 1.5% 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 9.4% (prior year: 8.2%) for the Fruit segment, at 8.9% (prior year: 8.7%) for the Starch segment and at 8.3% (prior year: 7.6%) for the Sugar segment.

■ 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. A comparison of the carrying amounts of the CGUs with the respective value in use shows the following excess of value in use over carrying amount: € 165 million for the Fruit segment (prior year: € 205 million); € 634 million for the Starch segment (prior year: € 543 million); and € 96 million for the Sugar segment (prior year: € 254 million).

■ The goodwill is not tax-deductible.

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

Note (17)

9.2. PROPERTY, PLANT AND EQUIPMENT

€000	Land, leasehold rights and buildings	Technical plant and machinery	Other plant, furniture and equipment	Assets under construction	Total
2013|14					
Cost					
At 1 March 2013	514,184	1,087,199	191,221	84,419	1,877,023
Currency translation differences	(17,135)	(27,043)	(4,489)	(2,610)	(51,277)
Changes in scope of consolidation	(34)	(197)	318	1,088	1,175
Additions	16,760	39,815	10,961	65,714	133,250
Reclassifications	26,416	81,111	2,450	(110,183)	(206)
Disposals	(3,146)	(15,134)	(6,232)	(341)	(24,853)
Government grants	(210)	(391)	(36)	(573)	(1,210)
At 28 February 2014	**536,835**	**1,165,360**	**194,193**	**37,514**	**1,933,902**
Accumulated depreciation and impairment					
At 1 March 2013	272,304	772,895	145,753	590	1,191,542
Currency translation differences	(6,674)	(17,541)	(3,381)	(1)	(27,597)
Changes in scope of consolidation	(27)	3	89	0	65
Depreciation for the period	15,440	52,038	11,491	0	78,969
Impairment	5	2,886	41	6	2,938
Reclassifications	2	93	(187)	0	(92)
Disposals	(2,386)	(14,358)	(5,842)	(6)	(22,592)
Reversal of impairment losses	(347)	(595)	0	(15)	(957)
At 28 February 2014	**278,317**	**795,421**	**147,964**	**574**	**1,222,276**
Carrying amount at 28 February 2014	**258,518**	**369,939**	**46,229**	**36,940**	**711,626**

€000	Land, leasehold rights and buildings	Technical plant and machinery	Other plant, furniture and equipment	Assets under construction	Total
2012|13					
Cost					
At 1 March 2012	489,161	1,024,495	181,630	42,358	1,737,644
Currency translation differences	(2,712)	(5,489)	(509)	(208)	(8,918)
Changes in scope of consolidation	12,713	7,952	2,241	512	23,418
Additions	12,725	60,814	10,311	64,142	147,992
Reclassifications	5,640	13,406	1,675	(20,808)	(87)
Disposals	(3,346)	(13,991)	(4,134)	(12)	(21,483)
Government grants	3	12	7	(1,565)	(1,543)
At 28 February 2013	**514,184**	**1,087,199**	**191,221**	**84,419**	**1,877,023**
Accumulated depreciation and impairment					
At 1 March 2012	260,871	740,978	139,281	590	1,141,720
Currency translation differences	(1,089)	(3,289)	(294)	0	(4,672)
Changes in scope of consolidation	0	(312)	(230)	0	(542)
Depreciation for the period	14,548	48,515	10,859	0	73,922
Impairment	454	306	36	0	796
Reclassifications	3	(4)	4	0	3
Disposals	(2,483)	(13,299)	(3,903)	0	(19,685)
At 28 February 2013	**272,304**	**772,895**	**145,753**	**590**	**1,191,542**
Carrying amount at 28 February 2013	**241,880**	**314,304**	**45,468**	**83,829**	**685,481**

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

€000	2013|14	2012|13
Sugar segment	43,185	55,903
Starch segment	40,952	59,081
Fruit segment	51,814	34,864
Total	**135,951**	**149,848**

■ 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.

■ Government grants consisted of investment assistance in Hungary in the Sugar and Starch segments.

■ No interest expense was recognised.

■ 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	2013|14	2012|13
Cost	287	245
Less accumulated depreciation and impairment	(94)	(62)
Carrying amount	**193**	**183**

■ 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	2013|14	2012|13
In the subsequent year	3,895	3,561
In years 2 to 5	11,940	9,381
In more than 5 years	6,340	6,989

■ The AGRANA Group does not act as a lessor.

Note (18)

9.3. SECURITIES, INVESTMENTS IN NON-CONSOLIDATED SUBSIDIARIES AND OUTSIDE COMPANIES

€000	Investments[1]	Securities (non-current)	Total
2013|14			
At 1 March 2013	5,745	105,264	111,009
Currency translation differences	(2)	(42)	(44)
Changes in scope of consolidation	(4,530)	0	(4,530)
Additions	15	162	177
Impairment	(44)	0	(44)
Disposals	(15)	(297)	(312)
Fair value changes under IAS 39	0	(503)	(503)
At 28 February 2014	**1,169**	**104,584**	**105,753**
AT 1 MARCH 2012			
Stand 1 Mar 2012	7,265	104,909	112,174
Currency translation differences	0	3	3
Changes in scope of consolidation	40	1	41
Additions	0	58	58
Impairment	(460)	0	(460)
Disposals	(1,100)	0	(1,100)
Fair value changes under IAS 39	0	293	293
At 28 February 2013	**5,745**	**105,264**	**111,009**

[1] *Investments in non-consolidated subsidiaries and outside companies.*

- The securities were predominantly securities of Austrian issuers.

- The negative amount of € 4,530 thousand of changes in scope of consolidation represents the accounting disposal of the investments in the AGRAGOLD companies, which were proportionately consolidated from 1 December 2013 after having been carried as non-consolidated joint ventures until 30 November 2013.

Note (19)

9.4. RECEIVABLES AND OTHER ASSETS

€000	28 Feb 2014	28 Feb 2013
Trade receivables	306,222	315,108
– *Of which due after more than 1 year*	*0*	*14*
Reimbursement receivable under the sugar regime	11,476	477
Amounts due from affiliated companies	8,519	11,190
Receivable under government grants	4,686	6,189
– *Of which due after more than 1 year*	*3,686*	*6,189*
Positive fair value of derivatives	3,302	3,446
Amounts due from associates in the Südzucker group	2,215	4,750
Receivable for legacy soil reclamation	645	1,081
– *Of which due after more than 1 year*	*645*	*863*
Insurance and damage payments	0	595
– *Of which due after more than 1 year*	*0*	*589*
Other financial assets	56,056	43,831
– *Of which due after more than 1 year*	*20,201*	*11,158*
Financial instruments	**393,121**	**386,667**
– *Of which due after more than 1 year*	*24,532*	*18,813*
VAT credits and other tax credits	74,814	86,408
– *Of which due after more than 1 year*	*0*	*132*
Prepaid expenses	12,490	8,620
Accrued income	5,197	9,334
Total	**485,622**	**491,029**
– *Of which due after more than 1 year*	*24,532*	*18,945*

Amounts due from 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 2014	28 Feb 2013
Carrying amount of trade receivables, gross	318,753	326,663
Provisions for impairment of trade receivables	(12,531)	(11,555)
Carrying amount, net	**306,222**	**315,108**

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

€000	2013|14	2012|13
Provision at 1 March	11,555	7,154
Currency translation adjustments/Other change	340	(22)
Added	1,437	6,544
Used	(95)	(748)
Released	(706)	(1,373)
Provision at 28 February	**12,531**	**11,555**

The partial release of the provision resulted in interest income of € 11 thousand (prior year: € 21 thousand).

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

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 2014	28 Feb 2013
Trade receivables past due and with no impairment provided		
Up to 30 days	37,604	32,160
31 to 90 days	22,114	11,432
More than 90 days	7,339	8,056
Total	**67,057**	**51,648**

The assets which are neither past due nor impaired relate to customers with excellent credit ratings.

Note (20)

9.5. DEFERRED TAX ASSETS

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

€000	28 Feb 2014	28 Feb 2013[1]
Deferred tax assets		
Intangible assets and property, plant and equipment	3,560	3,805
Non-current financial assets (primarily “one-seventh” write-downs on non-consolidated subsidiaries and on outside companies)	5,978	9,435
Inventories	8,112	6,002
Receivables, other assets and accrued income	4,339	10,151
Carryforwards of unused tax losses	8,473	6,695
Retirement, termination and long-service benefit obligations	5,830	5,679
Other provisions and liabilities	9,549	6,227
Total deferred tax assets	**45,841**	**47,994**
Deferred tax assets offset against deferred tax liabilities relating to the same tax authority	(15,757)	(14,857)
Net deferred tax assets	**30,084**	**33,137**

Deferred tax liabilities are detailed in note 27.

[1] *The prior-year data were restated in accordance with IAS 8. Further information is provided from page 94.*

Note (21)

9.6. INVENTORIES

€000	28 Feb 2014	28 Feb 2013
Raw materials and consumables	199,087	201,688
Finished and unfinished goods	479,891	607,776
Goods purchased for resale	33,244	42,028
Total	**712,222**	**851,492**

The carrying amount of those inventories measured at fair value less costs to sell was € 55,490 thousand for inventories on which a write-down was recognised and € 53,621 thousand for inventories on which a remeasurement gain was recognised.

A write-down of € 12,891 thousand was recognised on inventories (prior year: € 8,939 thousand).

Note (22)

9.7. SECURITIES

Securities held as current assets had a carrying amount of € 146 thousand (prior year: € 1,198 thousand) and consisted mainly of floating rate debt securities held as a liquidity reserve.

Note (23)

9.8. EQUITY

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

- The movements in the Group's equity are presented on pages 86 and 87.

- The capital reserves ("share premium and other capital reserves") consist of share premium (i.e., additional paid-in capital) and of reserves resulting from the reorganisation of companies. The capital reserves remained unchanged in the 2013|14 financial year. Retained earnings consist of the available-for-sale reserve, the cash flow hedge reserve, the effects of consolidation-related foreign currency translation, and accumulated profits/losses.

- In February 2014, AGRANA Stärke GmbH increased its ownership interest in AGRANA Bio-ethanol GmbH from 74.9% to 100%. The difference of € 10,811 thousand between the purchase price paid and the carrying amount of the acquired net assets was offset against retained earnings.

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 2014	28 Feb 2013[1]
Total equity	1,192,733	1,211,889
Total assets	2,452,064	2,578,364
Equity ratio	**48.6%**	**47.0%**

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.

[1] *The prior-year data were restated in accordance with IAS 8. Further information is provided from page 94.*

The sound equity base gives AGRANA strategic flexibility and also demonstrates the Group's financial stability and independence. In addition to its self-financing ability, AGRANA also has access to high, committed credit lines for its overall financing needs.

The approach to capital management was unchanged from the prior year.

Note (24)

9.9. PROVISIONS

€000	28 Feb 2014	28 Feb 2013[1]
Provisions for		
Retirement benefits	28,153	31,341
Termination benefits	28,643	27,503
Other	50,083	43,621
Total	**106,879**	**102,465**

Note (24a)

a) Provisions for retirement and termination benefit obligations

Provisions for retirement and termination benefits are measured in accordance with IAS 19, using the projected unit credit method and taking into account future trends on an actuarial basis. For both the retirement and termination benefit obligations, the plans are defined benefit plans.

The present values of the obligations, and the associated plan assets where applicable, were determined based on the following actuarial parameters:

%	28 Feb 2014	28 Feb 2013
Expected rate of wage and salary increases		
Austria/Europe	2.50	2.50
Mexico/USA/South Korea	6.00/3.00/4.00	6.00/3.00/–
Expected trend of pension increases		
Austria	2.00	2.00
Mexico	4.00	0.00
Discount rate		
Austria/Europe/USA	3.50	3.50
Mexico/South Korea	8.00/4.20	6.75/–

A discount rate of 3.50% (prior year: 3.50%) was used in almost all cases in the determination of the provisions for pensions and termination benefits. The discount rate is based on the yield of high-quality corporate bonds with a duration matching the average weighted duration of the obligations.

The measurement process also involves other company-specific actuarial assumptions, such as the staff turnover rate. The current mortality tables recognised in the respective country are used as the biometric basis for the calculations – in Austria, this is 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 plan assets depends on the strategic portfolio structure of the pension fund and of the insurance policies that are held to secure plan benefits.

[1] *The prior-year data were restated in accordance with IAS 8. Further information is provided from page 94.*

Defined benefit plans

Pension plans in the AGRANA Group are based largely on direct defined benefit commitments. The amounts of the pension benefits are usually determined by length of service and pensionable pay. Termination benefit plans exist mainly as a result of legal requirements or of obligations under collective agreements and the benefits represent one-time, lump sum payments. The amount of the termination benefits typically depends on final pay and length of service.

The provision in the balance sheet (the net liability) for pensions and termination benefits in the AGRANA Group represents the present value of the defined benefit obligation less the fair value of the plan assets:

€000	28 Feb 2014	28 Feb 2013[1]
Pension plans		
Present value of defined benefit obligation	37,522	38,846
Fair value of plan assets	(9,369)	(7,505)
Pension provisions (net liability)	**28,153**	**31,341**
Termination benefit plans		
Present value of defined benefit obligation	29,253	27,526
Fair value of plan assets	(610)	(23)
Termination benefit provisions (net liability)	**28,643**	**27,503**

In connection with defined benefit pension commitments, the AGRANA Group's major plans are the following:

- AGRANA Beteiligungs-AG has direct defined benefit commitments in respect of Management Board members for retirement, disability and survivor pensions based on a fixed percentage of a pension assessment base. All pension benefit obligations are transferred to and administered by an external pension fund. The present value of the obligation was € 12,637 thousand (prior year: € 10,685 thousand) and the plan assets amounted to € 8,697 thousand (prior year: € 7,399 thousand). Further detail is provided in the section "Related party disclosures" in these notes.

- In addition, there were direct defined benefit commitments, including survivor benefits, in respect of retired former employees of AGRANA Zucker GmbH in the amount of € 20,805 thousand (prior year: € 23,081 thousand), of AGRANA Stärke GmbH in the amount of € 2,638 thousand (prior year: € 2,762 thousand) and of AGRANA Juice Holding GmbH in the amount of € 186 thousand (prior year: € 127 thousand). The present value of the obligation of AGRANA Juice Holding GmbH is offset by plan assets in the form of pension risk transfer insurance of € 170 thousand.

- At AGRANA Fruit Austria GmbH there are pension commitments in respect of active employees for retirement, disability and survivor benefits with a contractual (in some cases length-of-service-dependent) fixed benefit amount, and direct obligations in respect of retired former employees, including survivor benefits. The present value of these obligations was € 786 thousand (prior year: € 934 thousand) and there were plan assets in the form of pension insurance of € 406 thousand.

- In Mexico there is a contractual obligation in respect of a defined set of recipients in the event of retirement or early retirement to pay a fixed percentage of a specified pensionable pay base in monthly instalments for a period of ten years. Alternatively, the recipient may choose a lump sum payment. The present value of this obligation was € 470 thousand (prior year: € 562 thousand), with plan assets in the form of pension insurance of € 96 thousand (prior year: € 106 thousand).

[1] *The prior-year data were restated in accordance with IAS 8. Further information is provided from page 94.*

The pension provisions showed the following movement:

€000	Present value of obligation	Fair value of plan assets	Pension provisions
2013|14			
At 1 March 2013	38,846	(7,505)	31,341
Service cost	756	0	756
Interest expense/(income)	1,298	(292)	1,006
Past service cost	63	(68)	(5)
Effects of plan curtailments and settlements	(22)	(1)	(23)
Taxes and administration cost	0	51	51
Total recognised in the income statement (net pension cost)	**2,095**	**(310)**	**1,785**
(Gains)/losses from:			
Actual return on plan assets	0	(98)	(98)
Changes in financial assumptions	(120)	0	(120)
Experience adjustments	307	0	307
Currency translation differences	(55)	9	(47)
Total remeasurement gain/(loss) recognised in the statement of comprehensive income	**132**	**(89)**	**43**
Changes in scope of consolidation/reclassifications	(696)	(502)	(1,198)
Benefits paid	(2,855)	0	(2,855)
Employer contributions to plan assets	0	(963)	(963)
Other movements	**(3,551)**	**(1,465)**	**(5,016)**
At 28 February 2014	**37,522**	**(9,369)**	**28,153**
2012|13			
At 1 March 2012	35,729	(6,114)	29,615
Service cost	666	0	666
Interest expense/(income)	1,547	(301)	1,246
Effects of plan curtailments and settlements	(68)	0	(68)
Total recognised in the income statement (net pension cost)	**2,145**	**(301)**	**1,844**
(Gains)/losses from:			
Actual return on plan assets	0	(126)	(126)
Changes in demographic assumptions	119	0	119
Changes in financial assumptions	3,457	0	3,457
Experience adjustments	624	0	624
Currency translation differences	24	(3)	21
Total remeasurement gain/(loss) recognised in the statement of comprehensive income	**4,224**	**(129)**	**4,095**
Benefits paid	(3,252)	0	(3,252)
Employer contributions to plan assets	0	(961)	(961)
Other movements	**(3,252)**	**(961)**	**(4,213)**
At 28 February 2013	**38,846**	**(7,505)**	**31,341**

The AGRANA Group's has the following main termination benefit plans:

■ The termination benefit plans most significant in amount exist in Austria and France. The plans represent legislated commitments to pay a lumpsum benefit on termination of employment (unless terminated by the employee) and in the event of retirement or death. The amount of the benefit depends on final pay and length of service. Termination benefit obligations in Austria and France are funded solely by provisions, in the amount of € 27,262 thousand (prior year: € 27,202 thousand).

■ In Russia and Ukraine there are termination benefit commitments (either legislated or based on company-wide agreements) that are minor in amount. These are payable as a lump sum on termination of employment (unless terminated by the employee) or on retirement. The benefit amount depends on final pay and length of service. These commitments in the amount of € 117 thousand (prior year: € 136 thousand) are covered solely by provisions.

■ The termination benefit arrangements in the USA consist of contractual commitments in respect of a defined set of recipients, while the commitments in Mexico are legislated obligations to all permanent and full-time employees. In Mexico the termination benefit is paid if the employment relationship is terminated after 15 years or more of service, at retirement or in the event of disability or death. It takes the form of a lump sum in an amount that is based on final salary and length of service. In the USA, the benefit is paid on termination of employment and is based on final salary and length of service. In Mexico, plan assets of € 21 thousand (prior year: € 23 thousand) offset the present value of the obligation of € 104 thousand (prior year: € 188 thousand). In the USA, the commitments of € 672 thousand (prior year: € 696 thousand) are funded solely by provisions.

■ The termination benefit plan for South Korea was included in the Group accounts for the first time in the 2013|14 financial year, with a present value of the obligation of € 1,098 thousand and with plan assets of € 589 thousand.

The termination benefit provisions showed the following movement:

€000	Present value of obligation	Fair value of plan assets	Termination benefit provisions
2013|14			
At 1 March 2013	27,526	(23)	27,504
Service cost	1,465	0	1,465
Interest expense/(income)	961	(19)	942
Past service cost	970	(534)	436
Effects of plan curtailments and settlements	71	0	71
Taxes and administration costs	0	2	2
Total recognised in the income statement (net termination benefit cost)	**3,467**	**(551)**	**2,916**
(Gains)/losses from:			
Actual return on plan assets	0	5	5
Changes in demographic assumptions	(44)	0	(44)
Changes in financial assumptions	(119)	0	(119)
Experience adjustments	343	0	343
Currency translation differences	(108)	20	(88)
Total remeasurement gain/(loss) recognised in the statement of comprehensive income	**72**	**25**	**97**
Changes in scope of consolidation/reclassifications	679	0	679
Benefits paid	(2,491)	71	(2,420)
Employer contributions to plan assets	0	(132)	(132)
Other movements	**(1,812)**	**(61)**	**(1,873)**
At 28 February 2014	**29,253**	**(610)**	**28,643**

€000	Present value of obligation	Fair value of plan assets	Termination benefit provisions
2012|13[1]			
At 1 March 2012	23,432	(23)	23,409
Service cost	1,151	0	1,151
Interest expense/(income)	1,032	(1)	1,031
Past service cost	52	0	52
Effects of plan curtailments and settlements	40	0	40
Total recognised in the income statement (net termination benefit cost)	**2,275**	**(1)**	**2,274**
(Gains)/losses from:			
Actual return on plan assets	0	2	2
Changes in demographic assumptions	160	0	160
Changes in financial assumptions	2,314	0	2,314
Experience adjustments	373	0	373
Currency translation differences	7	(1)	6
Total remeasurement gain/(loss) recognised in the statement of comprehensive income	**2,854**	**1**	**2,855**
Changes in scope of consolidation	1,456	0	1,456
Benefits paid	(2,491)	0	(2,491)
Other movements	**(1,035)**	**0**	**(1,035)**
At 28 February 2013	**27,526**	**(23)**	**27,503**

The expense for the unwinding of discount on benefits accrued in prior years, less the return on plan assets, is included within net financial items. The current service cost is included in staff costs. The actual return on plan assets was € 391 thousand (prior year: € 427 thousand).

The change in actuarial gains and losses of the pension and termination benefit provisions, which is recognised directly in equity, was a reduction of € 341 thousand (prior year: increase of € 6,706 thousand). The change resulted primarily from experience adjustments concerning factors such as expected retirement age, wage and salary growth rates and assumed employee turnover rates. As of 28 February 2014, cumulative actuarial gains and losses of € 20,662 thousand (prior year: € 19,915 thousand) had been offset against retained earnings, not taking into account deferred taxes.

The experience adjustments reflect the impacts on the plan liabilities of differences between the actual movement in the plan obligation during the year and the assumptions made at the beginning of the year. Such differences arise, especially, from actual rates of wage and salary increases, changes in pension benefits, employee turnover and biometric variables such as disability and mortality.

Composition of plan assets

The plan assets consist primarily of investments in an external pension fund and of pension benefit insurance policies. The fundamental objective for the plan assets is to provide, at all times, full coverage of the payment obligations arising from the respective benefit plans. The plan assets include neither financial instruments issued by the Group nor owner-occupied property.

[1] *The prior-year data were restated in accordance with IAS 8. Further information is provided from page 94.*

At the balance sheet date the plan assets were invested in the following asset categories:

%	28 Feb 2014	28 Feb 2013
Fixed income securities	53.87	55.22
Equity securities	30.38	31.69
Real estate	3.83	4.56
Other	11.92	8.53

Risks

Defined benefit plans are associated with various risks for the AGRANA Group. Besides general actuarial risks such as discount rate risk and longevity risk, these include the risk that actual outcomes will differ from actuarial assumptions such as rates of wage and salary growth, pension benefit trends, retirement age and employee turnover (early departures). Risks in connection with the plan assets are capital market risks, credit risks and investment risks. Other risks lie in exchange rate fluctuation and changes in inflation rates.

The rate of return on plan assets is assumed to equal the discount rate. If the actual rate of return on plan assets is less than the discount rate used, the respective net liability increases. The net liability is particularly strongly influenced by the discount rate, with the current low market interest rates contributing to a relatively high liability. A further decline in corporate bond yields would lead to a further increase in defined benefit liabilities that can only be offset to a small degree by the increase in market values of the corporate bonds in the plan assets.

Potential inflation risks that may lead to an increase in the defined benefit obligations lie, indirectly, in inflation-driven salary growth during active service and in inflation-induced pension benefit increases.

Duration and future payments

The average weighted duration of the present value of the pension obligations at 28 February 2014 was 9.97 years (prior year: 9.45 years) and that of the termination benefit obligations was 9.46 years (prior year: 8.75 years).

€ 1,007 thousand (prior year: € 665 thousand) of contributions are expected to be paid into the plan assets in the subsequent reporting period.

The amounts of pension and termination benefit payments in the next ten years are expected to be as follows:

€000	Pension benefits	Termination benefits
Financial year		
2014|15	2,774	1,668
2015|16	2,726	1,958
2016|17	2,878	2,550
2017|18	2,755	1,972
2018|19	2,634	2,409
2019|20 to 2023|24	12,448	14,961
Total	**26,215**	**25,518**

Note (24b)

b) Other provisions

€000	Recultivation	Staff costs including long-service awards	Uncertain liabilities	Total
2013|14				
At 1 March 2013	3,797	15,607	24,217	43,621
Currency translation differences	0	(104)	(618)	(722)
Used	(28)	(2,179)	(8,692)	(10,899)
Released	(1,030)	(3,723)	(5,038)	(9,791)
Added	29	4,336	23,509	27,874
At 28 February 2014	**2,768**	**13,937**	**33,378**	**50,083**
– *Of which due within 1 year*	*28*	*4,224*	*33,189*	*37,441*
2012|13				
At 1 March 2012	3,820	12,343	23,011	39,174
Currency translation differences	0	10	(132)	(122)
Changes in scope of consolidation	0	479	16	495
Used	(84)	(2,591)	(3,781)	(6,456)
Released	(27)	(1,761)	(6,820)	(8,608)
Added	88	7,127	11,923	19,138
At 28 February 2013	**3,797**	**15,607**	**24,217**	**43,621**
– *Of which due within 1 year*	*28*	*6,195*	*22,963*	*29,186*

Of the total other provisions, € 12,642 thousand (prior year: € 14,435 thousand) were classified as non-current liabilities and € 37,441 thousand (prior year: € 29,186 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 (€ 1,118 thousand; prior year: € 2,995 thousand), beet transitional storage costs charged by Vereinigung Österreichischer Rübenbauern (the umbrella organisation of Austrian beet farmers) (€ 3,757 thousand; prior year: € 3,973 thousand), and other risk provisions (€ 3,839 thousand; prior year: € 4,320 thousand).

In the financial year under review, the non-current tax liabilities that were included in the prior year are presented as a separate line item in the balance sheet under non-current liabilities.

Note (25) 9.10. BORROWINGS

€000	28 Feb 2014	*Of which due in Up to 1 year*	*1 to 5 years*	*More than 5 years*	28 Feb 2013	*Of which due in Up to 1 year*	*1 to 5 years*	*More than 5 years*
Bank loans and overdrafts, and other loans from non-Group entities	409,592	*228,302*	*105,488*	*75,802*	484,407	*235,781*	*164,461*	*84,165*
Borrowings from affiliated companies in the Südzucker group	250,000	*100,000*	*150,000*	*0*	250,000	*70,000*	*180,000*	*0*
Lease liabilities	193	*14*	*179*	*0*	183	*21*	*162*	*0*
Borrowings	**659,785**	***328,316***	***255,667***	***75,802***	**734,590**	***305,802***	***344,623***	***84,165***
Securities (non-current assets)	(104,584)				(105,264)			
Securities (current assets)	(146)				(1,198)			
Cash and cash equivalents	(144,484)				(144,409)			
Net debt	**410,571**				**483,719**			

Details of bank loans and overdrafts are presented in sections 10.1. to 10.4.

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

€000	28 Feb 2014	28 Feb 2013
Mortgage liens	687	702
Other liens	7,900	7,900
Total	**8,587**	**8,602**

The item “other liens” related to collateral representing a fully secured export credit.

Note (26) 9.11. TRADE AND OTHER PAYABLES

€000	28 Feb 2014	*Of which due in Up to 1 year*	*More than 1 year*	28 Feb 2013	*Of which due in Up to 1 year*	*More than 1 year*
Trade payables	299,490	*299,490*	*0*	313,462	*313,462*	*0*
Amounts due to affiliated companies in the Südzucker group	11,835	*11,835*	*0*	50,661	*50,661*	*0*
Financial other payables	112,731	*111,344*	*1,387*	86,257	*83,974*	*2,283*
Non-financial other payables	21,343	*21,343*	*0*	23,324	*23,324*	*0*
– *Of which deferred income*	*4,582*	*4,582*	*0*	*4,890*	*4,890*	*0*
– *Of which prepayments*	*134*	*134*	*0*	*242*	*242*	*0*
– *Of which other tax*	*11,044*	*11,044*	*0*	*12,549*	*12,549*	*0*
– *Of which social security*	*5,583*	*5,583*	*0*	*5,643*	*5,643*	*0*
Total	**445,399**	***444,012***	***1,387***	**473,704**	***471,421***	***2,283***

Trade payables included obligations to beet growers of € 116,423 thousand (prior year: € 122,787 thousand).

Financial other payables included, among other items, liabilities to employees, payroll liabilities, and liabilities from derivatives. Also included in this item were the claims of the beet growers to refunds from the European Union for excess amounts of production levies collected in the 2001|02 to 2005|06 sugar marketing years. The reimbursement in full by the EU will be made to the sugar industry no later than September 2014. The industry will in turn pass the beet growers' refund through to the growers. Financial other payables also included the deferred consideration from the acquisition by AGRANA Stärke GmbH of the remaining shares of AGRANA Bioethanol GmbH.

Note (27)

9.12. DEFERRED TAX LIABILITIES

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

€000	28 Feb 2014	28 Feb 2013[1]
Deferred tax liabilities		
Non-current assets	17,340	15,845
Inventories	2,353	2,653
Receivables and other assets	3,600	1,730
Untaxed reserves in separate financial statements	6,183	6,155
Provisions and other liabilities	1,895	2,842
Total deferred tax liabilities	**31,371**	**29,225**
Deferred tax assets offset against deferred tax liabilities relating to the same tax authority	(15,757)	(14,857)
Net deferred tax liabilities	**15,614**	**14,368**

Deferred tax assets are detailed in note 20.

10. NOTES ON FINANCIAL INSTRUMENTS

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

To cover its overall funding needs, the AGRANA Group, in addition to its self-financing capability, has access to syndicated credit lines and bilateral credit lines from banks.

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).

[1] *The prior-year data were restated in accordance with IAS 8. Further information is provided from page 94.*

	Average effective interest rate 2013|14 %	2012|13 %	28 Feb 2014 €000	Of which due in: Up to 1 year €000	1 to 5 years €000	More than 5 years €000	28 Feb 2013 €000	Of which due in: Up to 1 year €000	1 to 5 years €000	More than 5 years €000
Fixed rate										
EUR	3.45	3.54	240,220	*33,690*	*176,748*	*29,782*	284,982	*4,336*	*238,541*	*42,105*
CNY	6.65	–	1,414	*1,414*	*0*	*0*	0	*0*	*0*	*0*
	3.46	**3.54**	**241,634**	***35,104***	***176,748***	***29,782***	**284,982**	***4,336***	***238,541***	***42,105***
Variable rate										
ARS	34.31	20.61	606	*606*	*0*	*0*	690	*690*	*0*	*0*
BAM	–	4.70	0	*0*	*0*	*0*	254	*254*	*0*	*0*
CNY	–	5.94	0	*0*	*0*	*0*	11,125	*9,901*	*1,224*	*0*
EGP	7.80	8.00	801	*801*	*0*	*0*	1,180	*1,180*	*0*	*0*
EUR	1.48	1.21	378,030	*253,270*	*78,740*	*46,020*	364,052	*218,492*	*103,500*	*42,060*
HUF	3.39	6.33	20,489	*20,489*	*0*	*0*	30,924	*30,924*	*0*	*0*
KRW	4.08	4.34	5,091	*5,091*	*0*	*0*	5,268	*5,268*	*0*	*0*
PLN	2.72	4.60	8,322	*8,322*	*0*	*0*	22,072	*22,072*	*0*	*0*
MXN	8.00	10.50	2,145	*2,145*	*0*	*0*	5,125	*3,929*	*1,196*	*0*
USD	2.32	1.88	2,474	*2,474*	*0*	*0*	8,735	*8,735*	*0*	*0*
	1.73	**2.05**	**417,958**	***293,198***	***78,740***	***46,020***	**449,425**	***301,445***	***105,920***	***42,060***
Total	**2.36**	**2.63**	**659,592**	***328,302***	***255,488***	***75,802***	**734,407**	***305,781***	***344,461***	***84,165***

Bank loans and overdrafts, other loans from non-Group entities (excluding finance lease obligations) and amounts due to affiliated companies of the Südzucker group amounted to € 659,592 thousand (prior year: € 734,407 thousand) and carried interest at an average rate of 2.36% (prior year: 2.63%). They are measured at repayable amounts. In the case of bank debt denominated in foreign currencies, nominal values 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 due to affiliated companies was € 241,634 thousand (prior year: € 284,982 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, € 687 thousand (prior year: € 702 thousand) of bank loans and overdrafts were secured by mortgage liens and € 7,900 thousand (prior year: € 7.900 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. Cash and cash equivalents, at € 144,484 thousand, were closely in line with the prior-year level. In addition, securities in the amount of € 146 thousand (prior year: € 1,198 thousand) were held as current assets; these were categorised as held-for-trading.

10.2. 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.

- Market price risks, arising especially from changes in commodity prices for sugar in the world market, energy and grain prices, and selling prices for sugar and ethanol.

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 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 2014**	**28 Feb 2013**	**28 Feb 2014**	**28 Feb 2013**
Purchase USD	1,326	65,547	(225)	(1,307)
Sale USD	94,589	30,205	966	(758)
Purchase AUD	0	388	0	1
Purchase CZK	17,145	15,288	(147)	(290)
Purchase HUF	23,391	30,274	(701)	(896)
Sale HUF	5,166	7,485	22	73
Purchase PLN	43,831	58,538	805	518
Sale PLN	1,807	9,294	(6)	(22)
Sale GBP	1,200	1,467	(14)	80
Currency derivatives	188,455	218,486	700	(2,601)
Interest rate derivatives	191,500	125,117	(6,055)	(8,000)
Commodity derivatives	52,156	43,606	(571)	(345)
Total	**432,111**	**387,209**	**(5,926)**	**(10,946)**

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 2014 was a liability of € 3,255 thousand (prior year: liability of € 368 thousand).

The value changes of those 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.

10.3. 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 2014		28 Feb 2013	
€000	**Measurement category under IAS 39**	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
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	19,584	19,584	20,264	20,264
Securities (non-current)		**104,584**	**104,584**	**105,264**	**105,264**
Investments in non-consolidated subsidiaries and outside companies	Available-for-sale financial assets	276	276	278	278
Investments in non-consolidated subsidiaries and outside companies	Available-for-sale financial assets (at cost)	893	893	5,467	5,467
Investments in non-consolidated subsidiaries and outside companies (non-current assets)		**1,169**	**1,169**	**5,745**	**5,745**
Trade receivables	Loans and receivables	306,222	306,222	315,108	315,108
Other financial assets[1]	Loans and receivables	83,597	83,597	68,113	68,113
Derivative financial assets	Derivatives at fair value through equity (hedge accounting)	419	419	2,101	2,101
Derivative financial assets	Derivatives at fair value through profit or loss (held for trading)	2,883	2,883	1,345	1,345
Trade receivables and other financial assets		**393,121**	**393,121**	**386,667**	**386,667**
Securities (current)	Available-for-sale financial assets	146	146	1,198	1,198
Securities (current)		**146**	**146**	**1,198**	**1,198**
Cash and cash equivalents	Loans and receivables	**144,484**	**144,484**	**144,409**	**144,409**
Total		**643,504**	**643,504**	**643,283**	**643,283**

[1] *Excluding other tax receivables and positive fair values of derivatives, and excluding prepaid expenses and accrued income not resulting in a cash inflow.*

€000	Measurement category under IAS 39	28 Feb 2014 Carrying amount	28 Feb 2014 Fair value	28 Feb 2013 Carrying amount	28 Feb 2013 Fair value
Financial liabilities					
Bank loans and overdrafts, and other loans from non-Group entities	Liabilities at (amortised) cost	409,592	411,895	484,407	490,342
Borrowings from affilated companies in the Südzucker group	Liabilities at (amortised) cost	250,000	257,147	250,000	257,508
Borrowings		**659,592**	**669,042**	**734,407**	**747,850**
Trade payables	Liabilities at (amortised) cost	299,490	299,490	313,462	313,462
Financial other payables[1]	Liabilities at (amortised) cost	115,338	115,338	122,526	122,526
Derivative liabilities	Derivatives at fair value through equity (hedge accounting)	3,674	3,674	2,469	2,469
Derivative liabilities	Financial liabilities at fair value through profit or loss (held for trading)	5,554	5,554	11,923	11,923
Trade and other financial payables		**424,056**	**424,056**	**450,380**	**450,380**
Total		**1,083,648**	**1,093,098**	**1,184,787**	**1,198,230**

The carrying amounts and fair values of financial instruments had the following composition by measurement category:

€000	28 Feb 2014 Carrying amount	28 Feb 2014 Fair value	28 Feb 2013 Carrying amount	28 Feb 2013 Fair value
Total by measurement category under IAS 39				
Available-for-sale financial assets	20,006	20,006	21,740	21,740
Available-for-sale financial assets (at cost)	85,893	85,893	90,467	90,467
Loans and receivables	534,303	534,303	527,630	527,630
Liabilities at (amortised) cost	(1,074,420)	(1,083,870)	(1,170,395)	(1,183,838)
Derivatives at fair value through equity (hedge accounting)	(3,255)	(3,255)	(368)	(368)
Financial assets/liabilities at fair value through profit or loss (held for trading)	(2,671)	(2,671)	(10,578)	(10,578)

[1] *Excluding payables from other tax, social security, negative fair values of derivatives, customer prepayments, and deferred income.*

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 current securities exchange prices or market value.

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 a result of the short maturities of the trade receivables, other financial 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 partly to 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 and current other financial liabilities, it is assumed in view of the short maturities that the fair values equal 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:

€000	Measurement category	Level 1	Level 2	Level 3
2013|14				
Securities (non-current)	Available-for-sale financial assets	19,584	0	0
Securities (current)	Available-for-sale financial assets	146	0	0
Investments in non-consolidated subsidiaries and outside companies (non-current)	Available-for-sale financial assets	0	0	276
Financial assets available-for-sale		**19,730**	**0**	**276**
Derivative assets	Derivatives at fair value through equity (hedge accounting)	419	0	0
Financial assets at fair value through equity (hedge accounting)		**419**	**0**	**0**
Derivative assets	Financial assets at fair value through profit or loss (held for trading)	152	2,731	0
Financial assets at fair value through profit or loss (held for trading)		**152**	**2,731**	**0**
Financial assets at fair value		**20,301**	**2,731**	**276**
Derivative liabilities	Derivatives at fair value through equity (hedge accounting)	22	3,652	0
Financial liabilities at fair value through equity (hedge accounting)		**22**	**3,652**	**0**
Derivative liabilities	Financial liabilities at fair value through profit or loss (held for trading)	1,002	4,552	0
Financial liabilities at fair value through profit or loss (held for trading)		**1,002**	**4,552**	**0**
Financial liabilities at fair value		**1,024**	**8,204**	**0**

€000	Measurement category	Level 1	Level 2	Level 3
2012|13				
Securities (non-current)	Available-for-sale financial assets	20,264	0	0
Securities (current)	Available-for-sale financial assets	1,198	0	0
Investments in non-consolidated subsidiaries and outside companies (non-current)	Available-for-sale financial assets	0	0	278
Financial assets available-for-sale		**21,462**	**0**	**278**
Derivative assets	Derivatives at fair value through equity (hedge accounting)	2,101	0	0
Financial assets at fair value through equity (hedge accounting)		**2,101**	**0**	**0**
Derivative assets	Financial assets at fair value through profit or loss (held for trading)	532	813	0
Financial assets at fair value through profit or loss (held for trading)		**532**	**813**	**0**
Financial assets at fair value		**24,095**	**813**	**278**
Derivative liabilities	Derivatives at fair value through equity (hedge accounting)	111	2,358	0
Financial liabilities at fair value through equity (hedge accounting)		**111**	**2,358**	**0**
Derivative liabilities	Financial liabilities at fair value through profit or loss (held for trading)	999	**10,924**	0
Financial liabilities at fair value through profit or loss (held for trading)		**999**	**10,924**	**0**
Financial liabilities at fair value		**1,110**	**13,282**	**0**

The three levels were defined as follows:

■ Level 1 consists of those financial instruments for which the fair value represents exchange or market prices quoted for the exact instrument on an active market (i.e., these prices are used without adjustment or change in composition).

■ In Level 2, the fair values are determined on the basis of exchange or market prices quoted on an active market for similar assets or liabilities, or using other valuation techniques for which the significant inputs are based on observable market data.

■ Level 3 consists of those financial instruments for which the fair values are determined on the basis of valuation techniques using significant inputs that are not based on observable market data.

The fair value of Level 2 currency derivatives is measured based on the exchange rate at the balance sheet date and the underlying currencies' interest rate differential relevant for the remaining maturity. The mark-to-market price is determined and compared with the price of the hedged item or transaction. The input factors for this are the reference rates of the ECB (daily fixing) or selected national central banks, and the daily EURIBOR and LIBOR/IBOR quotes.

For Level 2 interest rate derivatives, the measurement of fair value involves comparing the fixed interest rate with the swap rates as at the balance sheet date or with the yield curve relevant for the maturity. The fair value is obtained from a separate calculation provided by banking institutions.

Financial instruments in the following amounts of income or expense were recorded in the income statement within finance income or expense and within operating profit before exceptional items, by measurement category:

	Assets		Liabilities			Reconciliation	
€000	Available for sale	Loans and receivables	Financial liabilities at cost	Not classified	Total	Not a financial instrument	Net financial item
2013|14							
Net interest income/(expense)	0	6,995	(16,322)	0	(9,327)	0	(9,327)
Interest on derivatives	0	0	0	580	580	0	580
Interest component of retirement benefit provisions	0	0	0	0	0	(1,948)	(1,948)
Total net interest income/(expense)	0	6,995	(16,322)	580	(8,747)	(1,948)	(10,695)
Share of results of non-consolidated subsidiaries and outside companies	1,029	0	0	0	1,029	0	1,029
Total share of results of non-consolidated subsidiaries and outside companies	1,029	0	0	0	1,029	0	1,029
Currency translation losses	0	0	(16,411)	0	(16,411)	0	(16,411)
Total other net financial items	0	0	(2,597)	0	(2,597)	0	(2,597)
Net financial items from derivatives	0	0	0	1,474	1,474	0	1,474
Total net financial items	0	0	(19,008)	1,474	(17,534)	0	(17,534)
Total income/(expense) from financial instruments in net financial items	**1,029**	**6,995**	**(35,330)**	**2,054**	**(25,252)**	**(1,948)**	**(27,200)**
Net gains from derivatives	0	1,854	0	0	1,854	0	1,854
Currency translation gains	0	0	0	217	217	0	217
Impairment loss on receivables	0	(1,437)	0	0	(1,437)	0	(1,437)
Total income/(expense) from financial instruments in operating profit before exceptional items	**0**	**417**	**0**	**217**	**634**	**0**	**634**

€000	Assets: Available for sale	Assets: Loans and receivables	Liabilities: Financial liabilities at cost	Not classified	Total	Reconciliation: Not a financial instrument	Reconciliation: Net financial item
2012|13							
Net interest income/(expense)	0	6,177	(19,039)	0	(12,862)	0	(12,862)
Interest on derivatives	0	0	0	(8,561)	(8,561)	0	(8,561)
Interest component of retirement benefit provisions	0	0	0	0	0	(2,579)	(2,579)
Total net interest income/(expense)	0	6,177	(19,039)	(8,561)	(21,423)	(2,579)	(24,002)
Share of results of non-consolidated subsidiaries and outside companies	546	0	0	0	546	0	546
Total share of results of non-consolidated subsidiaries and outside companies	546	0	0	0	546	0	546
Currency translation losses	0	0	(670)	0	(670)	0	(670)
Total other net financial items	0	0	(3,632)	0	(3,632)	0	(3,632)
Net financial items from derivatives	0	0	0	102	102	0	102
Total net financial items	0	0	(4,302)	102	(4,200)	0	(4,200)
Total income/(expense) from financial instruments in net financial items	**546**	**6,177**	**(23,341)**	**(8,459)**	**(25,077)**	**(2,579)**	**(27,656)**
Net gains from derivatives	0	(1,401)	0	0	(1,401)	0	(1,401)
Currency translation gains	0	0	0	(2,521)	(2,521)	0	(2,521)
Impairment loss on receivables	0	(4,401)	0	0	(4,401)	0	(4,401)
Impairment loss on other assets	0	(6,643)	0	0	(6,643)	0	(6,643)
Total income/(expense) from financial instruments in operating profit before exceptional items	**0**	**(12,445)**	**0**	**(2,521)**	**(14,966)**	**0**	**(14,966)**

10.4. 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. In the Group's operating activities, price risks arise largely from the costs of raw materials (mainly sugar beet, sugar purchased in the world market, grains, potatoes, and fruit) and energy, and from selling prices of sugar, starch, ethanol and fruit products. 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 19.

The maximum exposure of € 484,131 thousand (prior year: € 501,668 thousand) to credit risk consisted of the carrying amounts of all receivables and other current assets plus contingent liabilities, and was equivalent to the carrying amount of these instruments. AGRANA does not consider the actual credit risk 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 its 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 2014 on the Group's liquidity situation. All cash outflows are undiscounted.

€000	Carrying amount	Total	Contractual payment outflows: 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 2014								
Borrowings								
Bank loans and overdrafts, and other loans from non-Group entities	409,592	427,697	232,855	6,553	46,777	53,880	10,551	77,081
Borrowings from affiliated companies in the Südzucker group	250,000	264,322	105,133	53,769	3,558	101,862	0	0
Obligations under finance leases	193	212	15	197	0	0	0	0
	659,785	**692,231**	**338,003**	**60,519**	**50,335**	**155,742**	**10,551**	**77,081**
Trade and financial other payables								
Trade payables	299,490	299,490	299,490	0	0	0	0	0
Amounts due to affiliated companies in the Südzucker group and financial other payables	124,566	124,566	123,179	1,387	0	0	0	0
– Of which interest rate derivatives	*6,583*	*6,583*	*6,583*	*0*	*0*	*0*	*0*	*0*
– Of which currency derivatives	*1,503*	*1,503*	*1,503*	*0*	*0*	*0*	*0*	*0*
– Of which commodity derivatives	*1,142*	*1,142*	*1,142*	*0*	*0*	*0*	*0*	*0*
	424,056	**424,056**	**422,669**	**1,387**	**0**	**0**	**0**	**0**
28 February 2013								
Borrowings								
Bank loans and overdrafts, and other loans from non-Group entities	484,407	511,588	243,451	72,182	9,258	45,689	52,816	88,192
Borrowings from affiliated companies in the Südzucker group	250,000	271,615	76,550	34,953	54,692	3,558	101,862	0
Obligations under finance leases	183	200	22	178	0	0	0	0
	734,590	**783,403**	**320,023**	**107,313**	**63,950**	**49,247**	**154,678**	**88,192**
Trade and financial other payables								
Trade payables	313,462	313,462	313,462	0	0	0	0	0
Amounts due to affiliated companies in the Südzucker group and financial other payables	136,918	136,918	134,635	2,283	0	0	0	0
– Of which interest rate derivatives	*8,000*	*8,000*	*8,000*	*0*	*0*	*0*	*0*	*0*
– Of which currency derivatives	*3,413*	*3,413*	*3,413*	*0*	*0*	*0*	*0*	*0*
– Of which commodity derivatives	*2,979*	*2,979*	*2,979*	*0*	*0*	*0*	*0*	*0*
	450,380	**450,380**	**448,097**	**2,283**	**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.

At the end of the year under review there were no projected cash flows from derivatives used for cash flow hedging. At the end of the prior year, the projected cash flows from derivatives were as follows:

		Contractual payment outflows				
€000	Carrying amount	Total	Up to 6 months	6 to 12 months	1 to 2 years	More than 2 years
28 February 2013						
Forward foreign exchange contracts						
CZK	8,263	8,400	7,700	700	0	0
HUF	22,614	23,316	11,006	12,310	0	0
PLN	44,557	44,019	26,382	17,637	0	0
Total	**75,434**	**75,735**	**45,088**	**30,647**	**0**	**0**

All interest rate swaps and currency swaps were used for fair value hedging.

Currency risk

The Group's international business operations expose AGRANA to foreign exchange risks from financing and financial investment as well as from trade receivables and trade payables. Since the 2011|12 financial year, to measure and control these risks, the AGRANA Group uses Value-at-Risk based on the variance-covariance approach at a 95% confidence level. This involves the measurement of the various currency pairs at the given volatilities and takes into account the correlations between them. The result is stated as the diversified VaR from currencies and is analysed by borrowings and operating business:

	Value-at-Risk from borrowings		Value-at-Risk from operating receivables/payables	
€000	28 Feb 2014	28 Feb 2013	28 Feb 2014	28 Feb 2013
Sum of absolute net positions of the currency pairs	235,950	224,734	156,324	169,014
Value-at-Risk diversified	12,953	8,862	10,267	9,975

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 € 292,809 thousand (prior year: € 374,850 thousand) against exchange rate fluctuation. The following currencies were hedged:

	2013|14		2012|13	
'000	Hedged currency	EUR	Hedged currency	EUR
Hungarian forint (HUF)	13,019,814	43,418	21,980,932	75,225
US dollar (USD)	80,642	60,519	195,307	152,077
Czech koruna (CZK)	875,105	32,941	582,212	23,222
Romanian leu (RON)	307,665	69,291	104,603	22,901
Polish zloty (PLN)	345,342	80,904	412,024	94,332
Australian dollar (AUD)	4,378	2,911	1,320	1,050
Danish krone (DKK)	1,100	148	14,150	1,903
British pound (GBP)	2,116	2,513	2,692	3,269
Canadian dollar (CAD)	231	164	1,230	871
Total		**292,809**		**374,850**

Interest rate risk

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

Beginning in the year under review, risks from potential changes in interest rates are reported on an “at risk” basis. AGRANA distinguishes between Cash-Flow-at-Risk (CFaR) for variable rate borrowings and Value-at-Risk (VaR) for changes in market interest rates on fixed rate borrowings.

CFaR: An increase in interest rates would cause an increase in funding costs from variable rate borrowings. The CFaR analysis is based on the volatilities of the individual funding currencies and the correlations between them.

VaR: The analysis examines the implied risk from a decrease in interest rates, as existing fixed rate borrowings would continue to incur interest costs at a constant rate instead of following the market trend. The different maturities of fixed interest borrowings are taken into account through weighted present values and a potential change in variable interest rates under the modified duration approach. The CFaR and VaR from borrowings were as follows:

€000	28 Feb 2014	28 Feb 2013
Net position of variable interest borrowings	417,957	449,425
Cash-Flow-at-Risk diversified	2,453	3,069
Net position of fixed interest borrowings	206,709	280,808
Value-at-Risk upon change in interest rates	6,688	10,039

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.

Commodity price risk

AGRANA's business activities expose it to market price risk from purchases of commodities and the sale of finished products (ethanol). 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 508 tonnes of raw sugar in Eastern Europe (prior year: 4,064 tonnes), to sell 77,800 tonnes of white sugar (prior year: 23,500 tonnes), to purchase 90,200 tonnes of wheat for the Austrian bioethanol production facility (prior year: 55,100 tonnes), to sell 2,252 tonnes of gasoline (prior year: 26,960 tonnes), and to purchase 35,400 tonnes of corn (prior year: 7,500). These positions represented an aggregate contract amount of € 53,087 thousand (prior year: € 43,606 thousand) and, based on the underlying closing prices, had a negative fair value of € 571 thousand (prior year: € 345 thousand).

A change in the underlying raw material prices of plus or minus 10% would result in the following changes in the value of these commodity derivative positions:

	28 Feb 2014		28 Feb 2013	
€000	Sensitivity if 10% higher	Sensitivity if 10% lower	Sensitivity if 10% higher	Sensitivity if 10% lower
Change in value of commodity derivatives	2,432	(7,482)	4,043	(4,557)
– *Of which through equity*	*3,360*	*(1,772)*	*7,201*	*272*

Legal risks

AGRANA continually monitors possible changes in the legal setting that could lead to a risk situation, and takes proactive measures as appropriate. This applies particularly to food and environmental legislation.

There are currently no civil actions pending against companies of the AGRANA Group that could have a material impact on the Group's financial position, results of operations and cash flows.

As noted in previous annual reports, in the 2009|10 financial year the Slovak competition authority opened antitrust investigations into, among others, the local AGRANA sugar company. However, to date no further steps have been taken.

The antitrust case filed in 2010 by the Austrian Federal Competition Authority against AGRANA Zucker GmbH, Vienna, and Südzucker AG Mannheim/Ochsenfurt, Mannheim, Germany, for alleged competition-restricting arrangements with respect to Austria has thus far not brought a further ruling by the Cartel Court. AGRANA continues to regard the allegation as unfounded.

10.5. CONTINGENT LIABILITIES AND COMMITMENTS

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

€000	28 Feb 2014	28 Feb 2013
Guarantees	24,254	27,937
Warranties, cooperative liabilities	1,647	1,647
Contingent liabilities	**25,901**	**29,584**

Guarantees issued on behalf of related companies amounted to € 14,953 thousand (prior year: € 14,363 thousand).

The guarantees are not expected to be utilised.

Commitments were as presented in the table below:

€000	28 Feb 2014	28 Feb 2013
Present value of lease payments due within 5 years	15,836	12,942
Commitments for the purchase of property, plant and equipment	4,279	21,403
Commitments	**20,115**	**34,345**

11. EVENTS AFTER THE BALANCE SHEET DATE

No other significant events occurred after the balance sheet date of 28 February 2014 that had a material effect on AGRANA's financial position, results of operations or cash flows.

12. RELATED PARTY DISCLOSURES

AGRANA Zucker, Stärke und Frucht Holding AG, Vienna, holds 100% of the ordinary shares of Z&S Zucker und Stärke Holding AG, Vienna, which in turn holds 86.10% 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, Mannheim, Germany.

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

In addition to Südzucker AG Mannheim/Ochsenfurt, Mannheim, Germany, and its subsidiaries, other related parties are Raiffeisen-Holding Niederösterreich-Wien reg. Gen.b.H., Vienna, and its subsidiaries. These are referred to below as indirect shareholders.

Business relationships with related parties at the balance sheet date can be analysed as follows:

€000	Indirect shareholders	Companies with significant influence	Joint ventures (50%)	Total
2013|14				
Revenue	131,976	17,900	8,912	158,788
Credit relationships	(250,071)	(30,164)	10,121	(270,114)
Participation capital	0	91,462	0	91,462
Bank balances and current receivables	0	12,945	0	12,945
Net interest (expense)/income	(7,193)	5,284	477	(1,432)
Guarantees issued	8,200	38,558	16,000	62,758
Guarantees utilised	5,140	30,301	14,953	50,394
2012|13				
Revenue	241,558	15,727	18,528	275,813
Credit relationships	(251,254)	(46,478)	10,102	(287,630)
Participation capital	0	91,462	0	91,462
Bank balances and current receivables	0	17,001	0	17,001
Net interest (expense)/income	(7,227)	2,550	269	(4,408)
Guarantees issued	8,200	87,958	20,908	117,066
Guarantees utilised	5,590	40,863	19,171	65,624

In addition, at the balance sheet date, borrowings from related parties amounted to € 280,235 thousand (prior year: € 297,732 thousand); these borrowings were on normal commercial terms. Of this total, € 150,000 thousand represented non-current borrowings (prior year: € 195,475 thousand).

With related parties, there were current net trade payables of € 5,478 thousand from the sale and purchase of goods (prior year: net receivables of € 32,035 thousand).

In respect of joint venture partners, there were other receivables of € 1,110 thousand (prior year: other payables of € 116 thousand).

The remuneration of the members of the Management Board of AGRANA Beteiligungs-AG totalled € 3,167 thousand (prior year: € 3,005 thousand), consisting of total fixed base salaries of € 1,659 thousand (prior year: € 1,497 thousand) and a total performance-based, variable component of € 1,508 thousand (prior year: € 1,508 thousand). The performance-based elements of the compensation are linked to the amount of the dividend to be paid for the financial year completed. The Management Board member of AGRANA Beteiligungs-AG appointed on the basis of the syndicate agreement between Südzucker AG Mannheim/Ochsenfurt, Mannheim, Germany, and Zucker-Beteiligungsgesellschaft m.b.H, Vienna, does not receive compensation for serving on the Management Board.

On 5 July 2013 the Annual General Meeting approved an annual aggregate remuneration for the Supervisory Board of € 250 thousand (prior year: € 200 thousand) 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.

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 are administered by an external pension fund. For the 2013|14 financial year, pension fund contributions of € 968 thousand (prior year: € 684 thousand) were paid, while € 655 thousand (prior year: € 848 thousand) was added to pension provisions within the balance sheet item "retirement and termination benefit obligations". An amount of € 3,940 thousand (prior year: € 3,285 thousand) was recognised in the balance sheet at 28 February 2014.

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 on page 150.

On 29 April 2014 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, 29 April 2014

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

MANAGEMENT BOARD

Johann Marihart
Chief Executive Officer

Fritz Gattermayer
Member

Walter Grausam
Member

Thomas Kölbl
Member

SUPERVISORY BOARD

Christian Konrad
Chairman

Wolfgang Heer
First Vice-Chairman

Erwin Hameseder
Second Vice-Chairman

Jochen Fenner
Member

Hans-Jörg Gebhard
Member

Ernst Karpfinger
Member

Thomas Kirchberg
Member

Josef Pröll
Member

Employee representatives

Thomas Buder
Chairman of the Group Staff Council
and the Central Staff Council

Gerhard Glatz

Stephan Savic

Peter Vymyslicky

SUBSIDIARIES AND BUSINESS INTERESTS AT 28 FEBRUARY 2014

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

Name of company	City/town	Country	Equity interest	
			Direct	Indirect
AGRANA Beteiligungs-AG (the parent company)	Vienna	Austria	–	–
I. Subsidiaries				
Fully consolidated subsidiaries				
AGRANA AGRO SRL	Roman	Romania	–	100.00%
AGRANA BIH Holding GmbH	Vienna	Austria	–	75.00%
AGRANA Bioethanol GmbH	Vienna	Austria	–	100.00%
AGRANA Bulgaria AD	Sofia	Bulgaria	–	100.00%
AGRANA BUZAU SRL	Buzău	Romania	–	100.00%
AGRANA d.o.o.	Brčko	Bosnia-Herzegovina	–	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	–	75.00%
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	–	100.00%
AGRANA Fruit Luka TOV	Vinnytsia	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 (Proprietary) Ltd.	Cape Town	South Africa	–	100.00%
AGRANA Fruit Ukraine TOV	Vinnytsia	Ukraine	–	99.80%
AGRANA Fruit US, Inc.	Brecksville	USA	–	100.00%
AGRANA Group-Services GmbH	Vienna	Austria	–	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	–	50.01%
AGRANA Juice Holding GmbH	Gleisdorf	Austria	–	50.01%
AGRANA Juice Magyarorzság Kft.	Vásárosnamény	Hungary	–	50.01%
AGRANA Juice Poland Sp. z.o.o.	Białobrzegi	Poland	–	50.01%
AGRANA Juice Romania Vaslui s.r.l.	Vaslui	Romania	–	50.01%
AGRANA Juice Sales & Customer Service GmbH	Gleisdorf	Austria	–	50.01%
AGRANA Juice Sales & Marketing GmbH	Bingen	Germany	–	50.01%
AGRANA Juice Service & Logistik GmbH	Bingen	Germany	–	50.01%
AGRANA Juice Ukraine TOV	Vinnytsia	Ukraine	–	50.01%
AGRANA JUICE (XIANYANG) CO., LTD	Xianyang City	China	–	50.01%
AGRANA Magyarország Értékesitési Kft.	Budapest	Hungary	–	100.00%
AGRANA Marketing- und Vertriebsservice Gesellschaft m.b.H.	Vienna	Austria	100.00%	–

Name of company	City/town	Country	Equity interest	
			Direct	Indirect
Agrana Nile Fruits Processing SAE	Qalyoubia	Egypt	–	51.00%
AGRANA Stärke GmbH	Vienna	Austria	98.91%	1.09%
AGRANA TANDAREI SRL	Ţăndărei	Romania	–	100.00%
AGRANA Trading EOOD	Sofia	Bulgaria	–	100.00%
AGRANA Zucker GmbH	Vienna	Austria	98.91%	1.09%
AUSTRIA JUICE GmbH	Kröllendorf/ Allhartsberg	Austria	–	50.01%
Biogáz Fejleszto Kft.	Kaposvár	Hungary	–	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%
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	–	87.59%
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%
Slovenské Cukrovary s.r.o.	Sereď	Slovakia	–	100.00%
Ybbstaler Fruit Austria GmbH	Kröllendorf/ Allhartsberg	Austria	–	50.01%
Ybbstaler Fruit Polska Sp. Z.o.o	Chełm	Poland	–	50.01%
Yube d.o.o.	Požega	Serbia	–	100.00%
Non-consolidated subsidiaries				
AGRANA Skrob s.r.o. *Reporting date: 31 Dec 2013 I Equity: € 74.9 thousand I Profit for the period: € 38.4 thousand*	Hrušovany	Czech Republic	–	100.00%
AGRANA ZHG Zucker Handels GmbH *Reporting date: 28 Feb 2014 I Equity: € 8.1 thousand I Loss for the period: € 1.9 thousand*	Vienna	Austria	–	100.00%
Dr. Hauser Gesellschaft m.b.H. *Reporting date: 28 Feb 2014 I Equity: € 48.2 thousand I Loss for the period: € 2.9 thousand*	Hamburg	Germany	–	100.00%
Österreichische Rübensamenzucht Gesellschaft m.b.H. *Reporting date: 30 Apr 2013 I Equity: € 1,585.0 thousand I Profit for the period: € 245.9 thousand*	Vienna	Austria	–	86.00%
PERCA s.r.o. *Reporting date: 31 Dec 2013 I Equity: € 436.4 thousand I Profit for the period: € 42.5 thousand*	Hrušovany	Czech Republic	–	100.00%
Zuckerforschung Tulln Gesellschaft m.b.H. *Reporting date: 31 Dec 2013 I Equity: € 4,587.1 thousand I Profit for the period: € 1,611.1 thousand*	Vienna	Austria	100.00%	–

Name of company	City/town	Country	Equity interest	
			Direct	Indirect
II. Joint ventures				
Joint ventures accounted for by proportionate consolidation				
"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 Holding GmbH	Vienna	Austria	–	50.00%
AGRAGOLD trgovina d.o.o.	Ljubljana	Slovenia	–	50.00%
AGRANA-STUDEN Beteiligungs GmbH	Vienna	Austria	–	50.00%
AGRANA Studen Sugar Trading GmbH	Vienna	Austria	–	50.00%
Company for trade and services AGRANA-STUDEN Serbia d.o.o. Beograd	Belgrade	Serbia	–	50.00%
GreenPower E85 Kft	Szabadegyháza	Hungary	–	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%
Non-consolidated joint ventures				
SCO STUDEN & CO. BRASIL EXPORTACAO E IMPORTACAO LTDA.	São Paulo	Brazil	–	37.75%

Reporting date: 31 Dec 2013 | Equity: € 348.4 thousand | Loss for the period: € 1.7 thousand

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the accompanying consolidated financial statements of AGRANA Beteiligungs-Aktiengesellschaft, Vienna, for the year from 1 March 2013 to 28 February 2014. These consolidated financial statements comprise the consolidated statement of financial position as of 28 February 2014, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the fiscal year ending on 28 February 2014 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, and the additional requirements pursuant to Section 245a UGB (Austrian Commercial Code). 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 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 2014 and of its financial performance and its cash flows for the year from 1 March 2013 to 28 February 2014 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, 29 April 2014

KPMG Austria AG
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

signed by:

Mag. Rainer Hassler	ppa. Mag. Nikolaus Urschler
Wirtschaftsprüfer	Wirtschaftsprüfer

(Austrian Chartered Accountants)

The consolidated financial statements together with our auditor's opinion may only be published if the consolidated financial statements and the management report are identical with the audited version attached to this report. Section 281 paragraph 2 UGB (Austrian Commercial Code) applies.

STATEMENT BY THE MEMBERS 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 of AGRANA Beteiligungs-AG for the year ended 28 February 2014, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, give a true and fair view of the financial position, results of operations and cash flows of the AGRANA Group;

- the Group management report for the 2013|14 financial year presents the business performance, financial results and situation of the AGRANA Group so as to provide a true and fair view of the Group's financial position, results of operations and cash flows, together with a description of the principal risks and uncertainties faced by the Group.

Vienna, 29 April 2014

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

OTHER INFORMATION 2013|14

PARENT COMPANY INCOME STATEMENT

FOR THE YEAR ENDED 28 FEBRUARY 2014
UNDER AUSTRIAN COMMERCIAL CODE (UGB)
AGRANA BETEILIGUNGS-AG

€000	2013|14	2012|13
1. Revenue	71	71
2. Other operating income	37,972	37,478
3. Staff costs	(22,003)	(19,511)
4. Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	(2,074)	(1,418)
5. Other operating expenses	(23,033)	(24,096)
6. Operating (loss) [subtotal of items 1 to 5]	**(9,067)**	**(7,476)**
7. Income from investments in subsidiaries and other companies	53,745	53,825
– Of which from subsidiaries: € 53,740 thousand (prior year: € 53,820 thousand)		
8. Income from other non-current securities	5,215	5,207
9. Other interest and similar income	5,707	4,761
– Of which from subsidiaries: € 5,707 thousand (prior year: € 4,606 thousand)		
10. Income from valuation gains on non-current financial assets	0	1,211
11. Expenses from non-current financial assets	0	(1,661)
– Of which from impairment: € 0 (prior year: € 1,661 thousand)		
– Of which from subsidiaries: € 0 (prior year: € 1,661 thousand)		
12. Interest and similar expense	(2,719)	(3,255)
13. Net financial items [subtotal of items 7 to 12]	**61,948**	**60,089**
14. Profit before tax [subtotal of items 1 to 13]	**52,881**	**52,612**
15. Income tax credit	530	81
16. Profit for the period	**53,411**	**52,693**
17. Profit brought forward from prior year	5,177	3,612
18. Net profit available for distribution	**58,588**	**56,305**

PARENT COMPANY BALANCE SHEET AT 28 FEBRUARY 2014

UNDER AUSTRIAN COMMERCIAL CODE (UGB)

AGRANA BETEILIGUNGS-AG

€000	28 February 2014	28 February 2013
ASSETS		
A. Non-current assets		
I. Intangible assets	1,423	1,584
II. Property, plant and equipment	2,735	1,587
III. Non-current financial assets	617,941	617,941
	622,099	**621,112**
B. Current assets		
I. Receivables and other assets	139,628	140,767
II. Cash and bank balances	130	198
	139,758	**140,965**
Total assets	**761,857**	**762,077**
EQUITY AND LIABILITIES		
A. Equity		
I. Share capital	103,210	103,210
II. Share premium and other capital reserves	418,990	418,990
III. Retained earnings	13,928	13,928
IV. Net profit available for distribution	58,588	56,305
– *Of which brought forward from prior year: € 5,177 thousand (prior year: € 3,612 thousand)*		
	594,716	**592,433**
B. Provisions		
I. Provisions for retirement, termination and long-service benefit obligations	4,311	3,520
II. Provisions for tax and other liabilities	30,117	32,046
	34,428	**35,565**
C. Payables		
I. Borrowings	110,031	110,087
II. Other payables	22,682	23,993
	132,713	**134,079**
Total equity and liabilities	**761,857**	**762,077**
Contingent liabilities	272,361	320,211

PROPOSED APPROPRIATION OF PROFIT

UNDER AUSTRIAN COMMERCIAL CODE (UGB)

AGRANA BETEILIGUNGS-AG

	2013|14
	€
The financial year to 28 February 2014 closed with the following net profit available for distribution	58,588,379
The Management Board proposes to the Annual General Meeting to allocate this profit as follows:	
Distribution of a dividend of € 3.60 per ordinary no-par value share on 14,202,040 participating ordinary shares, that is, a total of	51,127,344
Profit to be carried forward	7,461,035
	58,588,379

GLOSSARY OF INDUSTRY AND TRADE TERMS

A

ActiProt®: AGRANA's own brand of high-protein animal feed. This form of distillers dried grains with solubles (DDGS) is a by-product of bioethanol production from cereals, obtained by drying the mash (the residue from distillation). The DDGS is pelleted and marketed as a non-perishable feedstuff. With its high protein content of at least 30% and its valuable energy content, DDGS is a sought-after feed for livestock, particularly dairy animals. In the AGRANA Group this co-product is generated in the bioethanol plant in Pischelsdorf, Austria, which typically processes corn, wheat, triticale and molasses. Like all other products marketed by AGRANA, ActiProt® is GMO-free.

Apple pomace: Apple pomace is the spent apple pulp left after juice extraction. It is high in residual sugar and in pectin, and low in protein. In the course of the production of apple juice concentrate from fresh, ripe apples, AGRANA has developed a proprietary process which, compared with conventional apple pomace, creates a product with improved sensory characteristics and reduced bitter content.

ATX: The ATX (Austrian Traded Index) is a real-time price index developed by the Vienna Stock Exchange (Wiener Börse) that covers the blue-chip segment of the Austrian stock market as represented by the approximately 20 most liquid shares traded on Wiener Börse. The index composition is determined on the basis of companies' market capitalisation (the price per share multiplied by the number of shares). The influence of a given ATX stock on the index thus depends on the number and price of the company's shares. The ATX also serves as the underlying for futures and options quoted in euros on the Exchange. The starting value of the ATX on 2 January 1991 was 1,000 points.

B

Bioethanol: Bioethanol is a fuel manufactured by the fermentation of carbohydrate-containing biomass (renewable carbon sources). It has a minimum alcohol content of 99% by volume and contains effectively no water. In Europe, for climate reasons, bioethanol is produced mainly from starch-containing grain crops or from sugar beet. Unlike fossil fuels, bioethanol is CO_2 neutral, and its physical properties differ from those of petrol. Its use as a petrol substitute in more or less undiluted form (in so-called high blends) therefore requires modifications to engines. For low blends (such as E10), engine modification is not needed.

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

C

Campaign: The processing period for agricultural raw materials that have a limited storage life.

Cane sugar: Sugar produced from sugar cane. Chemically identical to beet sugar.

Corn starch: Starch produced from corn (maize), used especially as an ingredient in foods (such as puddings), but also in industrial applications, such as in paper products and cosmetics.

CO_2 (carbon dioxide): Regarded today as the most important greenhouse gas, carbon dioxide is a gas consisting of carbon and oxygen. It is colourless and odourless and makes up less than 1% of the air we breathe. Carbon dioxide is produced in the combustion of substances containing carbon, and during respiration.

CO_2 equivalent: To make the greenhouse effect of different greenhouse gases comparable and calculable, their global warming potential is used. It indicates the contribution of a gas to the heating of the earth's atmosphere by assigning an equivalent volume of CO_2. The greenhouse effect per kilogram of a given gas is expressed as a multiple ("equivalent factor") of the greenhouse effect of one kilogram of carbon dioxide.

Customs duties: Also known as import duties or customs tariffs, these help to protect domestic products against cheap imports from non-EU countries (thus providing tariff protection). The basic import duty for sugar is a fixed amount. In addition, a special safeguard provision provides for a higher tariff when sugar imports exceed a certain quantity.

D

Deficit countries/markets/regions: Countries, markets or regions that consume more sugar than they produce and which therefore cover their needs through sugar imports. In Europe, in connection with the surrendering of quotas under the EU sugar regime, this concerns countries such as Ireland, Italy and Portugal, as well as Hungary and Romania.

E

Emission: Generally signifies the release of noxious substances such as pollutants or greenhouse gases into the environment. A typical example are car exhaust fumes.

Enzymes: Enzymes are protein molecules acting as catalysts by accelerating chemical reactions. For example, enzymes break up starch into dextrose molecules. They thus play an important role in fermentation. *See fermentation.*

Ethanol: Ethanol is a form of alcohol and is a clear, flammable liquid. It is also known as pure alcohol, grain alcohol or drinking alcohol, and is found in drinks such as wine and beer. In recent years, ethanol has acquired great importance outside the beverage industry as a biofuel referred to as bioethanol. *See bioethanol.*

EU Biofuels Directive: The so-called Biofuels Directive of the European Parliament and European Council dated 26 March 2009 regulates the use of biofuels and other renewable fuels (for example, wind and solar energy, geothermal and hydropower) in the transport sector. The Directive specifies the percentage of renewable fuels within total fuel consumption, but does not prescribe how these targets must be reached (blending of biogenic with fossil fuels, or use of alternative fuels). Under the Directive, fuels defined as biogenic include bioethanol, biodiesel, biogas, biomethanol, biodimethyl ether, bio-ETBE, bio-MTBE, synthetic biofuels and pure plant oils.

EU energy allocation method: In life cycle analysis, greenhouse gas emissions can be allocated to bioethanol and its by-products using the so-called substitution method or the energy allocation method. The substitution method is suitable for political analyses under the specifications of the EU. The energy allocation method is to be used for regulatory purposes as well as for calculating emissions of individual producers and fuels.

EU sugar regime: *See sugar regime.*

Exports of sugar to non-EU countries: The licences necessary for these sugar exports are distributed by the EU to sugar producers through a tender process.

F

Fermentation: In the context of biotechnology, fermentation (zymosis) means the conversion of biological material through the addition of enzymes (known as “ferment”) or in the presence of bacterial, fungal or cell cultures.

F. O. Licht: A leading private-sector source of analysis on the global markets for sugar, ethanol, molasses, feed additives, biofuels, coffee and tea, F. O. Licht publishes a wide range of print reports and organises conferences for the sugar and ethanol industries.

FFG (Austrian Research Promotion Agency): The Austrian Research Promotion Agency, or FFG (Österreichische Forschungsförderungsgesellschaft) is the national funding agency for industrial research and development in Austria. The FFG was established in 2004 and is wholly owned by the Austrian government.

Fruit juice concentrate: Forming the basis for fruit juice drinks, fruit juice concentrates are sold into the fruit juice and beverage industry. The same quantity of water carefully removed from the pressed fruit juice is later added to the concentrate again to create the end product for consumption. The result is high-quality juice with 100% fruit content.

Fruit preparations: Sometimes referred to as fruit ingredients. High-quality fruit is prepared in liquid or piece form and thermally preserved for further processing, especially for use by the dairy, ice-cream and bakery industries.

G

Gluten: Gluten is a mix of substances, including proteins, that occurs in cereal seeds. When flour is mixed with water, it is gluten that makes the resulting dough rubbery and elastic. Gluten is crucial to the baking properties of flour.

GMO: Genetically modified organisms are organisms whose genetic material has been altered through genetic engineering.

I

IGC (International Grains Council): The International Grains Council is an intergovernmental organisation concerned with grains trade. Since 1995 the London-based IGC also administers the Grains Trade Convention, an international agreement. The IGC Secretariat provides both administrative support to the Council, and services to the Food Aid Committee established under the Food Aid Convention of 1999. The IGC's grain market studies are widely used in sector and market research.

Industrial sugar: *See non-quota sugar.*

ISO (International Organisation for Standardisation): The International Organisation for Standardisation (widely known as ISO) is the leading international association of national standard-setting bodies and develops international standards in all areas but electricity and electronics, which are the responsibility of the International Electrotechnical Commission (IEC), and telecommunication, which is the province of the International Telecommunication Union (ITU). Together, these three organisations form the World Standards Cooperation, or WSC.

Isoglucose: Isoglucose, a liquid, is a sweetener based on starch that has been converted to sugar. At a fructose content of 42%, it has the same sweetness as sugar and is therefore used as a sugar substitute. The fructose content can be raised to as much as 55% through further process stages. Isoglucose is manufactured from grains, especially corn.

M

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

Marketing year for grains: This period runs from July to June of the following year.

Molasses: Sweet, dark-brown by-product of sugar manufacturing, with the consistency of syrup. It still contains about 50% sugar, which cannot be further crystallised. Molasses is used predominantly in the manufacture of yeast and alcohol, and as a cattle feed supplement.

Minimum price for sugar beet: The EU sugar regime sets a minimum price for quota beets specific to a certain delivery stage and quality standard. For other delivery terms or quality levels, price adjustments are made.

Modified starch: Modified starches are obtained by physical, enzymatic or chemical processes and are starch products that meet higher technological requirements. Important properties remain intact after modification. Modified starches are used in the food industry and in industrial applications where they are superior to natural starch in qualities such as stability against heat and acidity, shear strength, and freezing and thawing properties. Modified starches used as food additives must be declared as such if they are chemically changed. Otherwise – if modified physically (through heat or pressure) or enzymatically – they are considered food ingredients and have no E number.

N

Native starch: *See starch.*

Non-quota sugar: Under the EU sugar regime, non-quota sugar is sugar that exceeds the production quota. This can be marketed as industrial (non-food) sugar for use primarily in the chemical or pharmaceutical industry (e.g., to produce yeast, citric acid and vitamins), or can be exported into non-EU countries or carried over to the next sugar marketing year.

P

Prime Market: A subsegment of the "equity market.at" market segment of the Vienna Stock Exchange. The Prime Market comprises the shares of companies admitted to listing in the Official Market or Second Regulated Market and meeting the special additional requirements for admission to the Prime Market. These securities are traded via the Xetra trading system using the Continuous Trading procedure, in conjunction with auctions.

Production levy: The production levy for sugar quotas is € 12 per tonne. From the 2007|08 sugar marketing year, up to one-half of the levy can be paid by the sugar beet farmers. For isoglucose, the amount of the levy is 50% of that for sugar. The production levy is an administrative tax paid to the EU.

Production quota: *See sugar quota.*

Q

Quota: *See sugar quota.*

Quota sugar: The amount of sugar produced and marketed in the course of a sugar marketing year within the allotted production quota.

Quota sugar beets: The amount of sugar beet necessary to fully utilise the production quota for sugar.

R

"Ramsar Convention" on wetlands: The Convention on Wetlands (Ramsar, Iran, 1971) – called the "Ramsar Convention" – is an intergovernmental treaty that embodies the commitments of its member countries to maintain the ecological character of their Wetlands of International Importance and to plan for the "wise", or sustainable use, of all of the wetlands in their territories.

Raw sugar: Raw sugar is a semi-finished form of cane sugar (or of beet sugar) in which the sugar crystals are not yet completely freed from the adhering non-sugar materials, which give it its brown colour.

Reference price: The reference price set in the EU sugar regime for EU quota sugar is used to find the minimum prices for sugar beets and does not have any direct effect on the market price, which is determined by supply and demand.

Refining: The term "refining" in its general sense refers to a technical process for the cleaning, processing, separation or concentration of raw materials. In the case of sugar, it means the de-coloration of brown raw sugar (from sugar cane or sugar beet) through repeated recrystallisation.

S

Starch: Starch is an organic compound and one of the most important energy storage materials in plant cells. In our latitudes, starch is mainly acquired from corn, wheat or potatoes. To extract starch, the starch-containing parts of the plants are milled to a small size and the starch is washed out. Through filtration and centrifugation steps, the starch is extracted. After the final stage of drying, native starch emerges from the process as a white powder.

Starch corn (starch maize): Starch corn, also known as soft corn, is one of the oldest corn varieties. It is well suited for eating directly, as it can be ground easily due to its floury nutritive tissue. Starch corn is an important industrial raw material.

Sugar: In Europe, sugar is produced from sugar beet. In sub-tropical and tropical regions of the world, sugar cane is the main raw material for sugar production. The term "sugar" in general usage typically refers to granulated sugar, i.e., sucrose. However, there are several other types of sugar, including glucose, fructose and lactose, among others. All are part of the carbohydrate food group.

Sugar beet: Sugar beet is an agricultural crop grown almost exclusively for sugar production. The sugar beet plant consists of the leaves and a large, fleshy root. The root stores sucrose, which is extracted in the sugar factory.

Sugar marketing year (SMY): The sugar marketing year of the European Union begins on 1 October and ends on 30 September of the following year. This definition applies for all regulations of the EU sugar market.

Sugar production: In sugar production from sugar beet, raw juice is extracted from the sugar beet slices. The juice is then cleaned in several stages and eventually thickened until sugar crystallises from it. Through repeated recrystallisation, the sugar is purified to produce clean, white crystals. These crystals have a sucrose content of very close to 100%. That makes sugar an extremely pure food product with an almost unlimited shelf life.

Sugar quota: Under the EU sugar regime, a production quota for sugar and isoglucose is set for every EU member state that produces sugar. Each national quota is apportioned among the respective country's sugar-producing companies as their individual production quota. This restricts production volumes and minimises surpluses.

Sugar regime: The European Union's regulatory framework existing since 1968 for sugar quotas and tariffs serves to regulate the EU common market for sugar and ensure intra-EU sugar production.

T

Triticale: As a hybrid grain resulting from the crossing of wheat and rye, triticale combines the characteristics of both these grains in terms of flavour and composition. Thanks to its higher starch content, triticale is also used as an energy crop for the production of bioethanol.

W

West Balkan Agreement: Since autumn 2000 the successor countries of the former Yugoslavia may import limited quantities of duty-free sugar (among other products) into the EU. The EU has since then concluded corresponding free trade agreements with Croatia and Serbia.

Wet corn (wet maize): Freshly harvested corn is also referred to as wet corn.

White sugar: Also called granulated or table sugar, white sugar is produced by crystallisation and centrifugation.

WTO (World Trade Organisation): In the Geneva-based World Trade Organisation, its currently 157 member states negotiate the liberalisation of world trade.

CONTACTS

AGRANA Annual Report 2013|14:
reports.agrana.com

AGRANA BETEILIGUNGS-AG

Friedrich-Wilhelm-Raiffeisen-Platz 1,
1020 Vienna, Austria
Phone: +43-1-211 37-0
Fax: +43-1-211 37-12998
E-mail: info.ab@agrana.com
www.agrana.com

Would you like more information?
We would be very happy to help you.

Corporate Communications/
Investor Relations
Hannes Haider
Phone: +43-1-211 37-12905
Fax: +43-1-211 37-12926
E-mail: investor.relations@agrana.com

Corporate Communications/
Public Relations
Markus Simak
Phone: +43-1-211 37-12084
Fax: +43-1-211 37-12926
E-mail: info.ab@agrana.com

Corporate Communications/
Sustainability
Ulrike Middelhoff
Phone: +43-1-211 37-12971
Fax: +43-1-211 37-12926
E-mail: ulrike.middelhoff@agrana.com

SUBSIDIARIES

AGRANA Zucker GmbH
Headquarters:
Friedrich-Wilhelm-Raiffeisen-Platz 1,
1020 Vienna, Austria
Phone: +43-1-211 37-0
Fax: +43-1-211 37-12998

Administration:
Josef-Reither-Strasse 21–23, 3430 Tulln, Austria
Phone: +43-2272-602-0
Fax: +43-1-211 37-11225
E-mail: info.zucker@agrana.com

AGRANA Stärke GmbH
Headquarters:
Friedrich-Wilhelm-Raiffeisen-Platz 1,
1020 Vienna, Austria
Phone: +43-1-211 37-0
Fax: +43-1-211 37-12998

Administration:
Conrathstrasse 7, 3950 Gmünd, Austria
Phone: +43-2852-503-0
Fax: +43-1-211 37-19420
E-mail: info.staerke@agrana.com

AGRANA J & F Holding GmbH
Friedrich-Wilhelm-Raiffeisen-Platz 1,
1020 Vienna, Austria
Phone: +43-1-211 37-0
Fax: +43-1-211 37-12853
E-mail: info.juice-fruit@agrana.com

GLOBAL REPORTING INITIATIVE

GRI 3.1.	Description	Reported on page
1.1	Statement from the organisation's most senior decision-maker about the significance of sustainability to the organisation	02ff.
Organisational Profile		
2.1	Name of the organisation	26
2.2	Primary brands, products, and/or services	26ff.
2.3	Organisational structure, including business segments, Group companies, subsidiaries, and joint ventures	26ff.
2.4	Location of organisation's headquarters	169
2.5	Number of countries where the organisation operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report	20ff.
2.6	Ownership structure and legal form	19
2.7	Markets served (broken down by geography, sector and type of customer)	20–29
2.8	Size of organisation	56ff.
2.9	Significant changes in size, structure or ownership during the reporting period	19, 97
2.10	Awards received in the reporting period	38ff.
Report Parameters		
3.1, 3.2, 3.3	Reporting period and reporting cycle	01
3.6	Report boundary (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures)	56ff.
Governance, Commitments and Engagement		
4.1	Governance structure of the organisation, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organisational oversight	08ff.
4.4	Mechanisms for shareholders to provide recommendations to the highest governance body	08ff.
4.14	Stakeholder groups engaged by the organisation	56ff.
Environmental		
EN3	Direct energy used, by renewable and non-renewable primary source	38, 45, 52
EN5	Energy saved due to conservation and efficiency improvements	38, 45, 52
EN13	Habitats protected or restored	39ff., 46
EN16	Greenhouse gas emissions (from direct and indirect energy use) by weight; calculated on the basis of site-specific consumption values using the Greenhouse Gas Protocol	38, 45ff., 52ff.
EN18	Initiatives to reduce greenhouse gas emissions, and reductions achieved	38ff.
EN22	Total weight of waste by disposal method	39, 46, 52ff.
Social Performance: Labour Practices		
LA1	Total workforce by employment type, contract type and region, broken down by gender	68
LA7	Rates of injury, lost days, and absenteeism, and of work-related fatalities, broken down by gender	70
LA10	Average hours of training per year per employee, by gender	69
Social Performance: Society		
SO2	Total number and percentage of Group companies that have been subject to a corruption risk analysis or corruption audit	15

PERFORMANCE INDICATORS AND THEIR MEANING

AGRANA GROUP (UNDER IFRS)

Abbreviation if any	**Indicator** *Definition*		**2013|14**	**2012|13[1]**
	Borrowings *= Bank loans and overdrafts, and other loans from non-Group entities* *+ borrowings from affiliated companies* *+ lease liabilities*	€000	659,785	734,590
CE	Capital employed *= (PP&E + intangibles including goodwill) + working capital I*	€000	1,690,618	1,766,471
	Dividend yield *= Dividend per share ÷ closing share price × 100*	%	4.1	3.5
EBITDA	Earnings before interest, tax, depreciation and amortisation *= Operating profit* *+ depreciation and amortisation (before exceptional items)*	€000	258,922	318,350
EBITDA margin	*= EBITDA ÷ revenue × 100*	%	8.5	10.4
EPS	Earnings per share *= Profit/(loss) for the period ÷ number of shares outstanding*	€	7.60	10.52
	Equity ratio *= Equity ÷ total assets × 100*	%	48.6	47.0
EVS	Equity value per share *= Equity attributable to shareholders of the parent* *÷ number of shares outstanding*	€	79.3	79.3
FCF	Free cash flow *= Net cash flow from/used in operating activities* *+ net cash from/used in investing activities*	€000	152,191	67,872
	Gearing *= Net debt ÷ total equity × 100*	%	34.4	39.9
	Intangible assets including goodwill	€000	247,763	249,338
	Net debt *= Borrowings less (cash + cheques + other bank deposits* *+ current securities + non-current securities)*	€000	410,571	483,719
	Operating margin *= Operating profit before exceptional items ÷ revenue × 100*	%	5.6	7.7
	Operating profit before exceptional items *= Earnings before interest, tax and exceptional items*	€000	171,385	236,939
P/E	Price/earnings ratio *= Closing share price at financial year end ÷ earnings per share*		11.5	9.6
PP&E	Property, plant and equipment	€000	711,626	685,481
ROCE	Return on capital employed *= Operating profit before exceptional items ÷ capital employed × 100*	%	10.4	13.4
ROS	Return on sales *= Profit/(loss) before tax ÷ revenue × 100*	%	4.9	6.2
WC I	Working capital I *= Inventories + trade receivables + other assets* *– current provisions – current prepayments received* *– trade payables – other payables*	€000	688,903	831,652

[1] *The prior-year data were restated in accordance with IAS 8. Further information is provided from page 94.*

PUBLICATION INFORMATION

PUBLICATION INFORMATION

Published by:
AGRANA Beteiligungs-AG
Friedrich-Wilhelm-Raiffeisen-Platz 1, 1020 Vienna, Austria

Corporate Communications/Investor Relations
Hannes Haider
Phone: +43-1-211 37-12905, Fax: +43-1-211 37-12926
E-mail: investor.relations@agrana.com

Corporate Communications/Sustainability
Ulrike Middelhoff
Phone: +43-1-211 37-12971, Fax: +43-1-211 37-12926
E-mail: ulrike.middelhoff@agrana.com

Design: marchesani_kreativstudio
Creative concept: The Gentlemen Creatives GmbH
Creative photography and Management Board portraits: Stefan Badegruber

English translation: Martin Focken Translating & Editing

Printing: Druckerei Odysseus, www.odysseus-print.at
Produced in accordance with Austrian directive UZ 24 for low-pollution printing products.
Printed in accordance with the printing products directive of the Austrian ecolabel, “Das Österreichische Umweltzeichen”. Druckerei Odysseus, UW No. 830

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 in macroeconomic variables such as exchange rates, inflation and interest rates; EU sugar policy; consumer behaviour; and public policy related to food and energy. AGRANA Beteiligungs-AG does not guarantee in any way that the actual future developments and actual future results achieved will match the assumptions and estimates expressed or made in this annual report, and does not accept any liability in the event that assumptions and estimates prove to be incorrect.

As a result of the standard round-half-up convention used in rounding individual amounts and percentages, this report may contain minor, immaterial rounding errors.

No liability is assumed for misprints, typographical or similar errors.

The English translation of the AGRANA Annual Report is solely for readers’ convenience and is not definitive. In the event of discrepancy or dispute, only the German-language version shall govern.

WWW.AGRANA.COM