



**Acting together.**

Integrated Annual Report 2015|16





The image features a Venn diagram with four overlapping circles. The top circle is light blue and labeled 'Sugar'. The bottom-left circle is magenta and labeled 'Fruit'. The bottom-right circle is yellow and labeled 'Starch'. A fourth, larger circle in the center is red and contains the text 'Acting together.' and a paragraph. The overlapping areas between the circles are visible, creating various shades of the primary colors.

**Sugar**

**Acting together.**

Smart interlinking of business segments,  
close working partnerships with suppliers and customers,  
and perfect integration of our products  
in a multitude of economic sectors –  
the common thread is that by putting together  
winning combinations, we can do more.

**Starch**

**Fruit**

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## 2015|16 at a glance

- Starch and Fruit segments carry Group EBIT
- Slightly positive EBIT in Sugar segment, but decreased from one year earlier on low prices
- Revenue: € 2,477.6 million (prior year: € 2,493.5 million)
- Exceptional items: net expense of € 3.1 million (prior year: net expense of € 5.7 million)
- Operating profit (EBIT): € 129.0 million (prior year: € 121.7 million)
- EBIT margin: 5.2% (prior year: 4.9%)
- Profit for the period: € 80.9 million (prior year: € 84.6 million)
- Earnings per share: € 5.82 (prior year: € 5.70)
- Equity ratio: 53.5% (prior year: 49.6%)
- Gearing ratio<sup>1</sup>: 33.8% (prior year: 27.7%)
- Proposed dividend of € 4.00 per share (prior year: € 3.60)
- Number of employees (FTE)<sup>2</sup>: 8,510 (prior year: 8,550)

## 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 8,500 employees worldwide
- 53 production sites in 24 countries around the world

## Financial calendar for 2016|17

<b>17 May 2016</b>	Results for full year 2015 16 (annual results press conference)
<b>21 Jun 2016</b>	Record date for Annual General Meeting participation
<b>1 Jul 2016</b>	Annual General Meeting in respect of 2015 16
<b>6 Jul 2016</b>	Ex-dividend date
<b>7 Jul 2016</b>	Results for first quarter of 2016 17
<b>7 Jul 2016</b>	Record date for dividend
<b>8 Jul 2016</b>	Dividend payment date
<b>13 Oct 2016</b>	Results for first half of 2016 17
<b>12 Jan 2017</b>	Results for first three quarters of 2016 17

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<sup>1</sup> Debt-equity ratio (ratio of net debt to total equity).

<sup>2</sup> Average number of full-time equivalents in the reporting period.

## Stronger together.

Sugar, Starch and Fruit: It is thanks to the very diversity of our products' applications in industry that the combination of these three pillars has proved a solid and stable base for our company. Together, the three business segments not only generate synergies in production and marketing, but also create long-term growth potential independent of segmental market fluctuations.

### Sugar

€ **672.6** million

Revenue of the Sugar segment declined by 8.0% from the year before, to € 672.6 million. Sugar sales prices, especially for product sold to the sugar-using industry and to food retailers, were significantly lower than in the prior year, **but growth was achieved in sales volumes of quota sugar, particularly to the food industry.** While exports to countries outside the EU decreased, sales of non-quota sugar to the chemical industry were held almost at the year-earlier level.





## Fruit

€ **1,083.4** million

The Fruit segment successfully defied the tough market conditions prevailing in its fruit juice concentrates business in the 2015|16 financial year. **Sales revenue of the segment grew by 2.0% to € 1,083.4 million. Sales quantities of fruit preparations were up slightly from the previous year and, coupled with an increase in sales prices, led to revenue growth of about 8% in this division of the Fruit segment.** The fruit juice concentrates division, on the other hand, saw a revenue reduction of 18% as a result of a sharp decline in selling prices for apple juice concentrate from the 2014 crop.

## Starch

€ **721.6** million

The Starch segment delivered a robust top-line performance. At € 721.6 million, revenue even slightly exceeded that of the prior financial year. **The areas of revenue growth included the bioethanol business, which benefited from higher selling prices, and the sector of wet starch derivatives, where sales volumes rose.** By-products generated slightly less revenue than in the prior year as a result of lower raw material prices, and sales reductions in saccharification products reflected the lasting low prices in a difficult European sugar market.





## Supplying what makes industries run.

Our versatile Starch segment impresses with its outstanding product diversity, its high degree of value added and its wide range of applications. **We supply a large number of very different industries, and the product portfolio of the Starch segment could not be more varied:** Food ingredients, infant formula, cosmetics and pharmaceutical products, feedstuffs and fertilisers, technical applications in the paper, textile and construction materials industries, and climate-friendly bioethanol for blending into petrol. Added to this is our leading position in organic and GMO-free starches.



## Diversity and unity.

We are proud of the vast number of uses our products find in everyday life: The range extends from sugar for foods, to starch for textiles and other non-food applications, to fruit preparations for yoghurts and fruit juice concentrates. Taken together, AGRANA's products are indispensable both in commercial and in private daily life.

## Bringing variety to life.

Our sugar forms the basis of a wealth of products for industrial customers and also for consumers, who daily use items containing AGRANA sugar: from baked goods and confectionery, to non-alcoholic beverages and processed-fruit products, all the way to pharmaceuticals. **The country-specific "Wiener Zucker" brand alone offers more than 30 different sugar products, with the organic range also steadily growing.** Additionally, thanks to the complete utilisation of raw materials, AGRANA fields an extensive product offering of feedstuffs and fertilisers.

## Producing excellent quality worldwide.

In the Fruit segment we serve customers in 70 countries, and our fruit preparations division, to name just one, has production operations at 24 sites around the globe. **Our high-quality fruit raw materials are internationally purchased and processed for the global food industry.** AGRANA fruit products enhance yoghurts, ice-creams, toppings and cereals, natural and regular juices (apple and berry juices), nectars, syrups, tea beverages and energy and near-water drinks.

## Succeeding together.

With the growing competition in the marketplace, collaboration along the whole value chain is an important success factor. Cooperation to us means not only cultivating the team spirit among our approximately 8,600 employees<sup>1</sup> on six continents but also fostering close and constructive relationships with our partners.

Together with our crop growers and our customers, it is through an intensive exchange on matters of substance that we master the challenges of our time.

## Harvesting together.

Together with our approximately 10,000 contract growers of agricultural raw materials, we are able to achieve remarkable things. **Even in difficult growing conditions, our farmers produce and deliver high-quality crops that we buy on a guaranteed basis and then process and market optimally**, thus generating value for all members of the entire supply chain.

<sup>1</sup> Average number of employees (by headcount) in the 2015|16 financial year.





## In the field together.

Our established global network of agricultural advisors ensures that we remain in personal touch with our contract growers. Discussion forums with top management as well stimulate an active exchange of ideas with suppliers, especially beet and potato growers. **This dialogue encourages trust and understanding, ultimately letting us develop solutions together to meet the challenges that may exist.**









## United in thinking of tomorrow.

Economic success is what drives us, but our responsibility to society as a whole is a constant guiding principle in our work. Through respect for people and the environment at all our sites worldwide, we thus create a shared culture of care that also honours the needs of future generations.

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### Taking sustainable action.

At AGRANA we strive not only to completely utilise all our agricultural raw materials and to ensure all our production processes are as eco-friendly and energy-saving as we can make them, but also to advance sustainable production conditions in the upstream supply chain. **For instance, in the farm sustainability self-assessment using the criteria of the Sustainable Agriculture Initiative (SAI), one-half of our contract-based European beet growers and Austrian potato growers achieved gold status and the other half attained silver standing.**

### Leading energy efficiency.

In autumn 2015 at our sugar factory in Kaposvár, Hungary, a plant was installed which upgrades biogas (produced from spent beet pulp and other residues) into biomethane and feeds it into the local natural gas network. As a result, the Hungarian facility **will in the next few years become the first sugar factory in Europe to achieve energy self-sufficiency** (on a net basis, taken over the whole financial year).



# Key financials

under IFRS

		2015 16	2014 15	2013 14	2012 13	2011 12
<b>Financial performance<sup>1</sup></b>						
Revenue	€m	2,477.6	2,493.5	2,841.7	3,065.9	2,577.6
EBITDA <sup>2</sup>	€m	192.0	181.9	214.3	318.4	309.0
Operating profit before exceptional items and results of equity-accounted joint ventures	€m	107.5	102.0	134.6	236.9	232.4
Share of results of equity-accounted joint ventures	€m	24.5	25.4	28.4	0.0	0.0
Exceptional items	€m	(3.1)	(5.7)	3.9	(19.0)	(1.4)
Operating profit [EBIT] <sup>3</sup>	€m	129.0	121.7	166.9	217.9	231.0
EBIT margin	%	5.2	4.9	5.9	7.1	9.0
Profit before tax	€m	104.4	116.5	136.7	190.2	206.3
Profit for the period	€m	80.9	84.6	107.0	156.5	155.7
Attributable to shareholders of the parent	€m	82.7	80.9	105.2	149.4	152.4
Attributable to non-controlling interests	€m	(1.8)	3.7	1.8	7.1	3.3
Operating cash flow before change in working capital	€m	225.9	208.1 <sup>4</sup>	186.1	256.3	250.1
Investment <sup>5</sup>	€m	116.0	91.2	130.0	149.8	97.1
Number of employees <sup>6</sup>		8,510	8,550 <sup>4</sup>	8,505	8,449	7,982
Return on sales <sup>7</sup>	%	4.2	4.7	4.8	6.2	8.0
Return on capital employed	%	6.7	6.7	8.7	13.4	14.4
<b>Share data at last day of February</b>						
Closing price	€	80.50	80.51	87.70	101.50	83.95
Earnings per share	€	5.82	5.70	7.40	10.52	10.73
Dividend per share	€	4.00 <sup>8</sup>	3.60	3.60	3.60	3.60
Dividend yield	%	5.0 <sup>8</sup>	4.5	4.1	3.5	4.3
Dividend payout ratio	%	68.7 <sup>8</sup>	63.2	48.6	34.2	33.6
Price/earnings ratio		13.8	14.1	11.9	9.6	7.8
Market capitalisation	€m	1,143.3	1,143.4	1,245.5	1,441.5	1,192.3
<b>Financial strength</b>						
Total assets	€m	2,243.2	2,406.9	2,392.2	2,578.4	2,362.1
Share capital	€m	103.2	103.2	103.2	103.2	103.2
Core non-current assets <sup>9</sup>	€m	1,002.2	1,093.4	1,049.7	1,045.8	956.5
Equity	€m	1,200.1	1,194.4	1,191.0	1,211.9	1,073.0
Equity ratio	%	53.5	49.6	49.8	47.0	45.4
Net debt	€m	405.8	330.3	386.8	483.7	469.2
Gearing ratio <sup>10</sup>	%	33.8	27.7	32.5	39.9	43.7

<sup>1</sup> Detailed information concerning the calculation methods of individual performance indicators can be found on page 179.

<sup>2</sup> EBITDA represents operating profit before exceptional items, results of equity-accounted joint ventures, and operating depreciation and amortisation.

<sup>3</sup> Operating profit (EBIT) is after exceptional items and results of equity-accounted joint ventures.

<sup>4</sup> This prior-year value is restated. Further information is provided on page 106 in the notes to the consolidated financial statements.

<sup>5</sup> Investment represents purchases of property, plant and equipment and intangible assets, excluding goodwill.

<sup>6</sup> In 2015|16 and 2014|15: average number of full-time equivalents in the reporting period; until and including 2013|14, the numbers are headcounts.

<sup>7</sup> Profit before tax, divided by revenue.

<sup>8</sup> Based on the dividend proposal to the Annual General Meeting on 1 July 2016.

<sup>9</sup> Non-current assets excluding deferred tax assets and the item "receivables and other assets".

<sup>10</sup> Ratio of net debt to total equity.



SUGAR. STARCH. FRUIT.

# Integrated Annual Report 2015|16

of AGRANA Beteiligungs-AG  
for the year ended 29 February 2016

In this report on the 2015|16 financial year, the sustainability issues relevant to AGRANA's business activities under the G4 reporting standard of the Global Reporting Initiative are covered directly in the Group's corporate governance report and management report. To make the non-financial information easier to find, a content index of all GRI G4 indicators included in the report is provided from page 175. In addition, relevant passages are marked with a green fingerprint on the respective pages.

Dear Investor,



“Acting together” – the motto of our annual report reflects the winning combination of our three business segments that again proved itself in the completed 2015|16 financial year, enabling AGRANA, despite the challenges in the Sugar segment, to achieve a moderately improved operating profit (EBIT).

### **Sugar segment performed its absolute best in current demanding circumstances**

2015|16 was another year of difficult conditions in the sugar market. Sales prices that were low all year (but did not fall further after the 2015 campaign) weighed on revenue and especially earnings in our Sugar segment. The fact that we are not having to report a loss in this segment is an accomplishment in itself. Our rationalisation measures, such as cost reductions in overheads, gained traction as quickly as our investment in yield enhancement (through chromatography), in by-product extraction (of betaine) and in energy efficiency.

The swings in the world market price for sugar and the fierce battle for EU market positions in the run-up to the sugar regime’s expiration at the end of September 2017 will remain dominant drivers for our Sugar business. But: we have prepared well for the market liberalisation, already command a strong presence in the deficit markets, and have deep expertise in sugar and glucose production based on decades of experience. Our continuing goal is to expand our market share in Central and Eastern Europe. The negative impacts of the sugar market reform, such as the testing of the economic lower price limits, are already a reality, while the advantages – such as the elimination of production caps and export restrictions – will only make themselves felt from the end of 2017.

### **Acting together: stronger profits in Starch and Fruit**

We are currently benefiting more than ever from our diversification into three pillars, which led to a respectable consolidated earnings result for the Group. Starch and Fruit profits made up for the Sugar segment in 2015|16. In fact, the Starch segment delivered an all-time record operating profit, buoyed not just by its product diversity in food and non-food starches but also by ethanol prices. The Fruit segment held its operating profit steady at the prior year’s level, with the fruit preparations division also attaining its best result yet, while the fruit juice concentrates business came in well below expectations due in part to the low apple juice concentrate prices from the 2014 crop.

### **Specialties strategy and higher refining intensity**

A lasting low oil price, the slowdown of the global economy with weaker growth in transition countries like China and Brazil, significant falls in commodity prices: Even, and especially, in this environment, AGRANA is strategically well positioned – with competition driven purely by raw material purchasing prices and product sale prices, our specialties strategy stands us in good stead. We will continue to focus on this approach in the future. In the Starch segment in particular, we have enormous manufacturing flexibility and can offer a very broad product portfolio thanks to a mix of available grades (organic, GMO-free, clean label), different input species and varieties (yellow corn, waxy corn, wheat, potatoes), a range of technologies (extrusion, drum drying, spray drying, slurry processes) and chemical and physical modifications. Our products’ GMO-free nature and our organics capabilities are a competitive advantage that we increasingly leverage worldwide, including in the USA, where GMO-free starch specialties are in growing demand. We are also using a specialties strategy to counter the commoditisation trend in the fruit juice concentrate business. In the Sugar segment too, we will expand our unique selling propositions in our region in terms of the brands and breadth of the sugar product range and of managing regional brand-name products.

### Optimisation and growth measures:

#### Investing in more efficiency

Besides the focus on greater refining intensity described above, we are also undertaking the necessary structural adjustments and capacity expansion. The way forward, despite currently favourable energy and raw material prices, is to invest in even more energy-efficient processing with higher value added and better input-output relationships. In 2015/16 we continued to follow this strategy in our three business segments. Examples are, above all, the capacity expansion launched at the corn starch factory in Aschach, Austria, as well as the expanded evaporator station at the sugar plant in Leopoldsdorf, Austria, the enlarged molasses desugaring plant in Tulln, Austria, our new packaging, storage and logistics hub for sugar in Kaposvár, Hungary, the new feed-in of biomethane into the natural gas grid in Kaposvár, and the building of further production lines at our fruit preparations plant in Cabreúva, Brazil.

AGRANA plans to keep growing both organically and via acquisitions. The main regional focus for this in Sugar and Starch will be on Central and Southeastern Europe, while Fruit expansion will look to areas outside Europe.

#### Looking forward to achieving more together with farmers

Agriculture is of the utmost importance to us. Our competitiveness depends on the availability of the right quantity and quality of raw materials at reasonable prices, including crops that meet high standards of sustainable, GMO-free or organic production. We therefore take a strong interest in improving yields per hectare in agriculture and help achieve this through varietal strategy, awareness-building and training.

Given the demanding market environment, the need for more efficient operations along the entire value chain remains a key challenge, both for us as an industrial processor and for our agricultural suppliers and partners. From crop production, transport and storage to processing and marketing, productivity must rise and costs be optimised, all while ensuring ecological and social responsibility. We must continue to pursue this shared aim, together.

In future, supply security of raw materials will become even more important for our production plants, and AGRANA will continue to be a dependable buyer of raw materials from our growers. We are convinced that the work ahead is best accomplished together. The indispensable basis for this will be even closer cooperation and a steadfast, reliable partnership between AGRANA and agricultural producers.

### AGRANA's economic footprint

Next to our direct achievements in the 2015/16 financial year, this annual report also highlights what our activities do for the greater economy outside our Group. We see our Sugar, Starch and Fruit segments as growth engines for the economy as a whole. Every euro of gross value added at AGRANA generates approximately another two euros in the upstream and downstream value chain. As a primary processor of farm crops, we are closely tied to the labour-intensive domain of agriculture, and every job at AGRANA thus creates up to five more outside the company. Additionally, our capital expenditures lead to the creation of further jobs at suppliers and commercial partners.

#### Reliable dividend and positive outlook for 2016/17: Moving together into a successful future

Important tasks again await in this new financial year. AGRANA will keep working to simplify complex structures, make greater use of synergies and enhance the effectiveness of cost and financial management. The first action steps taken towards these goals are already reflected in the 2015/16 consolidated financial statements. For 2016/17 we expect further positive impacts for the Group that should translate into moderate growth in revenue and profit.

For all our cost consciousness and rationalisation initiatives, we have also launched some longer-term investment projects. Thus, our capital spending in the new financial year will once again be more than € 110 million – growth and new products require investment to sow the seeds of continuing future success.

After 25 years as a listed company paying reliable dividends, AGRANA continues to prioritise an attractive payout to shareholders, supported by a stable earnings situation thanks to diversification and by solid free cash flow and moderate debt. The proposal to the Annual General Meeting on 1 July 2016 will be to pay a dividend of € 4.00 per share for the financial year under review, representing a dividend yield of about 5%.

Speaking for the whole Management Board, I would like to thank everyone who together contributed to AGRANA's success, particularly our employees for their strong efforts and loyalty and our commercial partners and shareholders for their confidence and trust.

Sincerely



Johann Marihart  
Chief Executive Officer



In the 2015|16 financial year as in the prior years, the Supervisory Board actively oversaw and supported AGRANA's performance and exercised its responsibilities and 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 and about all relevant matters concerning the business performance and exceptional business transactions. The Management Board briefed the Supervisory Board in a timely and comprehensive manner on measures requiring the approval of the Supervisory Board.

## **Top agenda items of discussions**

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, especially with the Chief Executive Officer, to discuss ongoing developments in the Group's environment, their impact on current business results, and the risk situation.

In its meeting on 12 May 2015 the Supervisory Board dealt with the audit of the parent company and consolidated financial statements for the year ended 28 February 2015, the nomination of the independent auditor for election for the 2015|16 financial year, and the medium-term investment planning. The independent auditor attended this meeting and reported on the audit priorities and results, which also included the accounting-related elements of the internal control system. The Supervisory Board adopted the parent company financial statements and approved the consolidated financial statements. In its meeting on 3 July 2015, the Supervisory Board discussed and approved the medium-term planning. The meeting on 30 November 2015 discussed the forecast financial results for 2015|16 and the subjects of corporate governance, strategic equity investment and capital expenditure projects. In its meeting on 25 February 2016, the Supervisory Board deliberated on the financial planning and the capital investment projects for the 2016|17 financial year. The Supervisory Board also attended to the self-evaluation under the Austrian Code of Corporate Governance.

## **Audit Committee**

The Audit Committee convened for two meetings in the 2015|16 financial year. With the independent auditor in attendance, the Audit Committee dealt exhaustively with the 2014|15 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 Audit Committee likewise worked on the planning and priorities for the audit of the 2015|16 financial statements and discussed the subjects of anti-corruption and compliance.

The Committee chairman reported to the Supervisory Board in detail on the work of the Committee.



### Parent company and consolidated financial statements

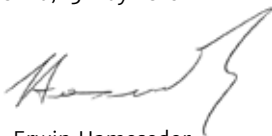
The consolidated financial statements, group management report, parent company financial statements and parent company management report of AGRANA Beteiligungs-AG ("AGRANA") for the 2015|16 financial year presented by the Management Board, as well as the accounting records, were audited by and received an unqualified audit opinion from KPMG Austria GmbH, Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Vienna, the independent auditor appointed by the Annual General Meeting. The Supervisory Board endorses the result of this audit.

The Audit Committee has reviewed the parent company annual 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 parent company management report (including the corporate governance report) of AGRANA Beteiligungs-AG for the 2015|16 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 2015|16 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 2015|16 financial year and is in agreement with the proposal for the appropriation of profit.

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

Vienna, 13 May 2016



Erwin Hameseder

Chairman of the Supervisory Board



**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.

**Responsibilities**

Business Strategy  
Production  
Quality Management  
Human Resources  
Communication (including Investor Relations)  
Research and Development  
Starch Segment



For more information on corporate governance  
at AGRANA, please also visit  
[reports.agrana.com/en/2016/corporate-gov](https://reports.agrana.com/en/2016/corporate-gov)



## Stephan Büttner

### Member of the Management Board

**First appointed 1 November 2014**  
**Appointed until 31 October 2019**

Born 1973. After business studies at Vienna University of Economics and Business, worked in auditing and other areas. In 2001, moved to Raiffeisen Ware Austria AG and in 2004 became CEO of its subsidiary Ybbstaler Fruit Austria GmbH. Working for the AGRANA Group since 2012, most recently as CEO of AUSTRIA JUICE GmbH. Joined the Management Board of AGRANA Beteiligungs-AG on 1 November 2014. Took over the CFO responsibilities on 1 January 2015.

#### Responsibilities

Finance, Controlling, Treasury  
 Information Technology and Organisation  
 Mergers & Acquisitions  
 Legal, Compliance  
 Fruit 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"<sup>1</sup>. 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 Starch segment and Sugar segment. In 2008 became CEO of the Sugar segment. Member of the Management Board of AGRANA Group since 2009.

#### Responsibilities

Sales, Raw Materials  
 Purchasing & Logistics  
 Sugar Segment



## Thomas Kölbl

### Member of the Management Board

**First appointed 8 July 2005**  
**Appointed until 7 July 2020**

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 in 2004. Member of the Management Board of AGRANA Beteiligungs-AG since 2005.

#### Responsibilities

Internal Audit

<sup>1</sup> The term Prokura means full commercial powers of attorney.

AGRANA Beteiligungs-AG is a public limited company (a stock corporation) under Austrian law and is listed on the Vienna Stock Exchange. Corporate governance at AGRANA is based on Austrian stock corporation law and capital market law, the regulations on employee co-determination, the Articles of Association and the terms of reference (the charters) of the Supervisory Board and Management Board of AGRANA Beteiligungs-AG. In addition, the Austrian Code of Corporate Governance (the Code), which can be found on the website of the Austrian Working Group for Corporate Governance at [www.corporate-governance.at](http://www.corporate-governance.at), provides the framework for the direction and oversight of the company with the aim of high transparency for all stakeholders.

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.

## Commitment to the Austrian Code of Corporate Governance

AGRANA is committed to the provisions of the Austrian Code of Corporate Governance. In the 2015|16 financial year, AGRANA applied the Code in the version of January 2015. At its meetings on 30 November 2015 and 25 February 2016, the Supervisory Board of AGRANA Beteiligungs-AG discussed matters of corporate governance and unanimously adopted the statement of compliance with the Code.

In the 2015|16 financial year, AGRANA adhered to all C rules of the Code except as explained below:

### ■ Rule 27 (Management Board compensation criteria)

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. A retroactive change to existing contracts does not appear justified.

### ■ 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.

The approach in respect of rules 27 and 27a was adopted by the Supervisory Board and implemented by the Nomination and Remuneration Committee in the contracts of the Management Board members.

### ■ 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. This divergence was adopted by the Supervisory Board at the time of the initial commitment to the Code of Corporate Governance in 2005.

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 the meetings of the Supervisory Board.

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 at [www.agrana.com/en/ir](http://www.agrana.com/en/ir).

In accordance with rule 62 of the Austrian Code of Corporate Governance, every three years or more frequently, the Group has commissioned an external evaluation of compliance with the C rules. The latest of these evaluations was performed in the 2014/15 financial year by Univ.-Prof. DDr. Waldemar Jud Corporate Governance Forschung CGF GmbH, using the questionnaire issued for this purpose by the Austrian Working Group for Corporate Governance. The results are available to the public on the AGRANA website at [www.agrana.com/en/ir/corporate-governance](http://www.agrana.com/en/ir/corporate-governance).

## AGRANA's Boards

### Management Board

Name	Year of birth	Date first appointed	End of term
<b>Johann Marihart</b> Chief Executive Officer since 1992	1950	19 Sep 1988	30 Sep 2018
<b>Stephan Büttner</b>	1973	1 Nov 2014	31 Oct 2019
<b>Fritz Gattermayer</b>	1957	1 Jan 2009	31 Dec 2018
<b>Thomas Kölbl</b>	1962	8 Jul 2005	7 Jul 2020

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, Germany, and Zucker-Beteiligungsgesellschaft m.b.H., Vienna, Johann Marihart serves as a member of the management board of Südzucker AG, as supervisory board chairman of its subsidiary Raffinerie Tirlemontoise S.A., Brussels, Belgium, and member of the supervisory boards of the subsidiary Saint Louis Sucre S.A., Paris, France, and of BENEIO GmbH, Mannheim, Germany, and Freiburger Holding GmbH, Berlin, 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 m.b.H., Vienna; member of the supervisory board of Ottakringer Getränke AG, Vienna, and member of the investment advisory board of tecnet equity NÖ Technologiebeteiligungs-Invest GmbH, St. Pölten, Austria. Johann Marihart is also chairman of the Austrian Food Industry Association (Fachverband der Nahrungs- und Genussmittelindustrie).



#### ■ Thomas Kölbl

Thomas Kölbl holds the following positions: Supervisory board member of Baden-Württembergische Wertpapierbörse, of Boerse Stuttgart GmbH and of EUWAX Aktiengesellschaft, all based in Stuttgart, Germany. He also holds the following group positions within the Südzucker group: Supervisory board member of BENEOL GmbH, Mannheim, Germany, Freiburger Holding GmbH, Berlin, Germany, Raffinerie Tirlemontoise S.A., Brussels, Belgium, Saint Louis Sucre S.A.S., Paris, France, Südzucker Polska S.A., Wrocław, Poland, vice-chairman of the supervisory board of CropEnergies AG, Mannheim, Germany, and supervisory board chairman of PortionPack Europe Holding B.V., Oud-Beijerland, Netherlands, and of 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 the open sharing of information and of 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 that require the approval of the Supervisory Board.

The remits of the Management Board members are as follows:

Name	Responsibilities
Johann Marihart	Business Strategy, Production, Quality Management, Human Resources, Communication (including Investor Relations), Research and Development, and Starch Segment
Stephan Büttner	Finance, Controlling, Treasury, Information Technology and Organisation, Mergers & Acquisitions, Legal, Compliance, and Fruit Segment
Fritz Gattermayer	Sales, Raw Materials, Purchasing & Logistics, and Sugar 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 for a term ending at the conclusion of the General Meeting that considers the results of the 2016/17 financial year.

Name	Year of birth	Date first appointed	End of term
and supervisory board positions in listed domestic and foreign companies			
<b>Erwin Hameseder, Mühldorf, Austria, independent</b>			
Chairman of the Supervisory Board	1956	23 Mar 1994	30 <sup>th</sup> 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 Südzucker AG, Mannheim, Germany			
– Second Vice-Chairman of the Supervisory Board of UNIQA Insurance Group AG, Vienna			
<b>Wolfgang Heer, Ludwigshafen, Germany, independent</b>			
First Vice-Chairman of the Supervisory Board	1956	10 Jul 2009	30 <sup>th</sup> AGM (2017)
– Member of the Supervisory Board of CropEnergies AG, Mannheim, Germany			
<b>Klaus Buchleitner, Mödling, Austria, independent</b>			
Second Vice-Chairman of the Supervisory Board	1964	4 July 2014	30 <sup>th</sup> AGM (2017)
– Vice-Chairman of the Supervisory Board of BayWa AG, Munich, Germany			
– Member of the Supervisory Board of Raiffeisen Bank International AG, Vienna			
<b>Jochen Fenner, Gelchsheim, Germany, independent</b>			
Member of the Supervisory Board	1952	1 Jul 2011	30 <sup>th</sup> AGM (2017)
Member of the Supervisory Board of Südzucker AG, Mannheim, Germany			
<b>Hans-Jörg Gebhard, Eppingen, Germany, independent</b>			
Member of the Supervisory Board	1955	9 Jul 1997	30 <sup>th</sup> AGM (2017)
– Chairman of the Supervisory Board of Südzucker AG, Mannheim, Germany			
– Member of the Supervisory Board of CropEnergies AG, Mannheim, Germany			
<b>Ernst Karpfinger, Baumgarten/March, Austria, independent</b>			
Member of the Supervisory Board	1968	14 Jul 2006	30 <sup>th</sup> AGM (2017)
<b>Thomas Kirchberg, Ochsenfurt, Germany, independent</b>			
Member of the Supervisory Board	1960	10 Jul 2009	30 <sup>th</sup> AGM (2017)
<b>Josef Pröll, Vienna, independent</b>			
Member of the Supervisory Board	1968	2 Jul 2012	30 <sup>th</sup> AGM (2017)

<b>Employee representatives</b>	<b>Year of birth</b>	<b>Date first appointed</b>
<b>Thomas Buder, Tulln, Austria</b> Chairman of the Group Staff Council and Central Staff Council	1970	1 Aug 2006
<b>Gerhard Glatz, Gmünd, Austria</b>	1957	1 Jan 2010
<b>Karl Orthaber, Gleisdorf, Austria</b>	1976	12 Nov 2014
<b>Stephan Savic, Vienna</b>	1970	22 Oct 2009

### **Supervisory Board independence**

The Supervisory Board of AGRANA Beteiligungs-AG applies the guidelines for the definition of supervisory board independence as 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 him or her, 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. The Nomination and Remuneration Committee held no meetings in the 2015|16 financial year.

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 2015|16 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 2015|16 financial year the Audit Committee met twice. Its meetings focused particularly on the audit of the 2014|15 financial statements, the preparation of the audit of the 2015|16 financial statements, and the supervision of the risk management system. The Audit Committee also dealt with the compliance report and with the report of the Group's Internal Audit function.

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/en](http://www.agrana.com/en).

Supervisory Board committees consist of the Supervisory Board Chairman or a Vice-Chairman, and of as many other 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.

Name	Position on committee
<b>Nomination and Remuneration Committee</b>	
Erwin Hameseder	Chairman (and expert advisor on compensation)
Wolfgang Heer	Member
Klaus Buchleitner	Member
<b>Strategy Committee</b>	
Erwin Hameseder	Chairman
Wolfgang Heer	Member
Klaus Buchleitner	Member
Hans-Jörg Gebhard	Member
Thomas Buder	Employee representative
Gerhard Glatz	Employee representative
<b>Audit Committee</b>	
Klaus Buchleitner	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 long-term performance criteria.

The compensation paid out in the 2015|16 financial year and the prior year to the members of the Management Board was as follows:

€	Fixed compensation incl. non- monetary benefits	Variable com- pensation for prior year	Total current com- pensation	Termina- tion benefits
<b>2015 16</b>				
Johann Marihart <sup>1</sup>	615,038	613,500	1,228,538	–
Stephan Büttner	359,919	163,976	523,895	–
Fritz Gattermayer	470,110	470,350	940,460	–
Thomas Kölbl <sup>2</sup>	–	–	–	–
Walter Grausam <sup>3</sup>	–	489,948	489,948	–
<b>2014 15</b>				
Johann Marihart <sup>1</sup>	613,213	613,500	1,226,713	–
Stephan Büttner <sup>4</sup>	109,613	–	109,613	–
Fritz Gattermayer	469,856	470,350	940,206	–
Thomas Kölbl <sup>2</sup>	–	–	–	–
Walter Grausam <sup>3</sup>	500,202	587,938	1,088,140	431,250

The fixed compensation of the Management Board members remained unchanged compared to the prior year.

Post-employment benefits granted to the Management Board under the Company's plan are pension, disability insurance and survivor benefits. For the Management Board members Johann Marihart, Fritz Gattermayer and former member Walter Grausam, the following applies: The pension becomes available when the pension eligibility criteria of the Austrian public pension scheme (ASVG<sup>5</sup>) are met. In the event of retirement before the age determined under the ASVG, the amount of the pension is reduced. The pension amount is calculated as a percentage of a contractually agreed assessment base. For the pension of Stephan Büttner, there is a defined contribution obligation, which can be claimed after the recipient has reached 55 years of age provided that the employment relationship has ended. For the 2015|16 financial year, pension fund contributions of € 720 thousand were paid (prior year: € 2,955 thousand).

The retirement benefit obligations in respect of the Management Board are administered by an external pension fund. In the event that a Management Board appointment is withdrawn, there are severance pay obligations in accordance with the provisions of the Employees Act (see note on rule 27a) or the Occupational Pension Plan Act (BMSVG<sup>6</sup>). In the balance sheet at 29 February 2016, within the item "retirement and termination benefit obligations", an amount of € 6,646 thousand was recognised for pension obligations (prior year: € 8,058 thousand) and an amount of € 1,986 thousand was recognised for termination benefit obligations (prior year: € 1,906 thousand).

No compensation agreements in the event of a public tender 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 individuals acting as legal representatives of the AGRANA Group. The cost is borne by AGRANA.

<sup>1</sup> Chief Executive Officer.

<sup>2</sup> The Management Board member of AGRANA Beteiligungs-AG appointed to this position on the basis of the syndicate agreement between Südzucker AG, Mannheim, Germany, and Zucker-Beteiligungsgesellschaft m.b.H, Vienna, does not receive compensation for serving in this capacity.

<sup>3</sup> Retired from the Management Board at 31 December 2014.

<sup>4</sup> Management Board member since 1 November 2014.

<sup>5</sup> German name of the act: Allgemeines Sozialversicherungsgesetz.

<sup>6</sup> German name of the act: Betriebliches Mitarbeiter- und Selbständigenvorsorgegesetz.



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 3 July 2015 the Annual General Meeting approved an annual aggregate remuneration for the Supervisory Board of € 250,000 (prior year: € 250,000) for the 2014|15 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:

€	2015 16 <sup>1</sup>	2014 15 <sup>1</sup>
Erwin Hameseder (Chairman of the Supervisory Board <sup>2</sup> )	48,123	35,000
Wolfgang Heer (First Vice-Chairman of the Supervisory Board)	35,000	35,000
Klaus Buchleitner (Second Vice-Chairman of the Supervisory Board <sup>3</sup> )	22,966	–
Jochen Fenner	25,000	25,000
Hans-Jörg Gebhard	25,000	25,000
Ernst Karpfinger	25,000	25,000
Thomas Kirchberg	25,000	25,000
Josef Pröll	25,000	25,000
Christian Konrad <sup>4</sup>	18,911	55,000

In accordance with section 110 (3) of the Austrian Labour Act, those 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.

AGRANA has a dedicated compliance office led by the chief compliance officer, who since 1 January 2015 reports directly to the Management Board member responsible (the Group Chief Financial Officer Stephan Büttner) and centrally looks after the compliance activities. In July 2015 the CFOs of the segments and subsidiaries were designated as compliance officers. This rolled out the compliance organisation Group-wide to make it even more effective. The most important responsibilities of the chief compliance officer are the further expansion of the compliance management system in the AGRANA Group by producing and training internal guidelines, providing support in compliance matters, documenting cases of non-compliance and issuing recommendations. In addition, a Compliance Board was created, consisting of the heads of the Internal Audit, Human Resources and Legal departments and Corporate Secretariat and the chief compliance officer. The Compliance Board has its own terms of reference. It deliberates on an ongoing basis on fundamental questions in matters of compliance.

<sup>1</sup> Compensation for the respective prior year.

<sup>2</sup> Until 4 July 2014 was Second Vice-Chairman of the Supervisory Board.

<sup>3</sup> Since 4 July 2014.

<sup>4</sup> Retired from the Supervisory Board at 4 July 2014.



AGRANA's compliance management system comprises the following core elements and policies:

The **AGRANA Code of Conduct** forms the foundation of all business actions and decisions. The Code of Conduct is designed to give a clear and systematic understanding of the conduct which AGRANA expects from all employees, managers and directors in all activities and locations of the Group. Together with the mission statement, it guides the entire AGRANA Group, setting unambiguous standards of integrity, correct business conduct and ethical principles. The Code of Conduct has been translated into all languages relevant to the Group.

Anticorruption laws apply worldwide and must be obeyed everywhere and at all times. In view of Austria's specific anti-corruption legislation, AGRANA has issued a separate Austria **Anti-Corruption Policy**, complementing the Code of Conduct. This policy sets out binding regulations and a reporting system. The policy aims to ensure legally compliant conduct and to facilitate the proper handling of invitations and gifts. Additionally, to accommodate Austrian laws, a separate **Tax Policy** was created that governs the handling of tax processes.

The purpose of the globally applicable **Antitrust Compliance Policy** is to ensure that all employees and board members know and abide by the essential provisions of competition and antitrust law and have the awareness to recognise situations with antitrust relevance. The overarching aim of this policy is to preserve employees from violating antitrust legislation and to provide practical, real-world support in applying the relevant rules. The policy has been translated into all languages relevant for the Group.

For AGRANA Beteiligungs-AG as a publicly traded company, it is highly important to adhere to stock exchange and capital market laws and regulations, particularly the Stock Exchange Act and the Issuer Compliance Regulation of the Financial Market Authority. Based on these pieces of legislation, AGRANA has issued its **Capital Market Compliance Policy**. It sets out the principles governing the disclosure of information and prescribes organisational measures for safeguarding confidentiality and preventing improper use or transmission of insider information.

The purpose of the AGRANA compliance management system is to ensure the fulfilment of the corporate leadership's organisational and supervisory obligations under the law and to minimise the liability risks for the AGRANA Group, its employees and board members.

In 2015/16, frequent trainings in Austria continued to be delivered for a defined group of employees on Austria-specific anticorruption and tax policy, on competition and antitrust law and capital market compliance. All identified employees in Austria were or have been trained. New staff members are continually being trained soon after hiring. In the international subsidiaries, the training of all relevant compliance policies for the defined group of employees was begun in 2015 and is to be completed in the course of 2016.

In addition to the physical classroom trainings, AGRANA now also plans to provide electronic distance training on the Code of Conduct, anticorruption, and competition and antitrust law. The trainings are being produced and delivered together with an external provider and are to be rolled out during the 2016/17 financial year in Austria and then worldwide.





The Internal Audit department verifies compliance with laws, regulations and internal policies. In the 2015|16 financial year it audited 14 of the 50 AGRANA production sites (i.e., 28% of sites) falling within the GRI reporting boundaries (see the section “Organisational structure” from page 41), including audits for corruption and fraud in selected subject areas; one of the 14 audits covered all production sites in this regard. No significant breaches of legal norms or of AGRANA’s internal regulations regarding anticorruption were found.

## Promoting equity for women

Equality of opportunity in the workplace and equal treatment of employees without regard to gender are principles enshrined in the AGRANA Code of Conduct.

AGRANA is convinced that, especially for women, achieving harmony between work and family life is still commonly a significant challenge. To help remedy this, AGRANA offers its staff in Vienna a company day-care centre, as well as a childcare service for days when schools close locally for a day and on long-weekend days falling between a public holiday and the weekend. In July 2015, in the second year of an initiative organised and financially supported by AGRANA, employees at the sugar plant in Tulln, Austria, were able to take advantage of a week of care for their children aged three to ten during the summer holidays. Trained educators from Hilfswerk (a non-profit that is one of the country’s largest providers of childcare) taught and looked after the children in an age-differentiated programme of excursions and workshops.

In spring 2016 AGRANA joined the Austrian “Business for Family” network. This network was launched by the Federal Ministry for Family and Youth to bring together companies and communities interested or already engaged in family-conscious personnel and municipal policies. The network’s platform and associated events are a place for dialogue, inspiration and sharing of information. In connection with becoming a network partner, AGRANA has decided to adopt additional measures improving the compatibility of work and family.

Vienna, 25 April 2016



The Management Board of AGRANA Beteiligungs-AG

Johann Marihart  
Chief Executive Officer

Stephan Büttner  
Member of the Management Board

Fritz Gattermayer  
Member of the Management Board

Thomas Kölbl  
Member of the Management Board

## EU-28

9 sugar plants (incl. INSTANTINA)

5 starch plants

17 fruit plants

Countries: Austria, Czech Republic, France, Germany, Hungary, Poland, Romania, Slovakia

Employees<sup>1</sup>: f 1,284, m 3,209

Revenue<sup>2</sup>: € 1,929.2 million

Total gross value added<sup>3</sup>: € 1,145.6 million

Total employment effects<sup>3</sup>: 26,163 jobs

## Europe Non-EU

1 sugar plant

5 fruit plants

Countries: Bosnia-Herzegovina, Russia, Serbia, Turkey, Ukraine

Employees<sup>1</sup>: f 523, m 437

Revenue<sup>2</sup>: € 90.5 million

Total gross value added<sup>3</sup>: € 84.5 million

Total employment effects<sup>3</sup>: 6,144 jobs

## North America

5 fruit plants

Countries: USA, Mexico

Employees<sup>1</sup>: f 564, m 708

Revenue<sup>2</sup>: € 288.6 million

Total gross value added<sup>3</sup>: € 121.9 million

Total employment effects<sup>3</sup>: 2,024 jobs

## South America

2 fruit plants

Countries: Argentina, Brazil

Employees<sup>1</sup>: f 66, m 128

Revenue<sup>2</sup>: € 33.4 million

Total gross value added<sup>3</sup>: € 26.6 million

Total employment effects<sup>3</sup>: 934 jobs

## Asia

3 fruit plants

Countries: China, South Korea

Employees<sup>1</sup>: f 85, m 202

Revenue<sup>2</sup>: € 73.6 million

Total gross value added<sup>3</sup>: € 58.4 million

Total employment effects<sup>3</sup>: 2,248 jobs

## Africa

4 fruit plants

Countries: Egypt, Morocco, South Africa

Employees<sup>1</sup>: f 266, m 157

Revenue<sup>2</sup>: € 18.5 million

Total gross value added<sup>3</sup>: € 17.4 million

Total employment effects<sup>3</sup>: 1,893 jobs

## Australia and Oceania

2 fruit plants

Countries: Australia, Fiji

Employees<sup>1</sup>: f 76, m 100

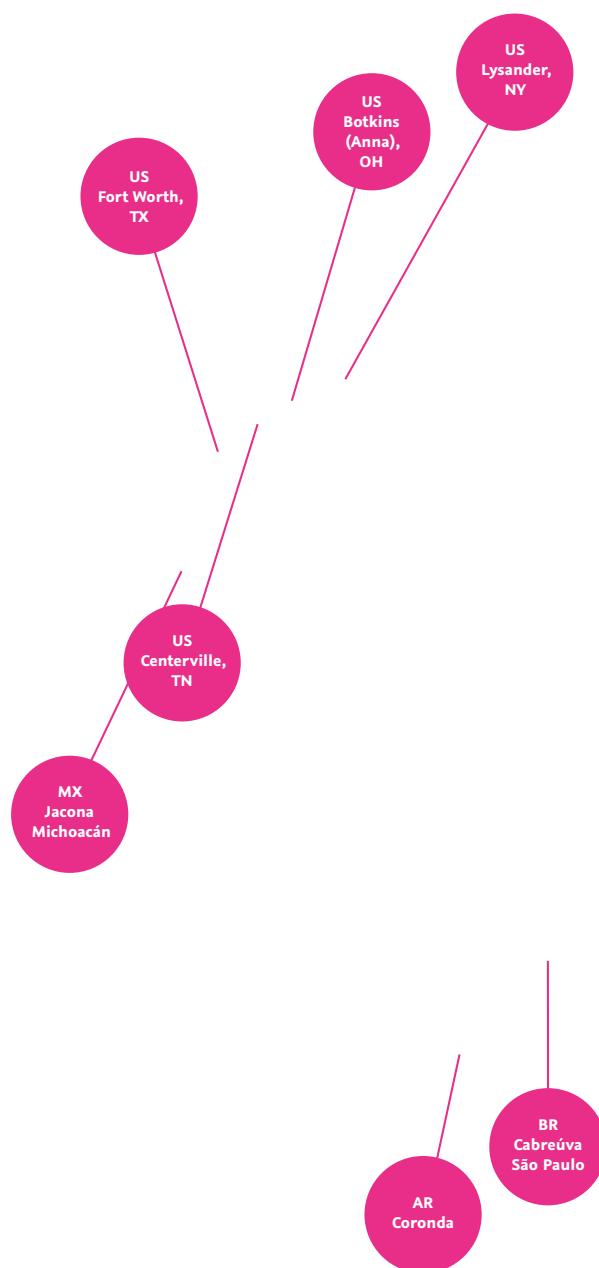
Revenue<sup>2</sup>: € 43.8 million

Total gross value added<sup>3</sup>: € 30.9 million

Total employment effects<sup>3</sup>: 272 jobs

AGRANA, the processor of agricultural raw materials with the three segments

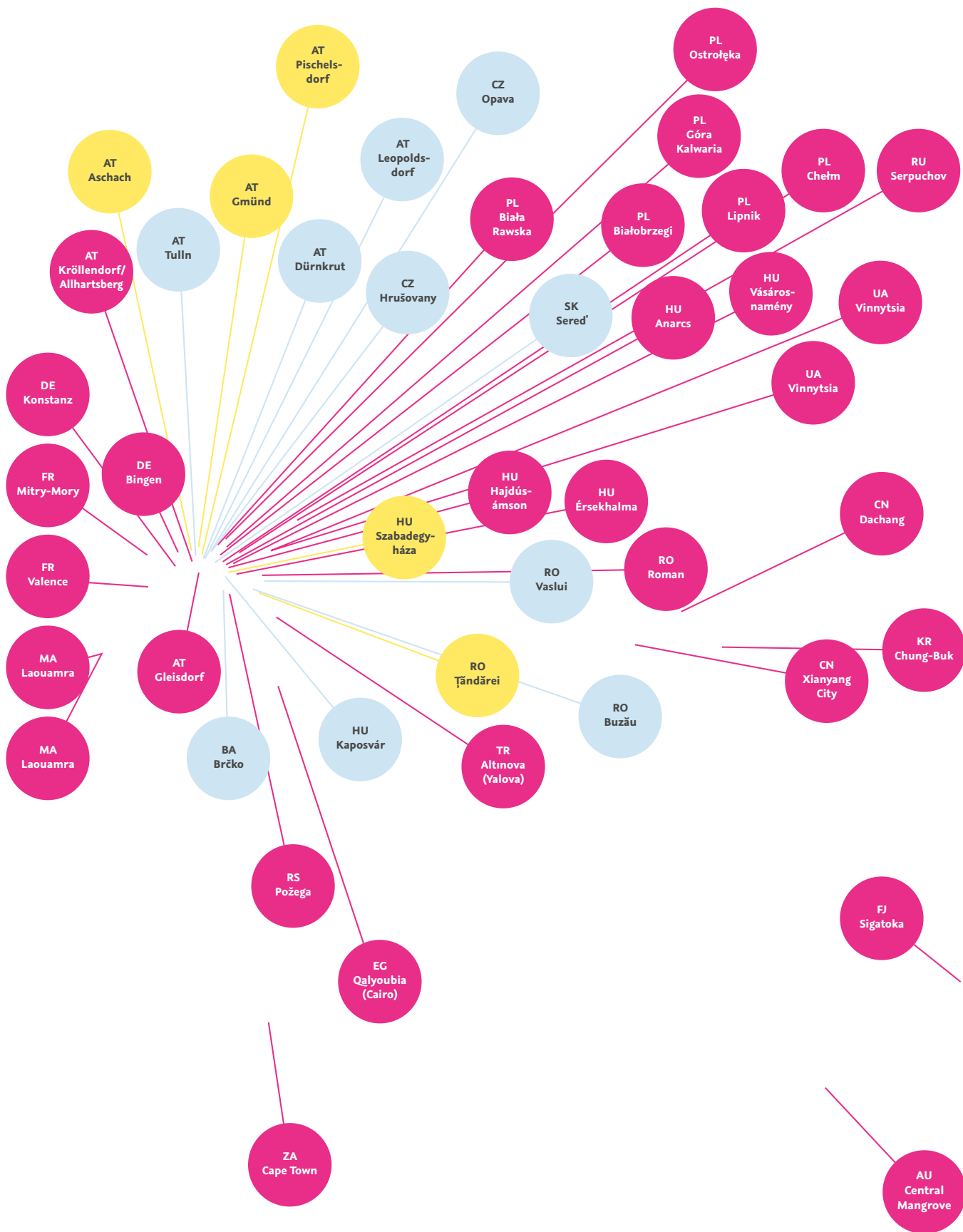
Sugar, Starch and Fruit, operates 53 production sites in 24 countries and had 7,805 employees (by headcount) at the end of February 2016.



<sup>1</sup> Number of employees by headcount (female/male) of all fully consolidated companies at the end of February.

<sup>2</sup> Revenue of all fully consolidated companies.

<sup>3</sup> See glossary. Jobs are by headcount.

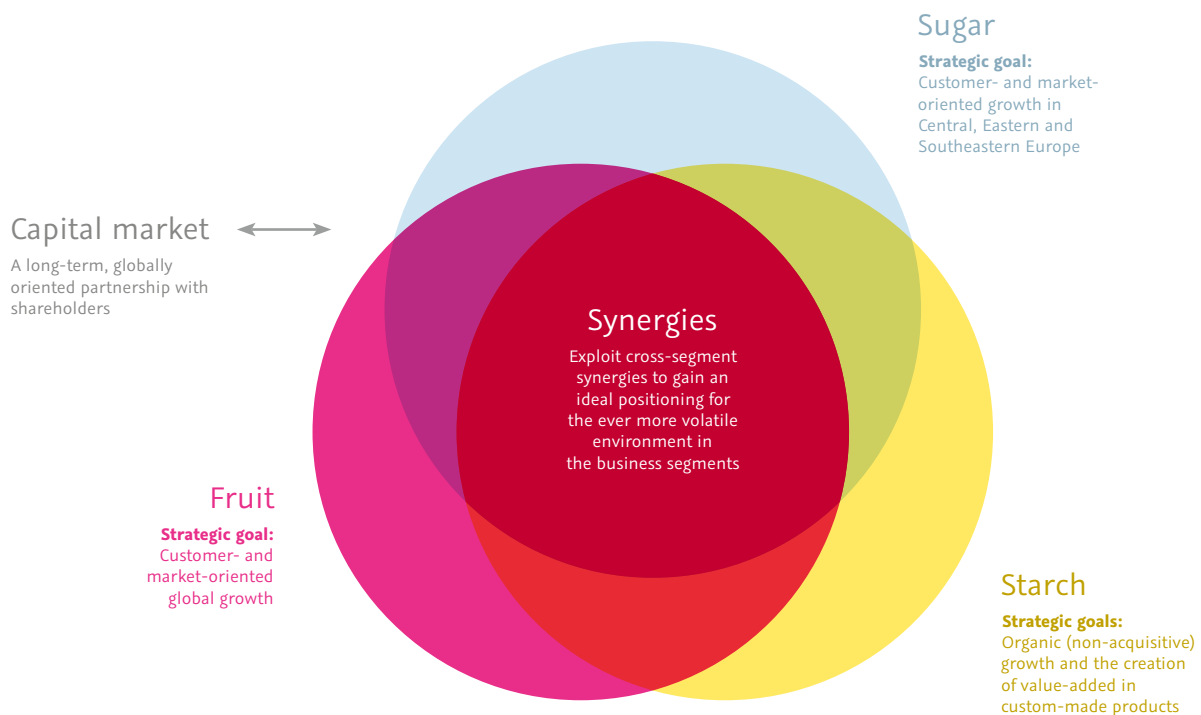


As an Austrian industrial group with an international focus, AGRANA's Sugar and Starch segments operate mainly in Europe and the operations of its Fruit segment are global. In these markets, AGRANA seeks or already commands a leading position in the industrial processing of agricultural raw materials. 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 is especially true for 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. The cross-segment application of these competencies forms the basis for a robust market position in relation to competitors in all product groups, and underpins AGRANA's innovative strength and lean cost position.

In its business operations, AGRANA seeks to make the part of the value chain that it has influence over as sustainable as possible. By sustainability, in this context, AGRANA primarily means 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 minimise impacts on the environment
- Respect for all stakeholders and communities where the Group operates
- Working together in long-term partnerships





## Sugar segment strategy

### 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 quality standards, market service, an extensive sugar product portfolio, and by building 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 (including improved yields) and an intensification of marketing activities in Southeastern Europe. AGRANA's Sugar segment is also maintaining its reselling and refining activities, especially in the Southeastern European countries with beet sugar deficits.

market and intends to further expand its presence, follow its internationally operating customers into new markets and grow faster than the market.

- AUSTRIA JUICE is a producer and reseller mainly of juice concentrates from apples, red fruits and berries. High quality is assured through manufacturing sites close to the crop-growing areas and by modern production facilities and frequent quality checks. The aim is to increase global sales into the beverage industry, including also the further expansion in not-from-concentrate juices and fruit wines as well as in aromas and beverage bases.

AGRANA wants to consolidate and strengthen its global market position through organic growth and with the help of acquisitions and cooperative new ventures.

## Starch segment strategy

**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. An example is the leading position in organic and in GMO-free<sup>1</sup> starches for the food industry. As well, in the non-food sector, the Group is a leading supplier of specialty starches for the paper, textile, cosmetics, pharmaceutical and building materials industries.

AGRANA's essential core competency – the large-scale processing of 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 thanks to the bioethanol plant in Pischelsdorf. AGRANA's general goal is to enhance value-added through the optimal utilisation of all residual components of agricultural raw materials as by-products.

## Synergy strategy

**Strategic goal: Raise inter-segment synergies to ensure the Group's optimum positioning amid a 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 minimise environmental impacts.

## Capital market strategy

**Strategic goal: A long-term partnership with shareholders.** The Group's sound equity base gives AGRANA strategic flexibility. For its overall financing needs, AGRANA not only has the ability to self-finance but can draw on committed credit lines and the proceeds of a Schuldscheindarlehen (a loan with 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 safeguard investors' confidence in the Group and make its business performance and management decisions predictable and easy to understand.

## Fruit segment strategy

**Strategic goal: Customer- and market-oriented global growth.** In the Fruit segment, the Group's business activities are fruit preparations (AGRANA Fruit, about 80% of segment revenue) and fruit juice concentrates (AUSTRIA JUICE, about 20% of segment revenue):

- AGRANA Fruit produces custom fruit preparations for the dairy, ice cream and baking industries. With local production units in close proximity to customers, AGRANA is the world leader in this global

<sup>1</sup> GMO-free or GM-free: not derived from genetically modified organisms.

## Key share information for AGRANA

**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

**More information about AGRANA's shares**  
[agrana.com/en/investor/the-agrana-share](http://agrana.com/en/investor/the-agrana-share)



## AGRANA share data

		2015 16	2014 15	2013 14
Closing price at year-end	€	80.50	80.51	87.70
High	€	90.50	90.20	115.10
Low	€	73.00	69.00	84.52
Earnings per share	€	5.82	5.70	7.40
Closing price/earnings ratio at year-end		13.83	14.12	11.85
Closing book value per share at year-end	€	80.57	79.51	79.20
Closing market capitalisation at year-end	€m	1,143.3	1,143.4	1,245.5

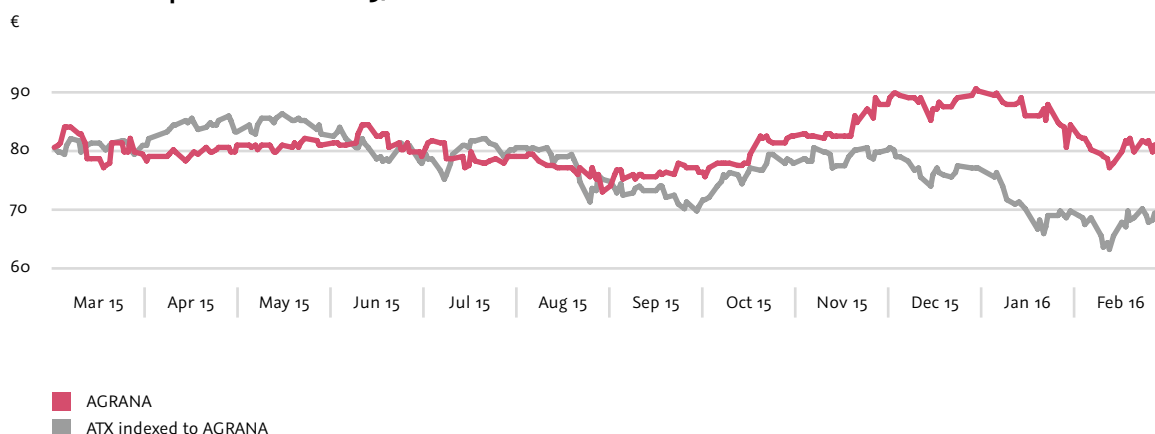
In the equity market, the 2015 calendar year was defined by exceptionally large price swings, reflecting the environment of political and economic uncertainty. Nonetheless, despite the multiplicity of market-moving events and the price volatility intra-year, the overall net change in global share prices from the end of 2014 to the end of 2015 was minimal. The Vienna Stock Exchange had a good start to 2015. A number of positive factors – such as companies' favourable earnings reports, the improved economic situation in Europe overall, the pick-up in export opportunities (thanks to the weaker euro), the expansionary monetary policy of the ECB and the temporary easing of the Ukraine-Russia conflict – allowed Vienna's benchmark index, the ATX, to rise about 25% to 2,681.44 points by the middle of May. By the end of the third quarter, global drivers (economic fears, the Greece crisis, and Chinese market turmoil) had caused the index to give back most of its earlier gains. However, thanks to a solid performance in the fourth quarter, the ATX advanced by a significant 11.0% overall in the 2015 calendar year.

AGRANA (ISIN code: AT0000603709) started the 2015|16 financial year at a share price of € 80.51. The Vienna stock market environment described above and the challenging market setting for sugar manufacturers led to a volatile share price performance. From quotations around € 80 in July, the share price fell to its low for the year of € 73.00 towards the end of August. However, by the end of December the price rallied steadily, reaching the year's high of € 90.50 before finding a level around € 80 near the end of the financial year. The average trading volume on the Vienna Stock Exchange was approximately 1,400 shares per day (based on double counting, as published by the VSE). The closing price of AGRANA's shares at the balance sheet date of € 80.50 was essentially unchanged from the opening price at the start of the financial year. The performance of the ATX index was a decline of 13.66% over the same period.

The market capitalisation at 29 February 2016, with an unchanged 14,202,040 shares outstanding, was € 1,143.3 million (prior year: € 1,143.4 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 which are leading in social and environmental performance.

## AGRANA share performance in 2015|16



## Active capital market communication

AGRANA's investor relations activities are based on the key principles of providing comprehensive and timely information, transparency and ongoing communication with investors and analysts. At the press conferences presenting the annual and half-year results, the Management Board thoroughly briefed the financial and industry media on the financial and business performance. In addition, in press releases and one-on-one interviews with financial, agricultural and other trade journalists, AGRANA provided information on subjects of current relevance to its business activities. Media representatives were also invited on tours of operational sites. Topics in focus in the year under review included AGRANA's strategy of diversification across three business segments and the possible implications of the expiration of the sugar and isoglucose quotas as of 1 October 2017.

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 was supplemented by numerous individual conversations as well as by conference calls accompanying the publication of quarterly and full-year results. At the GEWINN trade fair, private shareholders had the opportunity to find out about current projects and the business operations directly from the Management Board. AGRANA encourages young people's interest in the capital market; in 2015|16 the Group again invited students to tour a company plant 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/en/ir](http://www.agrana.com/en/ir)), where all financial reports, financial news items, ad-hoc announcements, voting rights notifications, directors' dealings disclosures and investor presentations are available as soon as they are published. AGRANA endeavours to make the same information available to all market participants at the same time.

In the 2015|16 financial year, Berenberg Bank, Goldman Sachs and Raiffeisen Centrobank published research reports on AGRANA. At the balance sheet date of 29 February 2016, the investment houses had two hold recommendations and one buy rating on AGRANA. A detailed overview of the research reports can be found on the Internet at [www.agrana.com](http://www.agrana.com) > Investor Relations > The AGRANA Share > Research.

## Steady dividend policy

	2015 16	2014 15	2013 14
Dividend per share	€ 4.00 <sup>1</sup>	€ 3.60	€ 3.60
Earnings per share	€ 5.82	€ 5.70	€ 7.40
Dividend payout ratio	68.73% <sup>1</sup>	63.16%	48.65%
Dividend yield <sup>2</sup>	4.97% <sup>1</sup>	4.47%	4.10%

AGRANA is committed to a predictable, reliable and transparent dividend policy designed for continuity. The distributions are based not only on profit but also on the Group's cash flow and debt situation and the need to maintain a sound balance sheet structure. For the financial year under review, the Management Board will therefore propose to shareholders at the Annual General Meeting on 1 July 2016 to pay a dividend of € 4.00 per share or a total of approximately € 56.8 million, representing a dividend yield of 4.97% (prior year: 4.47%) based on the share price of € 80.50 at the end of February 2016. The dividend payment date is 8 July 2016.

## 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 Südzucker AG, 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.

There was no change in shareholder structure in the 2015|16 financial year. Since the exit of British financial services firm Prudential plc (M&G Investments), London, UK, and some of its subsidiaries in February 2014, Z&S holds 86.2% of the voting rights in AGRANA. At the time, another 4.9% of AGRANA's shares were acquired directly by Südzucker and are to be returned to free float in order to improve AGRANA's capital market presence and increase its trading liquidity.

The shareholder structure is presented in detail in the section "Capital, shares, voting rights and rights of control" on page 89.

<sup>1</sup> Proposal to the Annual General Meeting.

<sup>2</sup> Based on the closing share price at the balance sheet date.



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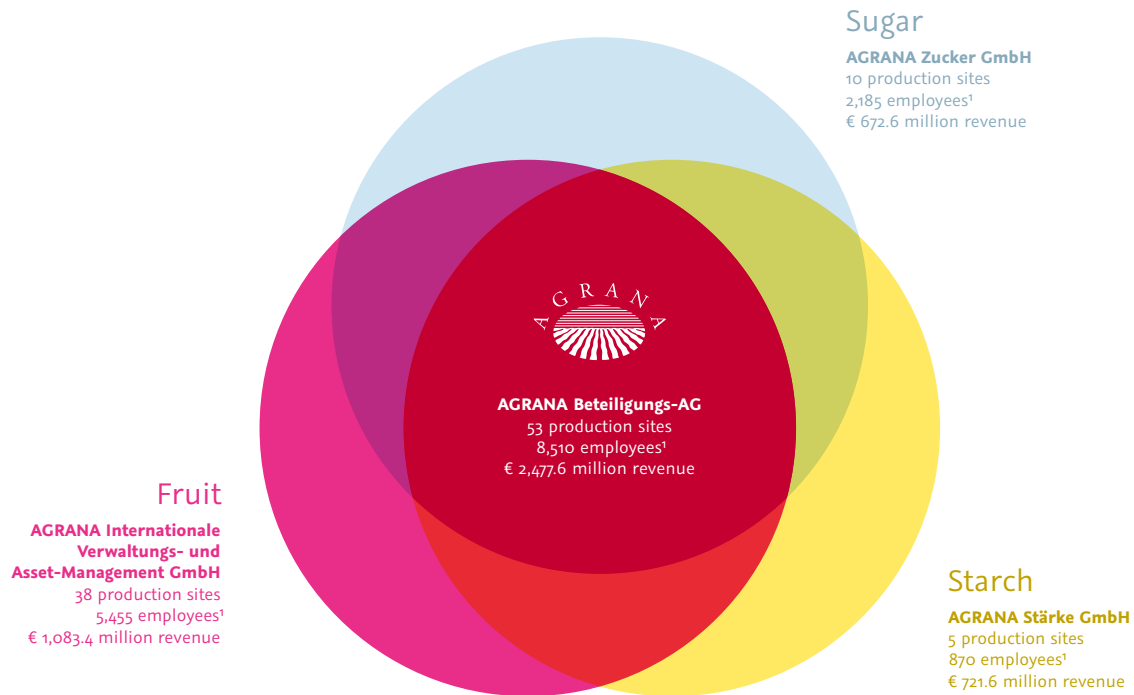
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AGRANA is a globally operating processor of agricultural raw materials, with its Sugar, Starch and Fruit segments manufacturing high-quality foods and many intermediate products for the downstream food industry as well as for non-food applications. With about 8,500 employees (in FTE<sup>1</sup>) at 53 production sites on six continents, the Group generated revenue of about € 2.5 billion in the 2015|16 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 its agricultural raw materials, AGRANA produces a large number of fertilisers and animal feedstuffs. 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.



<sup>1</sup> Average number of full-time equivalents in the financial year.





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 sold into the food and beverage industry and the paper, textile, cosmetics and building materials sectors, among others. 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's activities.

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, AGRANA produces apple and berry juice concentrates as well as not-from-concentrate juices and fruit wines. In the Fruit segment too, AGRANA seeks to achieve the most sustainable and complete utilisation of raw materials possible. While fruit preparations production generates very little usable residue, the press cake from apple juice production, known as apple pomace, is utilised by the pectin industry and as a feedstuff.

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.

## About the sustainability coverage in this report

### Key sustainability aspects

In the 2015|16 financial year, AGRANA's Sugar, Starch and Fruit segments processed a worldwide total of approximately 8.5 million tonnes of agricultural raw materials and sold 5.7 million tonnes of high-quality products.

Based on its business activities, AGRANA in 2012|13 identified six issues of interest along the product value chain that have material effects on sustainability, and created working groups for these issues:

- Environmental and social criteria in the procurement of agricultural raw materials and intermediate products
- Environmental and energy aspects of AGRANA's production
- Working conditions and human rights in respect of AGRANA employees
- Product responsibility and sustainable products
- Compliance and business conduct
- Social engagement

Through a materiality analysis, the AGRANA sustainability core team and the issue-specific working groups assessed the economic, environmental and social significance of individual sustainability aspects both for AGRANA and its stakeholders.

This was done on the basis of day-to-day work experience in the respective area, feedback from various stakeholders, and the results of a customer satisfaction survey started in autumn 2014 and continued in 2015|16 that included questions on sustainability.



## Formats of AGRANA's engagement with stakeholders in the 2015|16 financial year

### Focusing on suppliers

- Regular one-on-one agricultural advisory visits (with contract growers in all three segments)
- Group field visits and trial tours during the growing season (in the Sugar and Starch segments)
- Contracting events (contract production of sugar beet and starch potatoes)
- Winter conferences (communication events in the Sugar and Starch segments)
- Fifteen farm forums (discussion forums at the farms of contract beet and potato growers with the AGRANA Management Board member responsible for raw material management and with interested farmers/suppliers)
- "Mont Blanc" programme in all beet-growing countries (efficiency improvement in sugar beet production, with much advisory and education content)
- New-contract-growers day (Starch segment)
- BETAEXPO agricultural fair with Austria's largest field of demonstration plantings of AGRANA raw material crops

- "Potato Day" in Waidhofen an der Thaya, Austria, in cooperation with the Austrian Starch Potato Growers Association (VÖSK)
- Oktoberfest in Aschach, Austria

### Focusing on customers

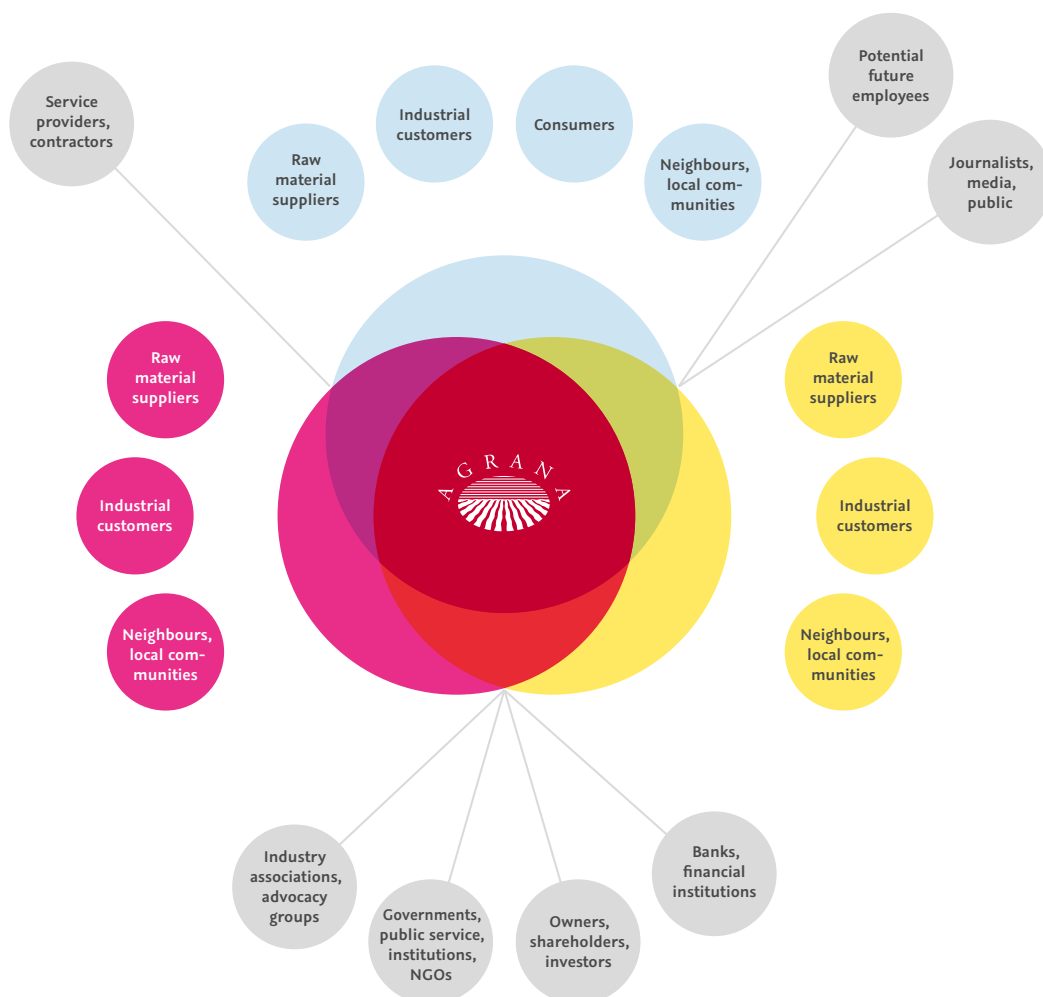
- Personal visits to customers
- Exhibiting at trade shows (see page 74)
- Worldwide customer satisfaction survey

### Focusing on local communities

- Open house (in collaboration with the Federation of Austrian Industries) at the sugar factory in Leopoldsdorf and the fruit juice concentrate plant in Kröllendorf/Allhartsberg, both in Austria
- BETAEXPO Family Day
- Potato Day in Gmünd, Austria

### Focusing on investors, the media and general public

- Ongoing media and investor relations work
- Press conferences, plant tours, background briefings, road shows





## Analysing the importance of GRI G4 aspects at AGRANA

External  
relevance  
(to customers,  
regulators  
and other  
stakeholders)<sup>1</sup>

A



B

C

D

## AGRANA sustainability reporting content and targets

ENSURE TRANSPARENCY	<ul style="list-style-type: none"><li>■ Child labour, forced or compulsory labour</li><li>■ Freedom of association</li><li>■ Human rights assessment of AGRANA sites</li><li>■ Stakeholder engagement</li></ul>	<ul style="list-style-type: none"><li>■ Supplier assessment for labour practices</li><li>■ Supplier environmental assessment</li><li>■ (Raw) materials used</li></ul>	<ul style="list-style-type: none"><li>■ Compliance</li><li>■ Consumer health and safety</li><li>■ Customer satisfaction</li><li>■ Occupational health and safety</li><li>■ Supplier assessment for human rights</li></ul>
	<ul style="list-style-type: none"><li>■ Diversity and equal opportunity</li><li>■ Anti-discrimination</li><li>■ Biodiversity</li></ul>	<ul style="list-style-type: none"><li>■ Water use (AGRANA production)</li><li>■ Waste incl. packaging waste (AGRANA production)</li><li>■ Grievance mechanisms for impacts on environment and society</li><li>■ Local community engagement</li></ul>	<ul style="list-style-type: none"><li>■ Energy consumption and emissions (AGRANA production)</li><li>■ Grievance mechanism for labour practices and human rights</li><li>■ Training and development</li></ul>
<ul style="list-style-type: none"><li>■ Data protection and privacy</li></ul>		<ul style="list-style-type: none"><li>■ Equal remuneration for women and men</li><li>■ Marketing communications</li><li>■ Transport</li></ul>	<ul style="list-style-type: none"><li>■ Labour/management relations</li><li>■ (Steady) employment</li><li>■ Product labelling</li><li>■ Economic performance</li></ul>
<ul style="list-style-type: none"><li>■ Accessibility of products</li><li>■ Indigenous rights</li><li>■ Security practices</li></ul>			
D	C	B	A
	MONITOR		MANAGE

Legend:

A = high relevance  
B = reasonable relevanceC = marginal relevance  
D = no relevanceEconomic, social  
and organisational  
relevance  
for AGRANA

**Priority 1 – Control:**  
Aspects for which targets and goals should be set based on comprehensive data transparency and which could be used for sustainability positioning

**Priority 2 – Ensure transparency:**  
Aspects for which external requirements should be met (and are nearly 100% fulfilled)

**Priority 3 – Manage:**  
Aspects on which there are few external queries and which could be reviewed internally for further potential for improvement

**Priority 4 – Monitor:**  
Aspects which should be monitored, but for which no further measures are currently necessary

<sup>1</sup> Combined analysis of two factors: relevance for stakeholders (customers, regulators and others), and AGRANA's ability to influence these aspects.



Based on this ranking of the material aspects, AGRANA reports on the following G4 indicators along its value chain in this 2015|16 annual report:

Material aspect	Raised mainly by the following stakeholder(s)	Content boundary of reporting	Management approach	Reported G4 indicator(s)
Supplier human rights assessment	Customers/AGRANA	Suppliers of agricultural raw materials	AGRANA principles for the procurement of agricultural raw materials and intermediate products	HR 10
Supplier assessment for labour practices	Customers/AGRANA	Suppliers of agricultural raw materials	AGRANA principles for the procurement of agricultural raw materials and intermediate products	LA 14
Supplier environmental assessment	Customers/AGRANA	Suppliers of agricultural raw materials	AGRANA principles for the procurement of agricultural raw materials and intermediate products	EN 32
Biodiversity	Customers/AGRANA	Relevant mainly in AGRANA's upstream value chain, i.e., with suppliers of agricultural raw materials	AGRANA principles for the procurement of agricultural raw materials and intermediate products	EN 13
Materials used	Several stakeholder groups	Raw materials processed	AGRANA Environmental Policy; AGRANA principles for the procurement of agricultural raw materials and intermediate products	EN 1
Energy consumption	Several stakeholder groups	Energy consumption (Scope 1+2) in AGRANA's production	AGRANA Environmental Policy	EN 5 EN 6
Emissions	Several stakeholder groups	Emissions (Scope 1+2) from AGRANA's production	AGRANA Environmental Policy	EN 18 EN 19
Water	Several stakeholder groups	Water use and effluent from AGRANA's production	AGRANA Environmental Policy	EN 8 EN 22
Waste	Several stakeholder groups	Waste from AGRANA's production	AGRANA Environmental Policy	EN 23
Environmental grievance mechanisms	Several stakeholder groups	Environmental grievances	Grievances managed on location	EN 34
Occupational health and safety	Mainly AGRANA	AGRANA employees and contractors	AGRANA Zero Accident Policy	LA 6
Training and development	Mainly AGRANA	AGRANA employees	AGRANA Training Policy	LA 9
Diversity and equal opportunity	Several stakeholder groups	AGRANA employees	AGRANA Code of Conduct	LA 12







Material aspect	Raised mainly by the following stakeholder(s)	Content boundary of reporting	Management approach	Reported G4 indicator(s)
Assessment of the Group in respect of human rights	Several stakeholder groups	AGRANA employees and contractors	AGRANA Code of Conduct and membership in SEDEX (plus SMETA audits)	HR 9
Grievance mechanisms for labour practices and human rights	AGRANA employees	AGRANA employees	AGRANA Code of Conduct; AGRANA HR strategy	LA 16 HR 12
Child labour, forced or compulsory labour	Several stakeholder groups	AGRANA employees	AGRANA Code of Conduct	HR 5 HR 6
Freedom of association	Several stakeholder groups	AGRANA employees	AGRANA Code of Conduct	HR 4
Consumer health and safety	Several stakeholder groups	AGRANA	AGRANA Quality Mission Statement	PR 4
Customer satisfaction	AGRANA/customers	AGRANA	AGRANA Quality Mission Statement	PR 5
Stakeholder engagement	All stakeholders	AGRANA	AGRANA Mission Statement; AGRANA Code of Conduct	Standard disclosure
Local social engagement	Several stakeholder groups	AGRANA	AGRANA Mission Statement; Three principles of sustainability	SO 1
Compliance	AGRANA and several stakeholder groups	AGRANA and direct business partners	All of the above documents	SO 3 SO 4 SO 5

### Organisational boundaries of GRI reporting

With the exceptions named below, the sustainability information integrated in this 2015|16 annual report and visually marked with a green fingerprint represents all AGRANA Group companies worldwide. These performance data, which are material to AGRANA's business activities, were generated in accordance with the Global Reporting Initiative (GRI) version G4, level "Core".

For organisational boundary reasons, the sustainability data do not include the equity-accounted joint ventures of the AGRANA Group – the AGRANA-STUDEN group (in the Sugar segment) and the HUNGRANA group (in the Starch segment). INSTANTINA (in the Sugar segment) is also excluded from the scope of the data, as a result of its different business activity.

The data on energy use, emissions, water and waste in or from processing in AGRANA fruit processing plants for the 2015|16 and 2014|15 financial year include the data for the full year for all production sites of the Fruit segment that were active at the respective balance sheet

date, with the exception (related to data quality) of the fruit juice concentrate plant in Xianyang City, China. In the 2013|14 financial year, the reported environmental sustainability data for the first time included information for the joint venture AUSTRIA JUICE GmbH, with the following exceptions: For organisational reasons, the AUSTRIA JUICE facilities in Gleisdorf, Austria (closed down after the 2013 campaign), Bingen, Germany (fruit wine production) and Xianyang City, China (data quality) were not included in the reporting for 2013|14, and the reported data for the included sites was limited to the respective processing campaign.

### Content boundaries of GRI reporting

AGRANA reports all GRI G4 indicators by business segment, as the differences in business processes between AGRANA's three business segments could reduce or distort the significance of the data consolidated at Group level (for example, data on energy consumption and emissions).





### **Supplier assessment for human rights, labour practices and environmental aspects**

In view of its core business of processing agricultural raw materials and of the associated high procurement volumes and costs, AGRANA limits its reporting scope for these aspects to suppliers of agricultural raw materials and intermediate goods (such as frozen fruit pieces).

### **Biodiversity**

AGRANA as a processor of agricultural raw materials is dependent on the availability of these inputs and thus on the functioning of local ecosystems. For this reason, biodiversity is an important element of sustainability for AGRANA, especially in its upstream value chain in the farming landscape. In this annual report, AGRANA to the extent possible publishes biodiversity aspects of raw material procurement from contract growers in the respective business segment's report.

### **Energy consumption and emissions**

AGRANA processes organic inputs such as sugar beet, grain, potatoes and fruit whose crop volume, sugar or starch content and quality are subject to annual fluctuation as a result of changing influences during the growing season and harvest. Product quantities at each site, along with the associated energy consumption, thus vary from one reporting season to the next. Presenting absolute totals for energy consumption and emissions would therefore not be meaningful.

AGRANA consequently only reports energy intensity and emission intensity per tonne of product manufactured (core and by-products), by business segment. Reductions achieved as a result of energy efficiency improvement and of emission-cutting measures are reported on an absolute basis and on a percentage basis per tonne of product.

AGRANA's reporting of energy use and emissions is confined to its own production operations and, respectively, to Scope 1 and Scope 2. The reasons are the very limited availability of data for Scope 3, and also that Scope 3 sources are in some cases (such as business travel) negligible compared to the large contributions which the production operations make to the carbon footprint through their energy consumption and emissions.

### **Water and effluent (wastewater)**

AGRANA reports water and wastewater figures solely for its core business, the processing of agricultural raw materials in its production plants. Data on water use in the upstream value chain (i.e., in the production of agricultural raw materials) are not sufficiently complete or reliable for all raw materials used worldwide and are therefore not reported.

Water – perhaps the planet's most important resource – is one of many inputs in the production processes of the AGRANA Group. The use and discharge of water at all sites follows sustainable practices. In its processes, AGRANA frequently utilises the water contained in the agricultural raw materials.

Thus, much of the water required by a sugar factory is obtained from the beet itself. Sugar beet has a water content of about 75%, which must be separated from the sugar during the manufacturing process. This water is used both to leach the sugar out of the cossettes (the sliced beet) and to transport and clean the beet. The used water is continually cleaned and returned to the process cycle. Much the same is true in fruit juice concentrate production from apples, which contain about 86% water.

### **Waste**

Agricultural raw materials are far too valuable for AGRANA not to utilise them to the fullest. The Group-wide principle of complete utilisation is practiced by producing both a wide range of high-quality foods and intermediate products for downstream industries and – particularly in the Sugar and Starch segments – manufacturing a very broad portfolio of by-products, especially feedstuffs and fertilisers. These not only contribute significantly to the economic bottom line but also close nature's material cycle by returning minerals and other nutrients to the land and the food chain.

In some countries, the by-product feeds and fertilisers marketed (or in some cases given away free) by AGRANA must be reported as waste for regulatory reporting purposes, solely for reason of the local regulatory regimes. Beginning with the 2015/16 reporting period, AGRANA no longer reports these as waste in the annual report, as they are directly used as valuable feedstuffs or fertilisers in animal husbandry or crop cultivation.



The consolidated financial statements for the 2015|16 financial year (the twelve months ended 29 February 2016) were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

## Changes in the scope of consolidation

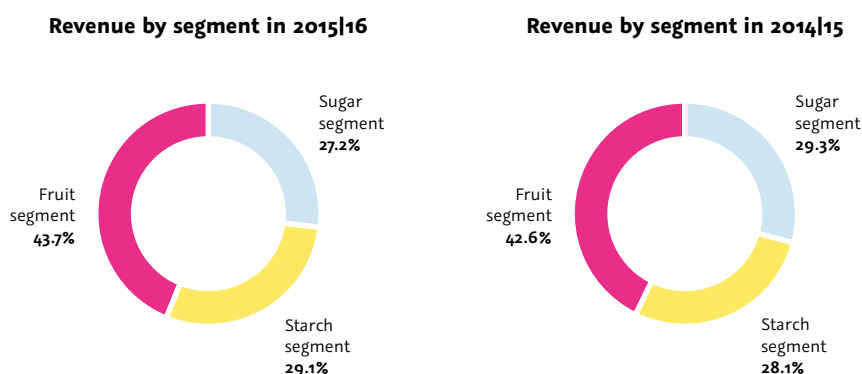
In the 2015|16 financial year the Group saw six deconsolidations, including four as a result of mergers, such as the merging of AGRANA J&F Holding GmbH, Vienna, into AGRANA Internationale Verwaltungs- und Asset-Management GmbH, Vienna. Two companies were included in the Group accounts for the first time: AGRANA Research & Innovation Center GmbH, Vienna, by full consolidation, and AGRANA-STUDEN Albania sh.p.k, Tirana, Albania, by the equity method.

In total, 58 companies were fully consolidated (end of 2014|15 financial year: 63 companies) and 12 companies were accounted for using the equity method (end of 2014|15 financial year: 11 companies).

## Revenue and earnings

Consolidated income statement (condensed)		2015 16	2014 15	Change % / pp
Revenue	€000	2,477,647	2,493,512	-0.6%
EBITDA <sup>1</sup>	€000	191,957	181,916	+5.5%
Operating profit before exceptional items and results of equity-accounted joint ventures	€000	107,486	102,017	+5.4%
Share of results of equity-accounted joint ventures	€000	24,523	25,372	-3.3%
Exceptional items	€000	(3,054)	(5,670)	+46.1%
Operating profit [EBIT] <sup>2</sup>	€000	128,955	121,719	+5.9%
EBIT margin	%	5.2	4.9	+0.3 pp
Net financial items	€000	(24,519)	(5,240)	-367.9%
Income tax expense	€000	(23,508)	(31,901)	+26.3%
Profit for the period	€000	80,928	84,578	-4.3%
Earnings per share	€	5.82	5.70	+2.1%

Group **revenue** in the 2015|16 financial year was € 2,477.6 million, or very slightly below the level of the prior year. A decrease in Sugar segment revenue to € 672.6 million or by 8.0% was the result of the lower sales prices. Revenue in both the Starch segment (€ 721.6 million, up 3.1%) and Fruit segment (€ 1,083.4 million, up 2.0%) was slightly higher than in the year before.

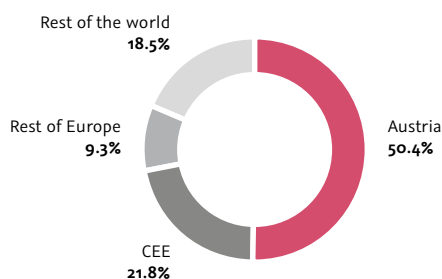


<sup>1</sup> EBITDA represents operating profit before exceptional items, results of equity-accounted joint ventures, and operating depreciation and amortisation.

<sup>2</sup> Operating profit (EBIT) is after exceptional items and results of equity-accounted joint ventures.

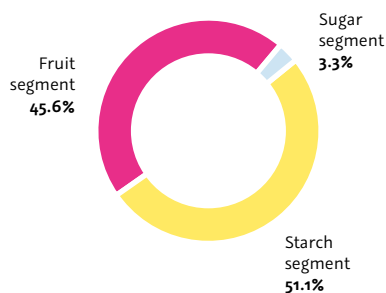
Somewhat more than 50% of Group revenue was generated by subsidiaries based in Austria.

Revenue by region in 2015|16

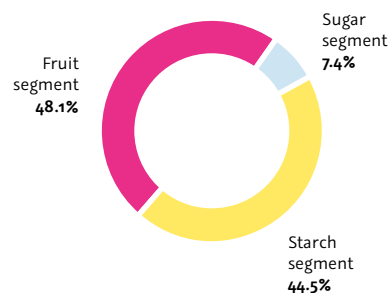


**Operating profit (EBIT)**, at € 129.0 million, grew moderately (by 6.0%) from the prior-year level. While EBIT in the Starch segment, at € 65.9 million, rose substantially by 21.8%, the lower revenue in the sugar business led to markedly weaker (but positive) EBIT in the Sugar segment of € 4.3 million, a decrease of 52.2%. In the Fruit segment, EBIT was steady (at € 58.8 million, up 0.3%) despite a significant reduction in fruit juice concentrate earnings. Details on the share of results of equity-accounted joint ventures and on exceptional items can be found in the segment reports and the consolidated financial statements.

EBIT by segment in 2015|16



EBIT by segment in 2014|15



**Net financial items** in the 2015|16 financial year amounted to a net expense of € 24.5 million (prior year: net expense of € 5.2 million); the significant negative year-on-year change was attributable to net currency translation losses that represented a negative change of € 21.3 million from the prior year's translation gains. The translation losses were caused primarily by depreciation in the currencies of Argentina, Brazil, China, Mexico and Russia. Net interest expense, meanwhile, improved by € 1.8 million thanks to a further decline in interest rates and the optimised use of existing liquid assets.



Net financial items		2015 16	2014 15	Change %
Net interest (expense)	€000	(8,376)	(10,181)	+17.7%
Currency translation differences	€000	(13,524)	7,754	-274.4%
Share of results of non-consolidated subsidiaries and outside companies	€000	29	769	-96.2%
Other financial items	€000	(2,648)	(3,582)	+26.1%
<b>Total</b>	€000	<b>(24,519)</b>	<b>(5,240)</b>	<b>-367.9%</b>

**Profit before tax** decreased from the prior year's € 116.5 million to € 104.4 million. After an income tax expense of € 23.5 million based on a tax rate of 22.5% (prior year: 27.4%), the Group's profit for the period was € 80.9 million (prior year: € 84.6 million). **Profit for the period** attributable to shareholders of AGRANA was € 82.7 million (prior year: € 80.9 million); earnings per share increased to € 5.82 (prior year: € 5.70).

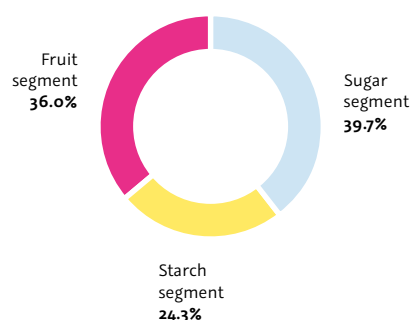
## Investment

In 2015|16, AGRANA invested a total of € 116.0 million, or € 24.8 million more than in the prior year. The analysis of this capital spending on purchases of property, plant and equipment and intangible assets by segment is as follows:

Investment <sup>1</sup>		2015 16	2014 15	Change % / pp
Sugar segment	€000	46,102	34,476	+33.7%
Starch segment	€000	28,151	13,743	+104.8%
Fruit segment	€000	41,730	42,990	-2.9%
<b>Group</b>	€000	<b>115,983</b>	<b>91,209</b>	<b>+27.2%</b>
Depreciation, amortisation and impairment	€000	85,381	80,065	+6.6%
Investment coverage	%	135.8	113.9	+21.9 pp

The investment in the Sugar segment focused mainly on yield, by-product utilisation and energy efficiency; in the Starch segment it centred on heightening the degree of refining intensity. The installation of an additional freezer tunnel for IQF<sup>2</sup> fruit in Mexico was the largest project in the Fruit segment. Overall, the AGRANA Group's capital investment was about 36% above the amount of depreciation. The key projects in the individual segments are described in detail in the segment reports.

Investment by segment in 2015|16



<sup>1</sup> Investment represents purchases of property, plant and equipment and intangible assets, excluding goodwill.

<sup>2</sup> Individually quick-frozen.

## Cash flow

Consolidated cash flow statement (condensed)		2015 16	2014 15 <sup>1</sup>	Change %
Operating cash flow before changes in working capital	€000	225,914	208,066	+8.6%
Changes in working capital	€000	(73,691)	52,041	-241.6%
Losses on disposal of non-current assets	€000	(50,310)	(32,964)	-52.6%
<b>Net cash from operating activities</b>	€000	<b>101,913</b>	<b>227,143</b>	<b>-55.1%</b>
Net cash (used) in investing activities	€000	(19,924)	(84,151)	+76.3%
Net cash (used) in financing activities	€000	(163,613)	(81,145)	-101.6%
<b>Net increase in cash and cash equivalents</b>	€000	<b>(81,624)</b>	<b>61,847</b>	<b>-232.0%</b>
Effects of movements in foreign exchange rates on cash and cash equivalents	€000	(2,819)	(3,885)	+27.4%
Cash and cash equivalents at beginning of period	€000	193,818	135,856	+42.7%
<b>Cash and cash equivalents at end of period</b>	€000	<b>109,375</b>	<b>193,818</b>	<b>-43.6%</b>
Free cash flow <sup>2</sup>	€000	81,989	142,992	-42.7%

Operating cash flow before changes in working capital rose moderately from the prior year, to € 225.9 million in 2015|16. After a significant increase of € 73.7 million in working capital (prior year: decrease of € 52.0 million) and a higher income tax expense, net cash from operating activities amounted to € 101.9 million (prior year: € 227.1 million). Net cash used in investing activities was € 19.9 million (prior year: net cash use of € 84.2 million) as higher payments for purchases of property, plant and equipment and intangibles were offset by proceeds from non-current financial assets. Net cash used in financing activities of € 163.6 million (prior year: net cash use of € 81.1 million) reflected both the payment of the dividend for the 2014|15 financial year and the repayment of borrowings to Südzucker AG. Free cash flow declined by about 43% year-on-year.

## Financial position

Consolidated balance sheet (condensed)		29 Feb 2016	28 Feb 2015	Change % / pp
Non-current assets	€000	1,027,647	1,136,643	-9.6%
Current assets	€000	1,213,887	1,270,244	-4.4%
Non-current assets held for sale	€000	1,631	0	-
<b>Total assets</b>	€000	<b>2,243,165</b>	<b>2,406,887</b>	<b>-6.8%</b>
Equity	€000	1,200,124	1,194,420	+0.5%
Non-current liabilities	€000	378,678	418,064	-9.4%
Current liabilities	€000	664,363	794,403	-16.4%
<b>Total equity and liabilities</b>	€000	<b>2,243,165</b>	<b>2,406,887</b>	<b>-6.8%</b>
Net debt	€000	405,806	330,283	+22.9%
Gearing ratio <sup>3</sup>	%	33.8	27.7	+6.1 pp
Equity ratio	%	53.5	49.6	+3.9 pp

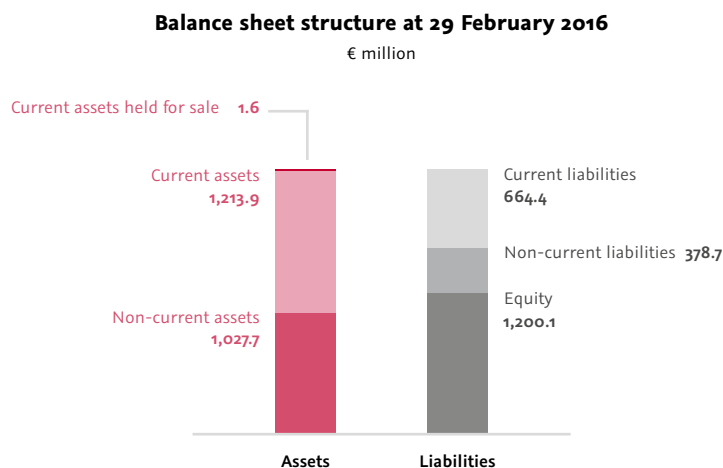
Total assets at 29 February 2016 were € 2,243.2 million, a decrease of € 163.7 million from the year-earlier level. Especially the redemption by RAIFFEISEN-HOLDING NIEDERÖSTERREICH-WIEN regGmbH of the participation capital (€ 85 million) which had been held in non-current securi-

<sup>1</sup> The prior-year data have been restated. Further information is provided on page 106 in the notes to the consolidated financial statements.

<sup>2</sup> Total of net cash from operating activities and net cash used in investing activities.

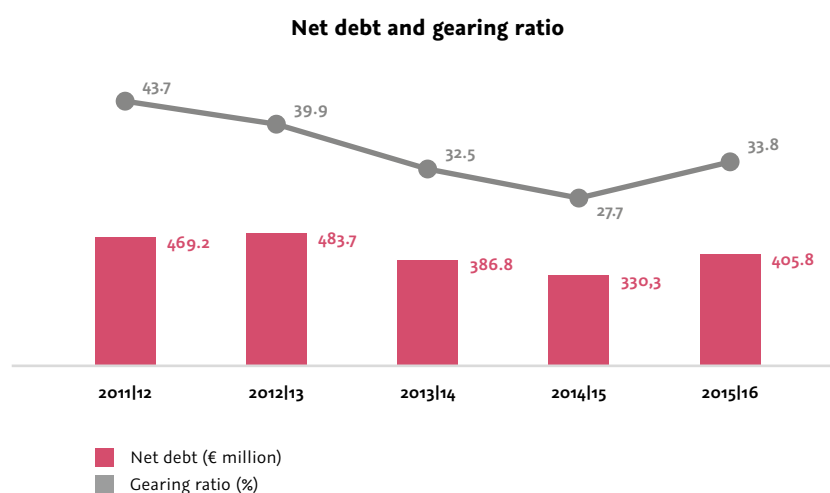
<sup>3</sup> Ratio of net debt to total equity.

ties led to a reduction of € 109.0 million in non-current assets, despite investment in excess of depreciation in property, plant and equipment. While inventories expanded significantly for volume and price reasons (by € 28.9 million), cash and cash equivalents contracted sharply (by € 84.4 million), which on balance also resulted in lower current assets.



AGRANA's equity ratio of 53.5% represented an improvement of almost 4 percentage points from the year-earlier level of 49.6%. On the liabilities side of the balance sheet, non-current liabilities eased moderately as a result mainly of a € 33.6 million reduction in non-current borrowings. Current liabilities showed a pronounced decrease, reflecting significantly lower current borrowings (down € 61.5 million) and a drop of € 36.1 million in trade payables.

Net debt as of 29 February 2016 stood at € 405.8 million, up significantly as expected (by € 75.5 million) from the 2014|15 year-end level. The gearing ratio of 33.8% at the balance sheet date was thus higher than on 28 February 2015, when it stood at 27.7%.

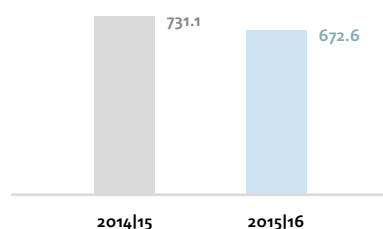


As a result of the Group's realignment of its financing structure in 2014|15, no capital market transactions were required in the financial year under review. The funds freed up by the disposal of the participation capital were used to repay a loan from Südzucker AG, with the effect of reducing gross debt from the prior year's level of € 629.0 million at 28 February 2015 to € 533.8 million at 29 February 2016.

## Financial results in each segment

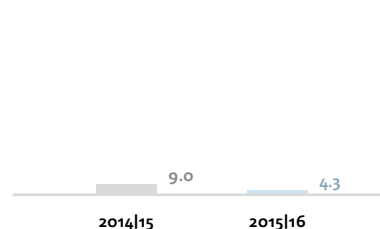
### Revenue in the Sugar segment

€ million



### EBIT in the Sugar segment

€ million



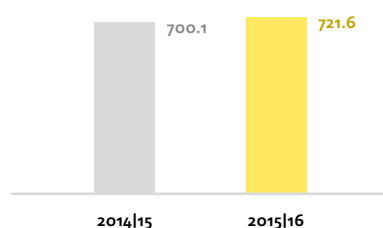
In the 2015|16 financial year, revenue in the **Sugar segment** decreased by 8.0% year-on-year to € 672.6 million. While sugar sales prices especially with the sugar-using industry and with resellers (food wholesalers and retailers) were down significantly from the prior year, growth was achieved in the sales quantities of quota sugar, particularly with the food industry. Sales volumes of non-quota sugar with the chemical industry were nearly at the year-earlier level, while exports to non-EU countries were down significantly. Revenue from by-products receded slightly for price reasons. The Sugar segment accounted for 27.2% of Group revenue (prior year: 29.3%).

As expected, EBIT (earnings before interest and taxes), at € 4.3 million, also fell year-on-year (from € 9.0 million). The key negative driver was the significant decline in sugar selling prices compared with the prior year. In the first six months of the prior year, higher prices were still being received from the 2013|14 campaign. The EBIT improvement in the last six months of the 2015|16 financial year was attributable primarily to the year-on-year drop in the cost of raw sugar and to the additional contribution margin from the higher sales volume.

Further details on the results in the Sugar business are given in the segment report from page 50.

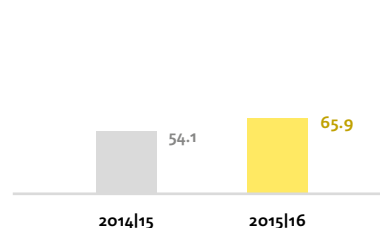
### Revenue in the Starch segment

€ million



### EBIT in the Starch segment

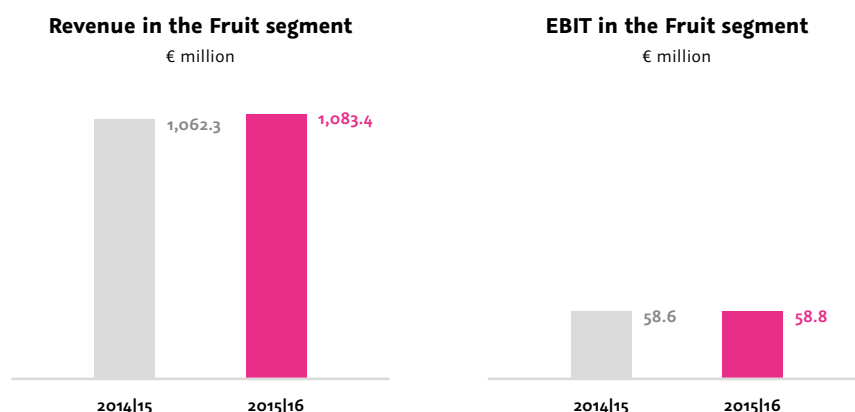
€ million



Revenue in the **Starch segment** in 2015|16 was € 721.6 million, up slightly by 3.1% from the previous year. Among other areas, the revenue growth was achieved in the bioethanol business, which benefited from higher selling prices, and in wet starch derivatives, thanks to higher sales volumes. Decreased revenue from saccharification products reflected the persistent low prices in the European sugar market. By-products brought in slightly less revenue than in the prior year, as a result of lower raw material prices. The Starch segment generated 29.1% of the Group's revenue (prior year: 28.1%).

EBIT of € 65.9 million significantly surpassed the year-earlier result, by 21.8%. Besides price-driven margin growth (notably in ethanol) and higher sales volumes, this increase was explained by lower raw material and energy prices. Profitability in terms of EBIT margin rose from 7.7% to 9.1%. The earnings decrease at HUNGRANA, the equity-accounted subsidiary, was a result of the lower sales prices for saccharification products.

Further details on the results of the Starch business are provided in the segment report from page 50.



**Fruit segment** revenue rose by 2.0% in the 2015|16 financial year to € 1,083.4 million. In the fruit preparations division, revenue expanded by about 8%, reflecting both sales volume that rose slightly from one year earlier, and higher sales prices that were amplified by favourable currency effects (mostly from the US dollar, Chinese yuan, Korean won and Egyptian pound). In the fruit juice concentrates division, on the other hand, revenue declined by about 18% as a result mainly of sharply lower selling prices for apple juice concentrate from the 2014 crop. The Fruit segment was responsible for 43.7% of Group revenue (prior year: 42.6%).

EBIT in the Fruit segment was € 58.8 million and thus steady at the year-earlier level. While the fruit preparations division showed a significant improvement in EBIT, the lower apple prices of the 2014 campaign and the associated considerable decline in concentrate prices negatively affected margins in the fruit juice concentrate activities. In fruit preparations, a significantly positive business trend was felt particularly in Europe, North and Latin America, Asia/Australia and Middle East/North Africa, while currencies that strengthened against the euro (most notably the US dollar, Korean won and Chinese yuan) also contributed to the gain in EBIT. The net exceptional items expense of € 3.1 million was related primarily to the restructuring project of Dirafröst FFI N.V., Herk-de-Stad, Belgium; however, most of the project's one-time costs had already been recognised in the 2014|15 consolidated financial statements.

Further details on the results in the Fruit business are supplied in the segment report from page 64.

## Events after the balance sheet date

No significant events occurred after the balance sheet date of 29 February 2016 that had a material effect on AGRANA's financial position, results of operations or cash flows.



## Basics of the Sugar segment

### Marketing relationship

B2B and B2C

### Products

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

### Raw materials

processed

Sugar beet, and raw sugar from sugar cane

### Key markets

Austria, Hungary, Romania, Czech Republic, Slovakia, Bosnia-Herzegovina (Western Balkans region), Bulgaria

### Customers

Downstream manufacturers (particularly confectionery, beverage and fermentation industries), food retailers (for consumer products)

### Special strengths

High product quality standards; product offering tailored to customer needs

AGRANA Zucker GmbH, Vienna, as the parent company of 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, AGRANA Research & Innovation Center GmbH, Vienna, and the Group holding company, AGRANA Beteiligungs-AG, Vienna. Since the beginning of the 2014/15 financial year, the equity method is used to account for the joint ventures of the AGRANA STUDEN group in the consolidated financial statements.

## Revenue and earnings

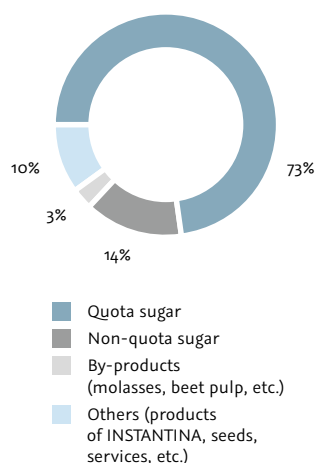
Sugar segment		2015/16	2014/15	Change % / pp
Total revenue	€000	739,912	812,265	-8.9%
Inter-segment revenue	€000	(67,268)	(81,127)	+17.1%
Revenue	€000	672,644	731,138	-8.0%
EBITDA <sup>1</sup>	€000	25,397	29,355	-13.5%
Operating profit before exceptional items and results of equity-accounted joint ventures	€000	2,764	9,699	-71.5%
Share of results of equity-accounted joint ventures	€000	1,542	(1,721)	+189.6%
Exceptional items	€000	0	1,002	-100.0%
Operating profit [EBIT] <sup>2</sup>	€000	4,306	8,980	-52.0%
EBIT margin	%	0.6	1.2	-0.6 pp
Investment <sup>3</sup>	€000	46,102	34,476	+33.7%
Number of employees (FTE) <sup>4</sup>		2,185	2,297	-4.9%

Total sales quantities of sugar products rose compared to the prior year, with differences between markets. While the volume of retail quota sugar eased slightly, there was a clear increase in quota sugar sold into the food and beverage industry, especially in Hungary and Romania. The quantity of non-quota sugar sold to the chemical industry was held at the prior-year level, while sales of the same commodity outside the EU fell by about 38%.

Operating profit was negatively affected mainly by significantly lower prices. Particularly the quota sugar prices for sales to the downstream food industry declined considerably, and selling prices achieved with food resellers were also down. The price erosion was noticeable in all countries and outweighed the beneficial effect of easing raw material costs especially for raw sugar.

The result of the AGRANA-STUDEN group, which is included in the consolidated financial statements by the equity method of accounting, improved amid the low world market prices for raw and white sugar and the good utilisation of the refinery in Bosnia-Herzegovina, and thus was a positive influence in the Sugar segment's EBIT.

### Revenue by product group in 2015/16



<sup>1</sup> EBITDA represents operating profit before exceptional items, results of equity-accounted joint ventures, and operating depreciation and amortisation.

<sup>2</sup> Operating profit (EBIT) is after exceptional items and results of equity-accounted joint ventures.

<sup>3</sup> Investment represents purchases of property, plant and equipment and intangible assets, excluding goodwill.

<sup>4</sup> Average number of full-time equivalents in the reporting period.

The 2014|15 net exceptional items income of € 1.0 million in the Sugar segment represented refunds for overpayments of EU production levies.

## Market environment

### World sugar market

For the 2015|16 sugar marketing year (SMY, 1 October 2015 to 30 September 2016) the analytics firm F.O. Licht in its second, revised estimate of the world sugar balance dated 5 February 2016 is forecasting the first deficit in six years. While demand is continuing to rise, global sugar production will decline. Although Brazilian sugar production is expected to grow in response to the attractiveness of the world market price in local currency, world sugar output is shrinking as a consequence particularly of smaller harvests in the EU and also in India. World sugar stocks at the end of SMY 2015|16 are therefore predicted to decrease for the first time in six years, by a significant 6.4 million tonnes.

World sugar balance <sup>1</sup>	2015 16	2014 15	2013 14
Million tonnes, except %			
<b>Opening stocks</b>	<b>78.4</b>	<b>77.5</b>	<b>72.8</b>
Production	176.9	181.7	181.3
Consumption	(181.7)	(178.9)	(176.0)
Corrections	(1.6)	(1.9)	(0.6)
<b>Closing stocks</b>	<b>72.0</b>	<b>78.4</b>	<b>77.5</b>
In % of consumption	39.6	43.8	44.0

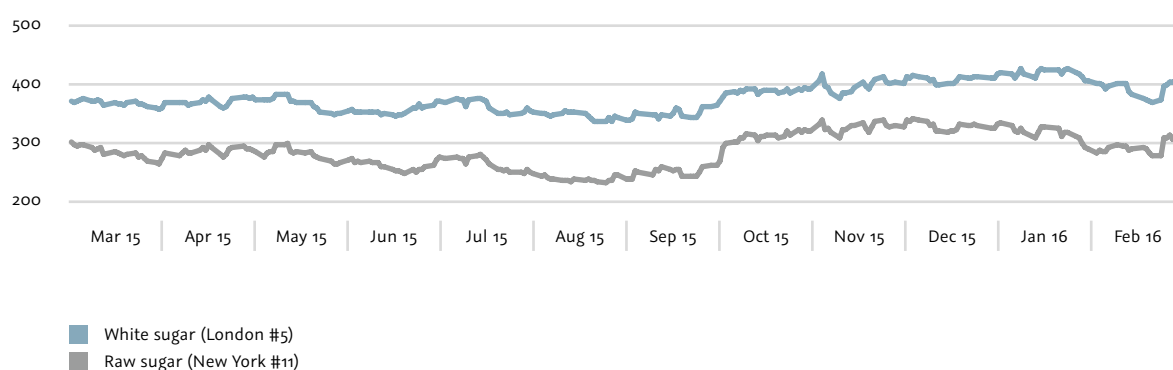
World market prices for sugar remained highly volatile in the 2015|16 financial year. At the beginning of the financial year the white and raw sugar quotations briefly rose, but then fell to their lowest levels in seven years owing to the drastic weakening of the Brazilian real – the currency of the world's largest sugar producer and exporter – against the US dollar. In the further course of the year the anticipation of the world market deficit in 2015|16 gained relevance, ushering in a significant rally in sugar prices since the end of September. After a passing price drop at the beginning of the 2016 calendar year, the closing prices at the end of the year under review (29 February 2016) were about US\$ 407 (€ 374) per tonne for white sugar and US\$ 321 (€ 295) per tonne for raw sugar.

### EU sugar market

In the present SMY 2015|16, after the record crop of the previous year, the restricted marketing opportunities for non-quota sugar triggered a substantial reduction in cultivation area in the EU. At the same time, the yields of the 2015 campaign came in below the record prior year and, in much of Europe, even below the multi-year average. Sugar production in the EU is therefore expected to fall significantly to 15.6 million tonnes (SMY 2014|15: 20.3 million tonnes), leading to a decline in stocks of non-quota sugar. For preferential imports to increase, prices in the EU would have to be at least high enough to allow the imported sugar to be marketed on a break-even basis. Quota sugar stocks are expected to register a further decline at the end of SMY 2015|16.

### International sugar prices during AGRANA's 2015|16 financial year

US\$ per tonne



<sup>1</sup> Source: F.O. Licht, Second Estimate of the World Sugar Balance 2015|16, dated 5 February 2016.

In the completed SMY 2014|15, amid record yields throughout Europe, the EU sugar quota was fully utilised and the production of non-quota sugar was very high. Given the limits on the sale of non-quota sugar, large quantities were carried over to SMY 2015|16. Due to dramatically reduced sugar prices in the EU, preferential imports in the last sugar marketing year remained well below the previous year. The quota sugar stocks at the end of SMY 2014|15 were therefore down significantly.

In October 2015 the European Commission (EC) released the first tranche, or 650,000 tonnes, of the export allowance of European non-quota sugar. At the end of January 2016 the EC also released the second tranche of export licences, for 700,000 tonnes. The total represents the export limit of 1.35 million tonnes set by the World Trade Organisation (WTO).

### Customers in industry and resellers

Sugar sales volume with industrial customers and resellers showed a positive overall trend in AGRANA's geographic territory. Through a widening of the customer base and intensified collaboration with key accounts, the quantities sold to industry were boosted by about 10%. In the reseller market segment, with the rising purchasing power in the Eastern European countries, there is not only growth in consumption in general but also rising demand for specialties. To continue to maintain and where possible expand its strong market position going forward, AGRANA's goal here is to intensify its existing brand strategy and the specialties marketing and strengthen the local brands. Especially in Eastern Europe, demand for sugar specialties is likely to rise in the long term. Demand for organic products in the Sugar segment was steady.

### EU sugar policy

After the coming expiration on 30 September 2017 of the sugar and isoglucose quotas and the minimum beet price, the new regime for the intra-EU market – besides 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 of the market liberalisation, the volume and price volatility in the world market will feed through to the EU sugar market more strongly than before.

The tariff protection of the EU sugar market for imports from non-EU countries is not affected by the change in the sugar regime. 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

In 2013, negotiations began between the EU and the USA towards a free trade agreement (the Transatlantic Trade and Investment Partnership, or TTIP) aimed at extensive market liberalisation.

Only about 10% of trade goods are currently classified as "sensitive products" that are either to be covered by special derogations or to be completely excluded. Sugar and sugar-containing products are to be discussed in the final rounds of the TTIP talks.

In the TTIP, the question of rules of origin has particular importance for the sugar sector, as the USA is subject to duty-free, quota-free sugar imports from Mexico under the North American Free Trade Agreement (NAFTA).

## Sustainability in the Sugar segment

### Economic footprint<sup>1</sup>

€ 102.5 million  
of direct gross  
value added

€ 292.0 million of total  
gross value added

Each job at  
AGRANA creates  
up to 4 more jobs in  
other companies

### Targets in the supply chain

✓ 2015|16: Intro-  
duction of SAI FSA  
for contract beet  
production  
in 5 countries

### Environmental targets by 2020|21

✗ Direct energy  
consumption  
of 2.80 GJ per  
tonne of product

✓ Water consumption  
of 2.17 m<sup>3</sup> per  
tonne of product

### Value chain

[www.agrana.com/en/  
sustainability/  
value-chain/sugar](http://www.agrana.com/en/sustainability/value-chain/sugar)



## Raw materials and production

The area of sugar beet fields harvested by AGRANA's approximately 7,700 contract farmers in SMY 2015|16 was about 95,000 hectares (prior SMY: 98,000 hectares); about 850 hectares of this (prior SMY: 600 hectares) was used for organic production. An extremely dry and hot summer meant a poor 2015 growing season on balance for sugar beet. The planting area reduction combined with below-average beet yields resulted in a sharply lower beet crop volume. In total, the AGRANA Group processed about 5.4 million tonnes of beet (prior year: 7.7 million). Owing to weather conditions during the growing season and autumn, as well as the comparatively short duration of beet storage, the mean sugar content of the 2015 crop, at 16.8%, was above average (prior year: 15.2%).

AGRANA's seven beet sugar factories processed a daily average of about 49,800 tonnes of beet during the campaign (prior year: 48,400 tonnes). Over an average campaign length of 115 days (prior year: 164 days), the beet was used to produce approximately 812,000 tonnes of sugar (prior year: 999,000 tonnes). Sugar production thus significantly exceeded AGRANA's EU beet sugar quota of 618,000 tonnes. The volumes in excess of the quota were marketed as non-quota sugar to the chemical industry or sold outside Europe. In the 2015|16 financial year AGRANA also refined approximately 368,300 tonnes of white sugar equivalent from raw sugar (prior year: 277,500 tonnes).

To also assure a sustainable supply chain for raw sugar as an input product, AGRANA since 2014 holds a Chain of Custody certification under the internationally recognised Bonsucro standard for all its refining facilities. This certificate allows AGRANA's customers to display the Bonsucro logo on their products. Also, in 2015|16 AGRANA for the first time purchased certified organic raw sugar from Brazil and fair-trade-certified raw sugar from Fiji, for refining. As well, in the organic beet campaign, the Group produced around 4,600 tonnes of organic beet sugar (prior year: about 4,200 tonnes).

### Engagement in the upstream value chain

In the 2015|16 financial year the Sugar segment – applying the AGRANA principles for the procurement of agricultural raw materials and intermediate products, which prescribe the use of good agricultural practice (GAP) and fair working conditions – introduced the Farm Sustainability Assessment (FSA) of the Sustainable Agriculture Initiative (SAI) for its sugar beet growers.

### Implementation of the SAI's Farm Sustainability Assessment

In 2015|16, in addition to benchmarking the regulatory and legal environment to the SAI standards – i.e., comparing the cross compliance regulations<sup>2</sup> of the EU and the legal requirements of AGRANA's beet sourcing countries to the requirements of the SAI – the Group also initiated the large-scale surveying of the actual sustainability status of the suppliers' operations through the FSA questionnaire.

In spring 2015 the FSA questionnaire for the self-assessment by farmers was made available on AGRANA's corporate web-based raw material information system (RIS) to contract growers of sugar beet in Austria, the Czech Republic and Slovakia. In Romania and Hungary, at this first stage, the self-assessment data were collected using a paper form; for the 2016 crop year the FSA for these countries too is planned to be conducted online using the RIS tool. On

<sup>1</sup> Calculated based on the data for the 2014|15 financial year.

For more information, see [www.agrana.com/en/sustainability/profit/footprint](http://www.agrana.com/en/sustainability/profit/footprint)

<sup>2</sup> See glossary.



balance in the five AGRANA beet-growing countries, from May to December 2015, about 630 questionnaires voluntarily completed by sugar beet suppliers were analysed. The response rates ranged from 7% to 34% depending on the country.

While the legal requirements for growing and contract-growing of sugar beet in Austria, Romania, Slovakia, the Czech Republic and Hungary correspond to SAI bronze status, the voluntary disclosure provided by the individual farms showed an even better sustainability landscape: Both in Austria and Hungary, 50% or more of respondent farms attained gold standing and the other farms achieved silver status. The performance was even higher in the Czech Republic, where about two-thirds of growers reached gold status and one-third were rated as silver; the opposite ratio applied in Romania and Slovakia. Gold and silver ratings mean that the participants are using additional sustainable management practices above and beyond adherence to EU and national legislation.

Beginning with the Austrian farmers, an internal verification process was developed based on stratified random sampling of these self-assessments (stratified by several farm attributes), and the actual auditing began in early 2016. This is to ensure that the questions were correctly understood, and gives the growers an opportunity to provide feedback on the content and process of the self-assessment. The resulting insights are then used both for refining the SAI system and in the continual improvement of the individual farms. For the 2016 crop year AGRANA seeks to expand the voluntary participation by contract growers.

#### **Building awareness of good agricultural practice**

In the 2015|16 financial year AGRANA continued to invest heavily in awareness-building for good farming practices, through initiatives like the on-going “Mont Blanc” project, through the Group’s annual BETAEXPO event for contract growers, and through agricultural advisors.

“Mont Blanc” is an efficiency programme in place since 2012|13 that aims to boost sugar yield per hectare by up to 20% by 2017; it supports sustainability efforts through the resource-saving use of farm inputs for the benefit of farmers, environment and society. The keynote theme of the programme in 2015, the International Year of the Soil, was soil fertility. At 62 demonstration farms across the entire growing region, visiting growers were able to

glean new ideas on subjects such as soil cultivation systems. Growers’ ability to identify and exploit room for improvement in their practices is aided by a judicious selection of demonstration fields, field tours during the growing period and numerous field trials whose results were systematically summarised and made available to all participants.

Under the motto “Sustainable Supply in Future”, the 15<sup>th</sup> BETAEXPO was held in June 2015, dedicated to communicating good agricultural practices particularly to AGRANA contract growers. On the approximately 700 demonstration plots of the twelve-hectare BETA-EXPO grounds next to the sugar factory in Tulln, Austria, about 3,500 visitors were able to view actual plantings of the AGRANA contract crops and innovations like the AGRANA catch-crop mix that won recognition under the 2014 Raiffeisen Climate Protection Challenge.

In connection with BETAEXPO, the first annual “AGRANA Sustainability Award” was presented to selected contract farmers with especially sustainable farming practices, including growers of sugar beet and organic sugar beet, in order to reinforce all suppliers’ awareness of the importance of sustainable management along the entire value chain (also see the “Sustainability” section on page 72).

#### **Biodiversity in the upstream value chain**

AGRANA’s network of agricultural advisors is instrumental in the Group’s long-standing close partnership with its contract growers. In 2015|16 the advisory programme again included seminars for interested farmers on environmentally sound and biodiversity-enhancing farm management. These events are also credited for the purpose of the Austrian Agri-Environmental Programme and were fully booked.

In the 2015|16 financial year, no fewer than 3,000 hectares were already “greened” with the catch-crop mix from Österreichische Rübensamenzucht GmbH, a not-for-profit subsidiary of AGRANA Zucker GmbH that makes GMO-free seed available to the contract farmers. It loosens the soil structure, mobilises nutrients, activates soil fauna and improves field biodiversity. What is more, the flowering fields provide ideal forage for wild animals, offer honey plants for bees, and add to the aesthetic dimension of the landscape.







### Informative “Sweet Treat” message

To make the responsible practices in its upstream value chain more visible for customers and consumers, AGRANA in 2015|16 for the first time used a distinctive symbol on the packaging of the “Wiener Zucker”-branded sugar products to communicate them. The slogan “Sweet Treat” on the representation of a postage stamp helps to publicise the sustainable farming methods of Austrian beet growers. Educational messages from farmers, delivered with the slogan, are to make sustainability more tangible for AGRANA customers and consumers. In the 2015 crop year, Sweet Treat information signs were placed in many road-side fields in beet growing areas.

### Transport

Although the transport of raw materials and sugar products only represents a comparatively low 5% to 10% of the carbon footprint of the Sugar segment (depending on the calculation method and country), AGRANA strives to make transport as sustainable as infrastructure and economics will allow. In total across all production countries in the 2015|16 processing season, about 37% of beet was delivered to the sugar plants by rail, with the proportion highest in Austria at approximately 44%.

### Energy use and emissions in processing

The average specific direct energy consumption per tonne of product (both core and by-products) in the Sugar segment eased by about 4.1% in the 2015|16 financial year compared to one year earlier. This was due mainly to the generally more favourable campaign results in the year, with a higher sugar content of the beet, higher juice purity and shorter campaign length. At the Hungarian sugar factory in Kaposvár, in the 2015|16 campaign about 56.5% of the facility’s primary energy needs were met from biogas produced on-site. Additionally, some of the biogas generated by the factory was refined into 750,000 cubic metres of biomethane by the biogas upgrading plant installed in autumn 2015, for feeding into the local natural gas grid. The biomethane injected into the grid was equivalent to the annual heating requirement of about 300 single-family homes.

The average specific indirect energy consumption per tonne of product rose by approximately 12.4% year-on-year, as a result of a lower degree of energy self-sufficiency both in Kaposvár, Hungary, and at some other plants.

On balance, the average specific emissions from direct and indirect energy consumption per tonne of product decreased by about 2.1% from the prior year because of changes in the energy mix (see chart on page 56).

Following the introduction of an ISO 50001-certified energy management system at the Austrian production sites of AGRANA Zucker GmbH in 2014, the two locations in the Czech Republic were certified in the 2015|16 financial year. The certification of the remaining facilities in Romania, Hungary and Slovakia will be completed by the middle of 2016.

### Average specific direct energy consumption in processing operations at AGRANA sugar plants<sup>1</sup>

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



■ Specific consumption of non-renewable energy per tonne of core and by-products  
■ Specific consumption of renewable energy per tonne of core and by-products

<sup>1</sup> See GRI reporting boundaries from page 41.

<sup>2</sup> Percentage change based on average specific total energy consumption per tonne of core and by-products.



### Water use and discharge in processing

The water required by a sugar factory is partly obtained from the beet itself. Sugar beet has a water content of roughly 75%, which must be separated from the sugar during the manufacturing process. This water is used both to leach the sugar out of the cossettes (the sliced beet) and to transport and clean the beet. The water is continually cleaned and returned to the process cycle.

### Water use and discharge in processing at AGRANA sugar plants

(within the GRI reporting boundaries – see from page 41)

Sugar segment	2015 16	2014 15	2013 14
m <sup>3</sup> per tonne of core and by-products			
Water consumption	1.98	2.10	2.28
Water discharge	3.12	3.13	2.82

The reduction of about 5.6% in average specific water consumption per tonne of product (core and by-products) was attributable largely to more conscious water utilisation at the facilities in Kaposvár, Hungary, and Leopoldsdorf, Austria. The average specific amount of water discharge, by contrast, remained unchanged from the prior year. In-plant or municipal wastewater treatment plants at all sites ensure the environmentally responsible treatment of the effluent in compliance with local government requirements. When the cleaned wastewater is discharged into the receiving water, it thus meets the applicable environmental standards.

### Waste from processing

The absolute amount of waste in the Sugar segment eased by about 1.8% from the prior year, while the average specific amount of waste per tonne of product (core and by-products) increased from 64 kg to 75 kg as a result of the lower product output in the year under review.

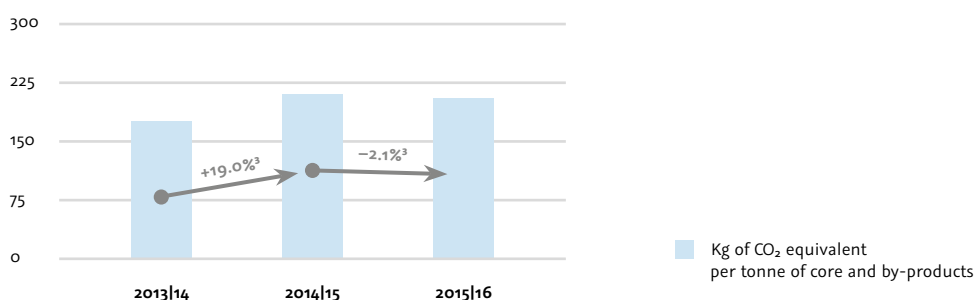
### Waste from processing at AGRANA sugar plants

(within the GRI reporting boundaries – see from page 41)

Sugar segment	2015 16	2014 15 <sup>1</sup>	2013 14 <sup>1</sup>
Tonnes, except percent			
Waste disposed	163,068	166,014	138,031
Of which hazardous waste	170	258	116
Waste per tonne of product	7.5%	6.4%	6.0%
Hazardous waste per tonne of product	0.008%	0.010%	0.005%
<b>Waste disposed, by disposal method</b>			
Composting	962	506	902
Energy recovery	442	746	792
Reuse	91,460	89,485	69,326
Recycling	19,781	2,973	7,942
Landfill	50,418	72,303	59,002
Other	5	1	66

### Average specific emissions (from direct and indirect energy use) from processing at AGRANA sugar plants<sup>2</sup>

In kg of CO<sub>2</sub> equivalent per tonne of core and by-products



<sup>1</sup> The values for 2013|14 and 2014|15 were revised to reflect the new definition of waste applicable since 2015|16 (see "Content boundaries of GRI reporting" from page 41).

<sup>2</sup> See GRI reporting boundaries from page 41.

<sup>3</sup> Percentage change based on average specific emissions (from direct and indirect energy use) per tonne of core and by-products.

### Biodiversity at former production site

Although biodiversity as an aspect of sustainability is at its most relevant in AGRANA's agricultural supply chain, the Group also works to protect local ecosystems and conserve biodiversity at its own production plants.

Thus AGRANA has repurposed the settling ponds on the grounds of its former sugar plant (closed in 2006) in Hohenau an der March, Austria, working together with the AURING conservationist club. Located in an area of high diversity value identified under the RAMSAR Convention on Wetlands<sup>1</sup>, the ponds now serve as a staging area for water birds, most notably waders.

### Living accommodations for refugees

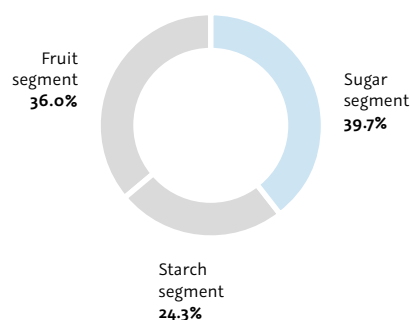
In August 2015 AGRANA decided to open up the same Hohenau property for a further socially valuable use. To help accommodate the continuing strong influx of asylum seekers from the Middle East, AGRANA, after some building alterations and with the consent of the local community, made the former administration building and part of the grounds available to house a total of 50 refugees, primarily families from Afghanistan, Iraq and Syria (also see page 75 in the "Sustainability" section).

## Investment

In the Sugar segment, AGRANA invested € 46.1 million (prior year: € 34.5 million) in new assets and asset replacement during the 2015|16 financial year:

- The expanded evaporator station in Leopoldsdorf, Austria, started operation at the beginning of the beet campaign
- The upgraded and enlarged molasses desugaring plant in Tulln, Austria, came on-stream
- Full commissioning of the packing lines at the new packaging centre in Kaposvár, Hungary

Share of Group investment  
by segment in 2015|16



<sup>1</sup> See glossary.

## 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 (feedstuffs and fertilisers)

### 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, through AGRANA Stärke GmbH, includes the three 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. Since the beginning of the 2014|15 financial year, the consolidated financial statements use the equity method to account for the joint ventures of the HUNGRANA group (which make starch and saccharification products, bioethanol, and by-products).

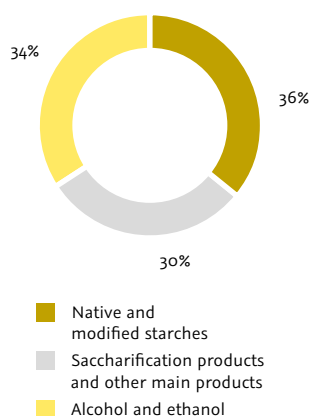
## Revenue and earnings

Starch segment		2015 16	2014 15	Change % / pp
Total revenue	€000	728,730	708,233	+2.9%
Inter-segment revenue	€000	(7,164)	(8,102)	+11.6%
Revenue	€000	721,566	700,131	+3.1%
EBITDA <sup>1</sup>	€000	64,884	49,005	+32.4%
Operating profit before exceptional items and results of equity-accounted joint ventures	€000	42,846	27,038	+58.5%
Share of results of equity-accounted joint ventures	€000	22,981	27,093	-15.2%
Operating profit [EBIT] <sup>2</sup>	€000	65,827	54,131	+21.6%
EBIT margin	%	9.1	7.7	+1.4 pp
Investment <sup>3</sup>	€000	28,151	13,743	+104.8%
Number of employees (FTE) <sup>4</sup>		870	848	+2.6%

In the Starch segment, revenue rose by 3.1% in the 2015|16 financial year. The principal reason was the significant increase in ethanol prices from the prior year, with the resulting higher ethanol revenue. Another upside factor was that more of the manufacturing capacity for starch products per se was used to make higher-margin modified products. In the year, the pursuit of the specialties strategy also brought significant revenue growth in infant formula and organic products, thanks both to volume gains and stronger sales prices. The lasting low sugar prices in Europe weighed also on selling prices of saccharification products, and revenue in this product category thus did not reach the prior-year level despite higher volumes. By-product revenue was down slightly from one year earlier as a result of low grain and soy prices.

The trajectory of raw material prices was once again volatile in 2015|16, affected particularly by weather conditions. While prolonged drought in the summer led to significant crop failures locally for autumn crops such as corn and potatoes, and thus to temporarily higher prices, savings in raw material costs were realised overall relative to the prior year. Energy costs too declined in the year under review, mostly for price reasons. Ultimately, next to the improved cost situation, it was mainly the already mentioned higher sales prices (of bioethanol) and greater sales volumes that drove an increase in profitability for the Starch segment.

### Revenue by core products in 2015|16



<sup>1</sup> EBITDA represents operating profit before exceptional items, results of equity-accounted joint ventures, and operating depreciation and amortisation.

<sup>2</sup> Operating profit (EBIT) is after exceptional items and results of equity-accounted joint ventures.

<sup>3</sup> Investment represents purchases of property, plant and equipment and intangible assets, excluding goodwill.

<sup>4</sup> Average number of full-time equivalents in the reporting period.

Under a project carried out at the Austrian plants, their whole value chain was optimised in the financial year. Through improvements to production processes as well as organisational changes aimed at strengthening the focus on customers, a further efficiency gain was achieved.

In 2015|16, revenue of the equity-accounted HUNGRANA group in Hungary grew marginally. Its higher revenue in bioethanol was contrasted by a decrease in saccharification product revenue. Despite the lower raw material and energy prices, the joint venture's bottom line result below the prior year's due to the reduced sales prices for saccharification products.

## Market environment

The defining market factors for the Starch segment in the financial year under review were grain prices (which despite the drought events were stable or even showed a falling trend), the downward pressure in the sugar market, and the high ethanol prices in the European markets.

The strategic further development of AGRANA's starch product range and market portfolio towards greater specialisation is clearly visible in the expansion within higher-revenue, higher-margin starch derivatives. Likewise, organic starches and the product area of infant formula contributed to the Starch segment's positive business performance. The sales volume situation in starches for non-food applications (particularly for paper and corrugated board) is stable at a high absolute level. The addition of wheat starch to the portfolio has distinctly expanded AGRANA's market position in the European starch sector.

Even with significant regional impacts of the summer 2015 drought on the supply of grains and oilseeds, the internationally high harvest volumes of grains, protein crops and oilseeds created downside market pressure on by-product revenue.

### Saccharification products

The isoglucose quota of the EU-28 in the 2015|16 sugar marketing year is 720,000 tonnes, of which HUNGRANA holds the largest share at 250,000 tonnes (amounts for this equity-accounted joint venture are stated at 100% of the total).

In saccharification products there were substantial price declines as a consequence of the fall in sugar quotations on the world market and the more aggressive competition for market share in the run-up to the liberalisation of the European market upon expiration of the EU sugar regime at the end of September 2017.

### Bioethanol (including economic policy environment)

In spite of the dramatic slump in prices of crude oil, petrol and diesel, the markets for fuel ethanol held their own well in 2015|16. This resulted from a tight supply situation and insufficient import opportunities due to the euro weakness and tariff protection. In addition, the legislative fuel blending requirements ensured corresponding demand for ethanol despite the higher price.

After years of negotiations, the debate on the issue of indirect land use change (ILUC) for biofuels was brought to a close by an agreement in the European Parliament. The adopted 7% cap on first-generation biofuel content will create more stable business conditions for the period to 2020 than had prevailed recently. AGRANA benefits from the synergies in the production of food, feedstuffs and energy and in the cascading utilisation of raw materials. Thus, the co-product ActiProt®, a premium protein feed, reduces the requirement for soya imports from overseas. For bioethanol production, AGRANA uses only regional surplus feed grain that meets the European sustainability criteria.



## Raw materials and production

World grain production in the 2015|16 grain marketing year (1 July to 30 June) is estimated by the International Grains Council<sup>1</sup> at about 2 billion tonnes, which is slightly below the prior year but still above the expected consumption. Global wheat production is forecast at 732 million tonnes (prior year: 728 million tonnes), compared to expected use of 719 million tonnes. The world's corn production is projected at 969 million tonnes (prior year: 1,016 million tonnes), versus expected consumption of 971 million tonnes. In view of the good wheat harvest, global total grain stocks are forecast to increase by about 16 million tonnes from the prior year to 465 million tonnes.

Tracking the more favourable supply trend especially for wheat, the grain quotations eased in the course of the year (for wheat) or remained steady (corn). On 29 February 2016 on the NYSE Euronext Liffe commodity derivatives exchange in Paris, both corn and wheat quoted at about € 147 per tonne (prior year: € 148 per tonne for corn and € 185 for wheat).

### Potatoes

In the 2015 campaign the Austrian starch plant in Gmünd, over a period of 104 days (prior year: 122 days), for weather reasons processed significantly less starch potatoes than in the previous year, despite unchanged contract volume. The average yield per hectare was approximately 26 tonnes (prior year: 40 tonnes) and the average starch content was 17.3% as in the prior year. The organic portion of this amounted to approximately 4% (prior year: about 3%), measured by input volume. For the 2016 campaign year (crop year), AGRANA plans

a starch potato contract volume at the prior-year level, which at average yields should translate into a higher processing volume. In potatoes for the food industry, the amount processed into long-life potato products was comparable to that of the prior year, with an organic share of about 26% (prior year: about 21%).

### Corn and wheat

The total corn processing volume of the AGRANA starch plants in Austria and Romania in 2015|16 was down slightly year-on-year as a result of a weather-induced reduction in wet-corn processing. Within this total, the share of specialty corn processed (waxy corn, organic corn, and certified non-GMO corn) increased by about 31% from the year before.

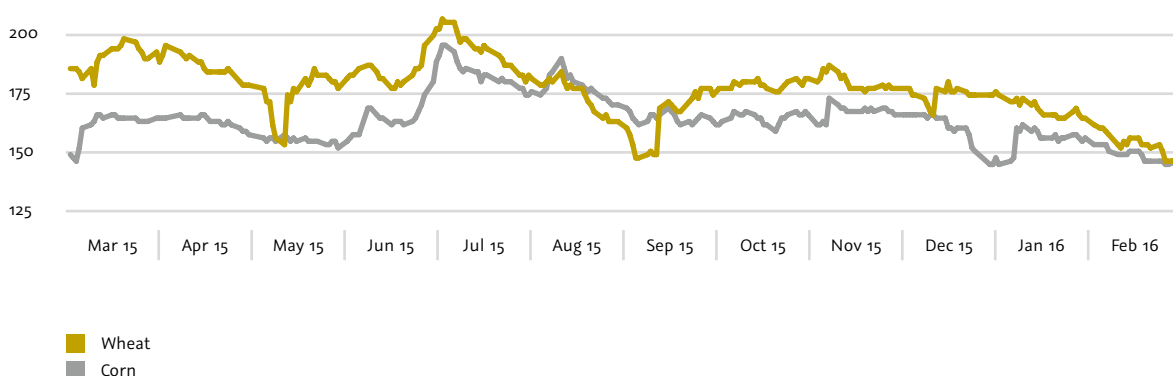
At the wheat starch factory in Pischelsdorf, Austria, in 2015|16 the amount of raw materials used grew by 14% from the prior year, and for the first time, some of the wheat starch was made from certified organic wheat.

At the Pischelsdorf bioethanol plant, the processing of corn, wheat and triticale was somewhat below the prior-year level. Of the 2015 crop, about 50,700 tonnes of ethanol wheat and triticale were secured in advance through delivery contracts with growers. For the 2016 crop as well, cultivation contracts for ethanol grains were again offered.

In Hungary, at the equity-accounted joint venture HUNGRANA, total corn processing in 2015|16 increased moderately at an absolute level above 1 million tonnes (stated at 100% of the total). The wet-corn processing was completed at the end of November 2015 with a volume significantly less than in the previous year.

## Commodity prices during AGRANA's 2015|16 financial year

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



<sup>1</sup> IGC estimate from 25 February 2016.



## Sustainability in the Starch segment

### Economic footprint<sup>1</sup>

€ 123.8 million  
of direct gross  
value added

€ 333.1 million of total  
gross value added

Each job at  
AGRANA creates  
up to 5 more jobs in  
other companies

### Targets in the supply chain

✓ 2015|16: Intro-  
duction of SAI FSA  
for contract  
potato production  
in 2 countries

### Environmental targets by 2020|21

X Cumulative  
savings of 50 GWh  
through efficiency  
measures in plants

### Value chain

[www.agrana.com/en/  
sustainability/  
value-chain/starch](http://www.agrana.com/en/sustainability/value-chain/starch)



### Engagement in the upstream value chain

In the 2015|16 financial year the Starch segment worked to implement the AGRANA principles for the procurement of agricultural raw materials and intermediate products, specifically for contract-grown potatoes in Austria and the Czech Republic. Upon benchmarking of the EU's cross compliance regulations<sup>2</sup> and the legal requirements in the crop production countries of Austria and the Czech Republic to the standards of the Sustainable Agriculture Initiative (SAI), potato cultivation in both countries was awarded bronze status by the SAI. Delving deeper, the specific sustainability status of AGRANA's potato producers was assessed using the Farm Sustainability Assessment (FSA), a questionnaire-based self-evaluation by farmers under the SAI.

To determine this actual status, the FSA questionnaire was made available in spring 2015 on AGRANA's web-based corporate raw material information system for online completion by Austrian potato growers. About 15% of the potato suppliers participated in the voluntary self-assessment. Of these, more than 50% achieved gold status and the rest attained silver standing. Gold and silver ratings mean the participants are using additional sustainable management practices above and beyond adherence to EU and local legislation.

At the beginning of 2016, AGRANA carried out an internal verification process using stratified random sampling to assure that the questions were correctly understood and answered, and giving the farmers an opportunity to provide feedback on the content and process of the self-assessment. The resulting insights are being incorporated in the implementation of the 2016|17 self-assessment in the Czech Republic, the further refinement of the SAI system and of course the continual improvement of the individual farms' practices (also see from page 71 in the "Sustainability" section).

In the sourcing of raw materials for the production of wheat starch and bioethanol, AGRANA has been relying for years on inputs carrying the International Sustainability and Carbon Certification (ISCC) and REDcert EU certification.

### BETAEXPO – Austria's largest demonstration field for AGRANA input crops

In June 2015, BETAEXPO, with Austria's largest field of demonstration plantings of AGRANA raw material crops, was held for the 15<sup>th</sup> year. Under the year's motto of "Sustainable Supply in Future", it again served to promote good agricultural practices, notably in the cultivation of AGRANA contract potatoes and grains.

### Biodiversity in the upstream value chain

In the bat conservation project which was started in summer 2013 in Austria's Waldviertel district (see annual report 2014|15, page 64), population counts during 2015 demonstrated positive results, with increasing occupation of the installed bat roosts, especially by barbastelle bats, a species identified in the EU's Habitats Directive as particularly deserving of protection. An AGRANA potato grower especially active in bat conservation was recognised for his engagement with the 2015 AGRANA Sustainability Award.



<sup>1</sup> Calculated based on the data for the 2014|15 financial year.

For more information, see [www.agrana.com/en/sustainability/profit/footprint](http://www.agrana.com/en/sustainability/profit/footprint)

<sup>2</sup> See glossary.

### Energy use and emissions in processing

The average specific direct energy consumption per tonne of product (both core and by-products) in the Starch segment eased by about 2.2% in the 2015|16 reporting period compared to one year earlier. An important reason for this was the reduction in natural gas use in Pischelsdorf, Austria, as a greater proportion of district heating was used in the energy mix.

However, the average specific indirect energy consumption per tonne of product in the Starch segment rose by about 8.3% from the prior year, driven primarily by the change in energy mix in Pischelsdorf and by an increased average refining intensity at the site in Aschach, Austria.

On balance, the average specific emissions per tonne of product from direct and indirect energy consumption were thus reduced by about 5.6% year-on-year (see chart on page 63).

At the three Austrian starch manufacturing sites of Aschach, Gmünd and Pischelsdorf, an energy management system was introduced in autumn 2014 and certified under ISO 50001. Aiming for continual improvement, the Starch segment is targeting site-specific efficiency gains amounting to a cumulative reduction of 50 GWh of energy use by 2020|21 through efficiency-boosting projects in individual sections of the plants. In the 2015|16 financial year about 5 GWh of this reduction target was achieved through several projects, such as an improvement in the distillation plant in Pischelsdorf.

### Water use and discharge in processing

At the AGRANA starch plants, true to the Group's environmental policy, water use and effluent are managed sustainably. Process water in the starch operations as well is repeatedly cleaned and reused in cycles. An example is the integrated bioethanol and wheat starch production complex in Pischelsdorf, Austria. Since the wheat starch plant began operation, the bioethanol plant generally does not require any external fresh water to be fed in, as its water needs for mashing are met with steam condensate and with slurry from the starch factory.

### Water use and discharge in processing at AGRANA starch plants

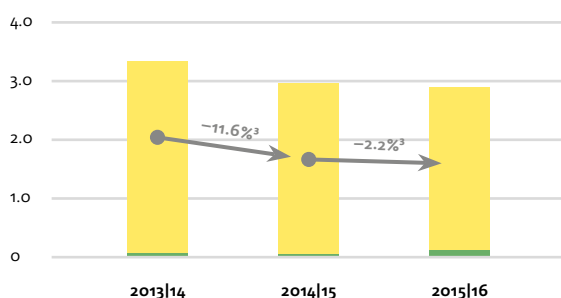
(within the GRI reporting boundaries – see from page 41)

Starch segment	2015 16	2014 15 <sup>1</sup>	2013 14
m <sup>3</sup> per tonne of core and by-products			
Water consumption	3.83	4.34	4.56
Water discharge	4.35	4.92	4.64

The average specific water consumption in the Starch segment per tonne of product (core and by-products) in the 2015|16 financial year was approximately 11.7% less than one year earlier, attributable mainly to the installation of a system for water recovery from starch slurry in Pischelsdorf, Austria. The reduction of about 11.6% in average specific water discharge resulted from factors including the lower amounts of precipitation and the short campaign duration in Gmünd, Austria.

### Average specific direct energy consumption in processing operations at AGRANA starch plants<sup>2</sup>

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



<sup>1</sup> 2014|15 data have been revised to correct an error in the 2014|15 data collection.

<sup>2</sup> See GRI reporting boundaries from page 41.

<sup>3</sup> Percentage change based on average specific total energy consumption per tonne of core and by-products.

### Waste from processing

The specific amount of waste from processing per tonne of product (core and by-products) was 22.3% higher in 2015|16 than the year before. The change is explained primarily by the larger amount of sewage sludge generated.

### Waste from processing at AGRANA starch plants

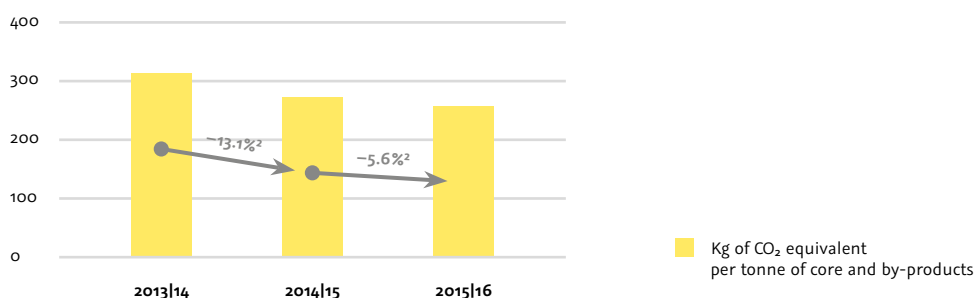
(within the GRI reporting boundaries – see from page 41)

Starch segment	2015 16	2014 15	2013 14
Tonnes, except percent			
Waste disposed	17,665	14,351	13,098
Of which			
hazardous waste	21	28	68
Waste per tonne of product	1.6%	1.3%	1.3%
Hazardous waste per tonne of product	0.002%	0.003%	0.007%
<b>Waste disposed, by disposal method</b>			
Composting	13,030	10,337	8,462
Energy recovery	1,490	1,120	1,609
Reuse	700	0	207
Recycling	377	638	950
Landfill	4	0	0
Other	2,064	2,256	1,870

In autumn 2015 AGRANA Stärke GmbH updated its sustainability data for the purposes of the EcoVadis supplier evaluation platform. AGRANA Stärke GmbH moved up from silver status in 2014 to a rating of gold, putting it in the top 5% of performers scored by EcoVadis.

### Average specific emissions (from direct and indirect energy use) from processing at AGRANA starch plants<sup>1</sup>

In kg of CO<sub>2</sub> equivalent per tonne of core and by-products

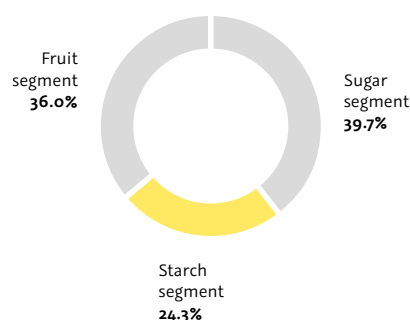


### Investment

€ 28.2 million (prior year: € 13.7 million) was invested in the Starch segment during the 2015|16 financial year:

- Plant expansion project in Aschach, Austria: Negotiations with authorities were completed, detailed planning is in progress, clearing of construction site has begun
- At the facility in Gmünd, Austria, a dry mixing plant for infant formula was built
- Alterations were performed in the extruder plant in Gmünd for the production of thermoplastic starch
- A project to increase capacity and reap energy savings was implemented in Pischelsdorf, Austria, by commissioning a new heat exchanger

### Share of Group investment by segment in 2015|16



Additionally, € 16.8 million (prior year: € 11.6 million) was invested in 2015|16 in the HUNGRANA companies (amounts for these equity-accounted joint ventures are stated at 100% of the total).

<sup>1</sup> See GRI reporting boundaries from page 41.

<sup>2</sup> Percentage change based on average specific emissions (from direct and indirect energy use) per tonne of core and by-products.

# Fruit segment

## Basics of the Fruit segment

### Marketing relationship

B2B

### Products

Fruit preparations, fruit juice concentrates, not-from-concentrate juices, fruit wines, natural flavours and beverage bases

### 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, ice-cream, bakery, food service and beverage industries

### Special strengths

Custom-designed, innovative products

AGRANA Internationale Verwaltungs- und Asset-Management GmbH, Vienna, is the holding company for the Fruit segment. 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. For the fruit juice concentrate business, the operating holding company is AUSTRIA JUICE GmbH, based in Kröllendorf/Althartsberg, Austria. At the balance sheet date the Fruit segment as a whole operated 24 production sites in 19 countries for fruit preparations, and 14 plants in seven countries for the production of apple and berry juice concentrates.

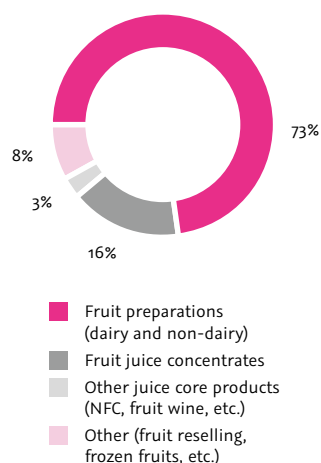
## Revenue and earnings

Fruit segment		2015 16	2014 15	Change % / pp
Total revenue	€000	1,084,085	1,062,510	+2.0%
Inter-segment revenue	€000	(648)	(267)	-142.7%
Revenue	€000	1,083,437	1,062,243	+2.0%
EBITDA <sup>1</sup>	€000	101,676	103,556	-1.8%
Operating profit before exceptional items and results of equity-accounted joint ventures	€000	61,876	65,280	-5.2%
Exceptional items	€000	(3,054)	(6,672)	+54.2%
Operating profit [EBIT] <sup>2</sup>	€000	58,822	58,608	+0.4%
EBIT margin	%	5.4	5.5	-0.1 pp
Investment <sup>3</sup>	€000	41,730	42,990	-2.9%
Number of employees (FTE) <sup>4</sup>		5,455	5,405	+0.9%

Revenue in the **fruit preparations** division grew by about 8% as a result of higher sales prices that were amplified by favourable currency effects (largely from the US dollar, Chinese yuan, Korean won and Egyptian pound) and of a sales volume increase of approximately 4%. Geographically, the revenue growth was driven mainly by North America and Asia/Australia, while sales quantities were up in all AGRANA regions except North America.

In a noteworthy accomplishment, in the EU – the most important region in revenue terms – AGRANA succeeded in selling higher volumes despite the market contraction. A good product portfolio mix helped to grow revenue especially in France. Sales quantities in North America were in line with the prior year, but volumes in the ice-cream segment were expanded. The popularity of Greek yoghurt continues to offer good growth opportunities. In the Eastern Europe region the picture was heterogeneous: While sales volumes in Russia increased, those in Ukraine were down from a year ago. In Latin America more fruit preparations were sold than last year; the biggest driver here was Mexico, while the economic situation in Brazil detracted from the sales trend.

## Revenue by product group in 2015|16



Analysed by customer segment, the dairy industry was one of several sectors responsible for revenue and volume growth. The diversification into more fruit preparations for the food service, bakery and ice-cream industries also continued to be a focus and volumes and revenue in these segments rose.

<sup>1</sup> EBITDA represents operating profit before exceptional items, results of equity-accounted joint ventures, and operating depreciation and amortisation.

<sup>2</sup> Operating profit (EBIT) is after exceptional items and results of equity-accounted joint ventures.

<sup>3</sup> Investment represents purchases of property, plant and equipment and intangible assets, excluding goodwill.

<sup>4</sup> Average number of full-time equivalents in the reporting period.

Operating profit (EBIT) in the fruit preparations business followed a significantly positive trend in all regions. The net exceptional items expense of € 3.1 million was related primarily to the restructuring project of Dirafröst FFI N.V., Herk-de-Stad, Belgium; however, most of the associated one-time costs had already been recognised in the 2014|15 consolidated financial statements. Some of Dirafröst's activities in Belgium were discontinued and moved elsewhere; a major goal of the project was to improve efficiency in the production of frozen fruit and convenience products. In 2014|15 the costs of closing the fruit preparations plant in Kröllendorf/Allhartsberg, Austria, and moving its production operations to Gleisdorf, Austria, were the primary factor behind the negative difference of € 6.7 million in EBIT.

Revenue in the **fruit juice concentrate** activities was down significantly in 2015|16. This was caused by the price erosion for apple juice concentrates from the 2014 crop and, to a lesser extent, by lower sales quantities. 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 made at the Chinese plant is shipped largely to Japan, the USA, Russia and Australia, as well as Europe.

Prices for fruit juice concentrates were volatile in the year under review, with a strong falling trend on balance for product from the 2014 crop, particularly for apple. In the 2015 campaign AUSTRIA JUICE saw a stabilisation both in raw material prices and the prices of its products. This was also true for berry juice concentrates.

The integration of AGRANA Juice and Ybbstaler into AUSTRIA JUICE progressed as planned and was brought to completion by the merger of the two Polish companies and the establishment of a profit centre for the fruit wine business at the site in Bingen, Germany.

## Market environment

In the **fruit preparations** business, while demand in the EU continues to ease gently, there is solid growth in the non-European markets. The rate of world market growth in retail sales volumes of drinkable yoghurts and fruit yoghurts in the 2015 calendar year was an average of about 4% (source: Euromonitor), although

consumption decreased in Europe, Eastern Europe (Ukraine and Russia) and Asia-Pacific. As well, macro-economic and political problems are holding back market development in the Middle East and Argentina. Nonetheless, in all regions except North America, AGRANA achieved year-on-year sales volume growth.

The main trends in focus in 2015|16 were health, naturalness, pleasure and convenience. Consumers are looking for new flavour varieties and particularly appreciate products with natural ingredients and a high fruit content. Also in demand are products that offer a natural energy boost and imply a healthy lifestyle. The "Greek trend" too remains a prime mover of the yoghurt market, thanks particularly to the category's versatility regarding target group, varieties and time of day of consumption. Running counter to the health trend, other customers are also seeking out so-called brown flavours (chocolate, caramel, nougat) as a component of their desserts. Here the primary motive is pleasure.

In the **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, but stabilised in Germany, the most important market for apple juice concentrate. Prices for fruit juice concentrates recovered in autumn 2015 in spite of very good crop forecasts for 2015 and trade policy impacts on raw material markets (Ukraine and Russia) and their price structure.

## Raw materials and production

For macroeconomic and weather reasons, raw material procurement in the 2015|16 financial year was marked by unusually high volatility and in some cases critical supply situations.

After good harvests at the beginning of the 2015 calendar year and resulting good supply conditions and moderate raw material prices, the unusually hot summer led to supply bottlenecks and price increases for berries and stone fruits, with impacts on AGRANA's portfolio of fruit raw materials.



## Sustainability in the Fruit segment

### Economic footprint<sup>1</sup>

€ 284.3 million  
of direct gross  
value added

€ 860.2 million of total  
gross value added

Each job at  
AGRANA creates  
up to 3 more jobs in  
other companies

### Targets in the supply chain

- ✓ 2015|16: Determine the sustainability of fruit suppliers based on specified international certifications

### Environmental targets by 2020|21

#### Fruit preparations:

- ✗ Direct and indirect energy consumption of 1.72 GJ per tonne of product

#### Fruit juice concentrates:

- ✗ Direct and indirect energy consumption of 3.43 GJ per tonne of product

- ✓ Water consumption of 4.21 m<sup>3</sup> per tonne of product

### Value chain

[www.agrana.com/en/sustainability/value-chain/fruit](http://www.agrana.com/en/sustainability/value-chain/fruit)



The exchange rate movement between the euro and the US dollar raised the cost of tropical fruits and of non-fruit ingredients sourced worldwide, such as pectin.

Currency risks in purchasing that could be neutralised only by local raw material management also existed in countries with high inflation, including in Russia, Ukraine and Latin America.

In the fruit juice concentrates division, available supplies of apples in the foremost European processing regions (Poland and Hungary) were lower than in the year before. The dry spring and summer months led to considerable increases in raw material prices at the beginning of the apple processing season and lasting until into November. Towards the end of the financial year, however, raw material prices resumed a downward trend. The capacity utilisation of the European fruit juice concentrate plants in the 2015 campaign was average. In China the production season by and large unfolded as planned, in line with the prior year.

The berry processing season was on the whole marked by good available volumes of the principal fruits. The prices for the most important raw materials (strawberry, sour cherry and black currant, though not raspberry) were higher than in the previous year.

### Engagement in the upstream value chain

In the 2015|16 financial year the Fruit segment as well worked on the implementation of the AGRANA principles for the procurement of agricultural raw materials and intermediate products.

A goal of the fruit preparations business and its Vienna-based purchasing organisation, AGRANA Fruit Services GmbH (AFS), for the 2015|16 financial year was to document the certification status of its suppliers of fruits and intermediate products to defined sustainability standards. In the year under review, 12.4% of the raw materials procured by AFS had a sustainability certification; most of these were certified organic or under the Rainforest Alliance (RFA) and another customer standard of industry-wide relevance. However, these standards have not yet been benchmarked to those of the Sustainable Agriculture Initiative's Farm Sustainability Assessment; the raw material sourcing in the fruit preparations division can thus not yet be mapped to a Group-wide reference framework. Additionally, on customer request, AFS has the capability to procure approximately a further 13.6% of raw materials in certified sustainable form. As all procurement in the fruit preparations division is done to customer specifications, the future trend in the amount of certified raw material volumes will depend on these customer requirements.

In the sourcing from contract growers in Mexico and Fiji, the fruit preparations business continued the successful work to raise social and environmental standards in the supply chain.

A project running since August 2013 (with support from an Austrian government programme for development assistance) for the certification of strawberry and blackberry suppliers in Jacona, Michoacán, Mexico, to the Rainforest Alliance standard was continued in the 2015|16 financial year. The certified strawberry cultivation area was expanded by about 72% and new areas were certified for soursop (a tropical fruit also known as graviola or guanabana) and raspberry. At the annual RFA awards in Mexico, AGRANA together with its fruit suppliers won recognition for its training and advisory measures as the company with the best performance in the first certification audit. "Aneberries", the Mexican berry exporters association, presented the AGRANA project at its annual conference as an example of best practice.

<sup>1</sup> Calculated based on the data for the 2014|15 financial year.  
For more information, see [www.agrana.com/en/sustainability/profit/footprint](http://www.agrana.com/en/sustainability/profit/footprint)





Building on the success in Mexico, AGRANA launched a further, subsidised project at the end of 2014 in Fiji. In this South Pacific island nation, AGRANA is supporting small farmers in the group certification of bananas (typically grown on collectively owned land) under the internationally recognised Australian Certified Organic standard (ACO). In 2015, to support the village communities and the development of the banana farmers, AGRANA together with a local NGO, Partner in Community Development Fiji (PCDF), started a two-year training programme in environmentally friendly farming. Practicing agroforestry<sup>1</sup>, the 130 participating farmers from seven villages harvest bananas and deliver them to collection points, from where the fruit is transported to AGRANA's plant for processing. The farmers sell part of the crop on the local market to generate additional income with this domestically grown produce. At the end of the 2015|16 financial year, an additional building with a new production line for the manufacturing of purees to the high European and American standards of quality and product safety was completed on the AGRANA plant property. Besides the year-round production of organic banana purees, AGRANA also plans to make purees seasonally from wild-harvest mangoes and guavas. In February 2016, tropical cyclone Winston raged over the Fiji Islands. Although the AGRANA processing facilities were largely spared, the supply of raw materials in the first half of 2016 will be reduced and there may be some delay in achieving the target of including a further 300 farmers.

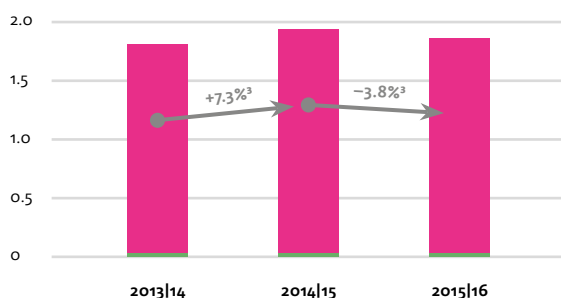
The fruit juice concentrates division, as a result of its procurement structures, is confronted with an especially significant challenge in supply chain management, as most of the raw materials it processes are sourced from dealers. This is a consequence of legacy structures evolved nationally over time which are focused primarily on the fresh market and retail trade and fruit exports. Fundamentally, the Group would like to purchase more raw materials directly from farmers in the future.

AUSTRIA JUICE currently maintains two projects for direct procurement from growers. In Hungary, since the year 2000, AUSTRIA JUICE has supported local farmers in growing pest-resistant apple varieties that require about 60% to 80% less pesticide than conventional cultivars. Next to financial assistance for the new planting of the trees and ongoing advice over the growing season, the fruit growers also receive purchasing guarantees and a price premium from AUSTRIA JUICE. A further project with contract growers was begun in Poland in 2007. In 2015|16 about 8% of all apples processed by AUSTRIA JUICE into apple juice concentrate worldwide came from these two projects.

In the fruit juice concentrate division, the introduction of the Sustainable Agriculture Initiative's Farm Sustainability Assessment that is already in use in the Sugar and Starch segments will begin in the 2016|17 financial year.

### Average specific direct energy consumption in processing operations at AGRANA fruit plants<sup>2</sup>

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



■ Specific consumption of non-renewable energy per tonne of core and by-products  
■ Specific consumption of renewable energy per tonne of core and by-products

<sup>1</sup> See glossary.

<sup>2</sup> See GRI reporting boundaries from page 41.

<sup>3</sup> Percentage change based on average specific total energy consumption per tonne of core and by-products.





### Energy use and emissions in processing

The reported average specific direct energy consumption per tonne of product (both core and by-products) in the Fruit segment declined by about 3.8% in 2015|16 compared to the prior year (see chart on page 67). This resulted above all from the reduction in the natural gas share of the energy mix in the fruit juice concentrate operations in favour of greater use of steam and electricity. The average specific indirect energy consumption in the Fruit segment remained almost constant at the year-earlier level. Average specific emissions from direct and indirect energy use per tonne of product in the Fruit segment therefore decreased by about 3.1% from the prior year, in step with the lower energy consumption.

### Water use and discharge in processing

The decrease of about 2.9% year-on-year in average specific water consumption, and of about 5.5% in water discharge, per tonne of product (core and by-products) in the Fruit segment was driven primarily by the installation of treatment systems for the reuse of the water in the process cycle in the fruit juice concentrate activities.



### Water use and discharge in processing at AGRANA fruit plants

(within the GRI reporting boundaries – see from page 41)

Fruit segment	2015 16	2014 15	2013 14
m <sup>3</sup> per tonne of core and by-products			
Water consumption	4.04	4.16	3.89
Water discharge	3.77	3.99	3.91

### Waste from processing

In 2015|16 the specific amount of waste per tonne of product (core and by-products) in the Fruit segment, at 54 kg, was in line with the average of the prior two financial years.

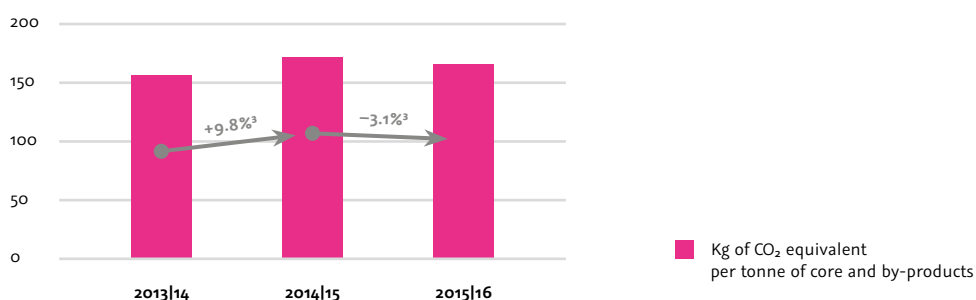
### Waste from processing in AGRANA fruit plants

(within the GRI reporting boundaries – see from page 41)

Fruit segment	2015 16	2014 15 <sup>1</sup>	2013 14 <sup>1</sup>
Tonnes, except percent			
Waste disposed	46,617	45,699	37,227
Of which hazardous waste	37	15	206
Waste per tonne of product	5.4%	5.6%	5.3%
Hazardous waste per tonne of product	0.004%	0.002%	0.029%
<b>Waste disposed, by disposal method</b>			
Composting	4,064	3,359	6,243
Energy recovery	392	341	686
Reuse	17,767	19,986	12,558
Recycling	14,895	14,082	8,971
Landfill	9,804	7,817	5,506
Other	126	113	3,263

### Average specific emissions (from direct and indirect energy use) from processing at AGRANA fruit plants<sup>2</sup>

In kg of CO<sub>2</sub> equivalent per tonne of core and by-products



<sup>1</sup> The values for 2013|14 and 2014|15 were revised to reflect the new definition of waste applicable since 2015|16 (see "Content boundaries of GRI reporting" from page 41).

<sup>2</sup> See GRI reporting boundaries from page 41.

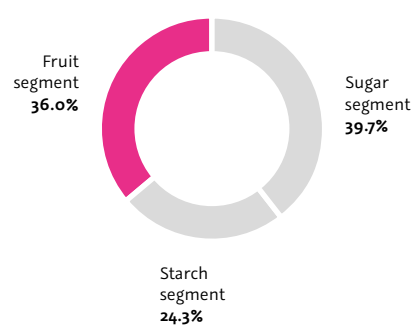
<sup>3</sup> Percentage change based on average specific emissions (from direct and indirect energy use) per tonne of core and by-products.

## Investment

The capital expenditure of € 41.7 million in the Fruit segment (prior year: € 43.0 million) represented both capacity expansion projects and maintenance investment:

- Installation of another IQF<sup>1</sup> freezer tunnel in Mexico
- Completion of the expansion and upgrading of the container cleaning plant at AGRANA Fruit in Australia
- Successful SAP rollout at AGRANA Fruit in Brazil
- New production line for bananas in Fiji

**Share of Group investment  
by segment in 2015|16**



<sup>1</sup> Individually quick-frozen.



## Sustainability at AGRANA

### Economic footprint<sup>1</sup>

€ 510.6 million  
of direct gross  
value added

€ 1.5 billion of total  
gross value added

Approx. 8,700 jobs  
at AGRANA created  
31,000 more jobs  
in other companies

### Targets in the supply chain

✓ 2015|16: Intro-  
duction of SAI's FSA  
for contract beet  
and potato production

### Segment-specific environmental targets by 2020|21

Reductions of  
direct and indirect  
energy consumption  
per tonne of product

Reductions of  
water consumption  
per tonne of product

### Value chain

[www.agrana.com/en/  
sustainability/  
value-chain](http://www.agrana.com/en/sustainability/value-chain)



## AGRANA's understanding of sustainability

AGRANA as an industrial processor of agricultural raw materials defines sustainability in its business activities as a harmonious balance of economic, environmental and social responsibility. This understanding of sustainability is summed up by three sustainability principles, which serve management and all employees as a practical and intuitive guide to daily sustainable action:

At AGRANA we:

- Utilise almost 100% of the agricultural raw materials employed and use low-emission technologies to minimise impacts on the environment
- Respect all our stakeholders and the communities where we operate
- Engage in long-term partnerships with suppliers and customers

## AGRANA's sustainability activities in 2015|16

The activities concerning sustainability are grouped into the following issues along the value chain:

- Environmental and social criteria in the procurement of agricultural raw materials and intermediate products
- Environmental and energy aspects of AGRANA's production
- Working conditions and human rights in respect of AGRANA employees
- Product responsibility and sustainable products
- Compliance and business conduct
- Social engagement

In the 2015|16 financial year as in the previous years, AGRANA did intensive work on the further integration of sustainability aspects into operational business processes. Important steps in this regard included, for instance, the implementation of AGRANA's principles for the procurement of agricultural raw materials and intermediate products, and the continuing execution of the Group's energy strategy. AGRANA also maintained the ongoing dialogue with its stakeholders and was again active in various sustainability-related industry initiatives.

## Economic footprint of the AGRANA Group

In the sustainability realm, for AGRANA as an energy-intensive industrial company, the ecological aspect of its business operations has been a focus for many years. Besides this, the Group also considered working conditions (both internally and in the supply chain) and compliance aspects. Additionally, in the 2015|16 financial year the Group's contributions to the economy in terms of value added and employment were studied more closely for the first time.

### Methodology

Based on the business data for 2014|15, when AGRANA's Sugar, Starch and Fruit segments generated revenue of about € 2.5 billion in 25 countries with approximately 8,700 employees worldwide, the Economica Institute of Economic Research calculated the gross value-added impacts and employment effects emanating from AGRANA's activities.

The study methodology is based on an input-output analysis. Using a worldwide input-output table in which AGRANA was individually modelled in the form of a satellite account, the input-output model describes the delivery and procurement relationships which link AGRANA to all production sectors of an economy, portrays the company's contribution of value added to the economy and shows the flows of individual goods (inputs) into and through AGRANA's production into its outputs and their uses. This makes it possible to quantify not only the direct impact of the Group's business activities on the macroeconomy but also their multiplier effect.



<sup>1</sup> Calculated based on the data for the 2014|15 financial year.  
For more information, see [www.agrana.com/en/sustainability/profit/footprint](http://www.agrana.com/en/sustainability/profit/footprint)



### AGRANA's total gross value-added contribution: 0.002% of world GDP

The results of the study bear out the international significance of the AGRANA Group, demonstrating a macroeconomically relevant direct effect of 0.0007% and a total impact of 0.002% of global gross domestic product (GDP).

The direct gross value-added effect of the AGRANA Group's ongoing operations (as distinct from investment effects, discussed below) in the 2014|15 financial year was € 510.6 million. The total gross value-added contribution<sup>1</sup> of the AGRANA Group, which consists of direct<sup>1</sup>, indirect<sup>1</sup> and induced<sup>1</sup> effects, was almost € 1.5 billion. This is approximately equivalent to the value added generated by all Austrian pharmaceutical manufacturing, or all legal advice provided in Austria. Put another way, the amount of almost € 1.5 billion represents about 0.5% of Austrian GDP. At € 860.2 million or 58% of the Group's gross value added, the largest contribution was made by the Fruit segment, followed by Starch at € 333.1 million and Sugar at € 292.0 million. Likewise, the greatest macroeconomic leverage expressed in a multiplier<sup>1</sup> is exerted by the Fruit segment: Its multiplier of 3.03 means that for every euro of gross value added generated in the Fruit segment of the AGRANA Group, two additional euros of value added were created in other companies worldwide.

In terms of geographic distribution, the EU-28 countries accounted for 77.1% of gross value added, ahead of North America at 8.2% and the rest of Europe at 5.7% (see map of AGRANA sites on pages 28–29).

### Each job at AGRANA created up to five more worldwide

All told, the ongoing operations of the AGRANA Group in 2014|15 were the basis for close to 40,000 jobs around the world: Tied to the 8,708 direct jobs in the AGRANA Group were about 31,000 other positions worldwide, including 29,103 in agriculture as a highly employment-intensive industry. This resulted in the above-average employment multipliers (which are therefore not comparable with other industries) of 5.81 in the Starch segment, 5.52 in the Sugar segment and 3.95 in the Fruit segment.

Somewhat more than one-half of the aggregate effect of 39,678 jobs was attributable to the Fruit segment, with 21,827 jobs or 55% of the total, while Sugar was responsible for 12,834 positions (32.3%) and Starch, for 5,017 jobs (12.6%). Of these jobs, 65.9% were in the 28 EU member countries – the European Union's relatively higher 77.1% share of gross value added reflected the

higher productivity in the EU. In terms of employment effects, Asia followed at 2,248 or 5.7% of jobs, and North America was third at 2,024 positions or 5.1% (see map of AGRANA sites on pages 28–29).

### Investment by AGRANA added a further 4,622 jobs

Besides the impacts of ongoing operations, AGRANA's capital expenditures gave rise to one-time additional, gross value-added effects. Globally, the total capital expenditures of the prior, 2014|15 financial year of just about € 91 million resulted in a total value-added effect of € 171.5 million. The associated employment impact amounted to a total of 4,622 person-years<sup>2</sup>. The largest portion of these investment effects occurred in the EU, with gross value added of € 124.3 million (72.5% of the global total) and with 2,260 supported jobs in the EU economy (48.9%).

### Environmental and social criteria in sourcing

The work in 2015|16 on environmentally and socially responsible sourcing focused on the further implementation of the AGRANA principles for the procurement of agricultural raw materials and intermediate products. Of particular note are the efforts of the Sugar and Starch segments devoted to introducing the Farm Sustainability Assessment (FSA) of the Sustainable Agriculture Initiative (SAI), as well as the BETAEXPO agricultural fair held by AGRANA for the past 15 years.

### Sustainable Agriculture Initiative

Sustainability activities around the procurement of raw materials from agricultural producers have long been integral to AGRANA's business operations. To work on sustainability aspects in an even more structured way, AGRANA Beteiligungs-AG has been an active member of the Sustainable Agriculture Initiative (SAI) Platform since July 2014 and, with its Sugar, Starch and Fruit segments, participates in all working groups and committees relevant to its raw materials.

### Benchmarking of the legal environment

In a first step in the 2015|16 financial year, under the SAI benchmarking process, the legal requirements of the EU and of the beet- and potato-growing countries where AGRANA procures these crops were benchmarked against the requirements of the SAI. The SAI awarded bronze status for the procurement of raw materials from Austria, Romania, Slovakia, Czech Republic and Hungary.

<sup>1</sup> See glossary.

<sup>2</sup> Full-time equivalent jobs for one year.







In spring 2015, to facilitate farmers' use of the SAI's Farm Sustainability Assessment (a self-evaluation by the farmers), the FSA questionnaire was made available on AGRANA's web-based raw material information system to sugar beet contract growers in Austria, the Czech Republic and Slovakia. Throughout Austria this was also done for potato growers, while the self-assessment data for Romania and Hungary were at this first stage collected using a paper form.

#### **Preliminary results of the voluntary supplier self-assessment**

In total in the five countries where beets and potatoes are grown for AGRANA, 838 completed FSA questionnaires were analysed in the period from May to December; in 2015 AGRANA thus conducted the largest SAI survey yet by any company. The response rates ranged from 7% to 34% depending on the country.

The results were highly gratifying: Nationally in Austria, Hungary and the Czech Republic, 50% or more of the growers achieved gold status and the others reached silver standing. Both in Slovakia and Romania, the share of farms at a gold level of performance was about one-third, while the other growers attained silver status. Gold and silver ratings mean that the participants are using additional sustainable management practices above and beyond adherence to EU and national legislation.

For the Austrian farmers, an internal verification process for these self-assessments has already been developed and the auditing of the disclosures in the FSA questionnaires began in early 2016. This is to ensure that the questions were correctly understood and answered, and gives farmers an opportunity to provide feedback on the content and process of the self-assessment. The resulting insights are then used both for refining the SAI system and in the continual improvement of the individual farms.

#### **BETAEXPO – Austria's largest demonstration field for AGRANA raw material crops**

The BETAEXPO in June 2015, under the motto of "Sustainable Supply in Future" and in its 15<sup>th</sup> year, again served to disseminate good agricultural practices, notably to current and prospective AGRANA contract farmers. On the approximately 700 demonstration plots of the twelve-hectare BETAEXPO grounds located next to the sugar factory in Tulln, Austria, about 3,500 visitors were

able to view actual plantings of the AGRANA contract crops – sugar beet, potato and grains – and innovations like the AGRANA catch-crop mix that won recognition under the 2014 Raiffeisen Climate Protection Challenge.

Given the growing importance which sustainable agricultural practice in AGRANA's supply chain has for customers' purchasing decisions, AGRANA invited its customers in downstream industries to visit this anniversary edition of BETAEXPO. Customers thus for the first time had the opportunity to gain a first-hand impression of the sustainability measures implemented by AGRANA and its contract growers. In a panel discussion, high-profile customers in the beverage and food industry presented their own sustainability strategies and expectations for their suppliers.

On the day before BETAEXPO, the first annual "AGRANA Sustainability Award" was presented to selected contract farmers with especially sustainable farming practices in the categories of sugar beet, organic sugar beet, potato and corn, in an effort to reinforce all suppliers' awareness of the importance of sustainable management along the entire value chain. For the 2016/17 financial year the target group for the award is to be expanded to include corporate suppliers, such as dealers and service providers.

#### **Objectives for environmentally and socially responsible procurement**

In its Sugar and Starch segments, AGRANA's goal for the 2016/17 financial year is to continue the rollout of the SAI farm self-assessment (FSA) for environmental and social sustainability criteria together with its contract suppliers of sugar beet and potatoes in all countries of cultivation covered by the Group's tracking system, and thus to increase the number of farms participating in the FSA. The fruit juice concentrate division of the Fruit segment will also bring the SAI's FSA into play in its direct purchasing of crops from growers. At the same time, work on verification systems continues both internally and as a member of the SAI.

As one of its activities to support biodiversity in the supply chain in 2016/17, and consistent with the Group's natural affinity for honey-bee conservation, AGRANA plans to place ten beehives at each of its Austrian production sites and at the Group's headquarters in Vienna. These will be regularly tended by a beekeeper and are expected to yield about 200 kilograms of honey per site.





## Environmental and energy aspects of production

Responsibility for the ecological and energy dimensions of its production operations has always been practiced by AGRANA, and in 2014|15 it was formalised in an AGRANA environmental policy that applies worldwide and to all business segments. The policy contains AGRANA's management approach concerning energy consumption, emissions, water use, wastewater, and waste.

Implementing this environmental policy, the introduction of energy management systems continued in 2015|16. By May 2016, the energy management systems of all outstanding European AGRANA production sites of the Sugar segment and fruit juice concentrate division were certified to ISO 50001.

### Objectives regarding environmental and energy aspects of AGRANA's production operations

In the prior, 2014|15 financial year, the AGRANA segments of Sugar, Starch and Fruit formulated relevant energy and environmental objectives for their business activities up to the 2020|21 financial year. The progress towards goals to date is presented in the respective segment reports.

## Working conditions and human rights in respect of AGRANA employees

The areas of focus in 2015|16 regarding working conditions and human rights in relation to AGRANA employees are discussed in the section "AGRANA's people" (see from page 79).

## Product responsibility and sustainable products

As AGRANA manufactures mainly intermediate products for the food industry, food safety and food defense are critical aspects of product responsibility and sustainability. In addition to complying with national laws and regulations, AGRANA has therefore implemented globally recognised standards of food safety under which it is externally certified, such as FSSC (Food Safety System Certification), ISO 22000, and IFS (International Featured Standards). Every production site is certified to at least one relevant standard.

### Organic products

AGRANA holds the necessary certifications in its plants and supply chain to be able to fill customer orders for goods produced by organic methods. In 2015|16 the Sugar segment, at customers' request, expanded its portfolio of certified organic products for the downstream food industry by refining organic raw sugar sourced from Brazil. The Starch segment for the first time was able to supply certified organic wheat starch, from the plant in Pischelsdorf, Austria.

As significant volume of demand for organics is limited mostly to Austria, Germany and the USA, the organic portion of AGRANA's total sales quantities is a percentage in the single digits.

### SEDEX membership and SMETA audits

Since 2009, AGRANA Beteiligungs-AG is a member of the Supplier Ethical Exchange Database (SEDEX). All AGRANA production sites perform an annual SEDEX self-assessment. Underlining AGRANA's commitment to ethical trading, about half of the Group's production sites within the GRI reporting boundaries have already had so-called "4-Pillar SEDEX Members Ethical Trade Audits" (SMETA) conducted by independent third parties to verify the self-assessments. The audit reports on the AGRANA plants are available to SEDEX members on the organisation's online platform.

### Global customer satisfaction survey

In the 2014|15 financial year AGRANA had launched a satisfaction survey of the customers of European AGRANA organisations. As planned, this survey was fully extended in 2015|16 to cover all other AGRANA companies worldwide. Overall in the two stages of the survey, a total of almost 2,500 customers were contacted by e-mail and asked to complete an online questionnaire made available in 13 languages, including Turkish, Chinese, Russian and Portuguese. Its 20 questions addressed overall satisfaction, product range, deliveries, customer care and complaint management.

The response rate varied by region and averaged 33%, which is considered excellent and indicates the high level of customer loyalty. The analysis of the results was based on 814 questionnaires. It was found that respondents took an average of 13 minutes to provide their answers, which is rated by external experts as





exceptionally long and therefore positive. In the case of open questions (such as “What else would you like to tell us?”), the opportunity was used to offer praise and, in some cases, also critical remarks.

The findings of the survey were presented to the individual sales organisations in workshops and specific action plans were developed together to optimise customer relationships. While most customer responses were very positive, there were also subject areas with room for improvement. These varied by region and were related partly to individual activities for the specific customers and partly to points such as improving the accessibility of staff in inside and outside sales, enhancing the provision of documents to customers, and the broad issue-set of sustainability.

Thus, internal training events on sustainable operations were held for sales staff to familiarise them with all aspects of AGRANA's sustainability activities. Digital and analogue documents are to support sales representatives in conveying to their customers not only the quality, service and price aspects of AGRANA's offering but also its sustainability engagement. The global survey is to be repeated in 2016|17 in order to measure and evaluate progress.

### Trade show exhibits

To present the company, deepen relationships with existing customers and win new ones, the AGRANA business segments jointly and individually exhibited at numerous trade shows in 2015|16, including food fairs, such as Biofach (in Nuremberg, Germany), ANUGA (Cologne, Germany), Gulfood Manufacturing (Dubai, United Arab Emirates), and FI Europe (Paris, France). The wide range of animal feedstuffs was presented at the agricultural trade shows, among them the Rieder Messe fair (Ried im Innkreis, Austria) and Inter-Agrar (Wieselburg, Austria). The Starch segment exhibited at the international “in-cosmetics” series of trade fairs (Barcelona, Spain, São Paulo, Brazil, and Bangkok, Thailand), at SCS Formulate (Coventry, United Kingdom) and at technology exhibitions like the European Coatings Show (Nuremberg, Germany). Individual AGRANA sites also had a presence at regional shows.

For the 2016|17 financial year, AGRANA will also participate for the first time in trade fairs in the promising new markets of Algeria (Djaz AGRO in Algiers) and Iran (Iran Food + Hospitality in Tehran) and, in another first, will exhibit in the USA (NYSCC Suppliers Day in New Jersey).

### Memberships in major sustainability-related initiatives

Initiative	Member companies from AGRANA Group	Since	Initiative aim and other members
Sustainable Agriculture Initiative (SAI)	AGRANA Beteiligungs-AG <sup>1</sup>	July 2014	Aim: Develop guidelines for and implement sustainable agriculture practices; Members: Food and beverage industry
SEDEX	AGRANA Beteiligungs-AG <sup>1</sup>	2009	Aim: Promote sustainable social and environmental practices along the value chain; Members: About 36,000 companies worldwide
EcoVadis	AGRANA Zucker GmbH AGRANA Stärke GmbH Fruit segment: some companies	2013	Aim: Supplier assessment on environmental and social criteria along their entire value chain; Members: about 100 large global companies in a wide range of industries
Bonsucro	AGRANA Zucker GmbH	July 2014	Aim: Improve the sustainability of sugar cane production and of sugar manufacturing from cane; Members: Producers, resellers, processors
ARGE Gentechnik-frei (Platform GMO-Free)	AGRANA Beteiligungs-AG <sup>1</sup>	2010	Aim: Promote and safeguard Austrian GMO-free agriculture and food production; Members: Businesses along the whole food value chain, including many retailers
Initiative Donau Soja (Danube Soya Initiative)	AGRANA Stärke GmbH	April 2013	Aim: Sustainable GMO-free soya production in the Danube region (focus on animal feed); Members: entire value chain, NGOs, etc.

<sup>1</sup> AGRANA Beteiligungs-AG, representing all or several AGRANA companies.





## Memberships in industry associations and advocacy groups

Industry association or advocacy group	Member company	Geographic scope
Industriellenvereinigung (Federation of Austrian Industries)	AGRANA Beteiligungs-AG	Austria
Fachverband der Nahrungs- und Genussmittelindustrie (Austrian Food Industry Association)	AGRANA Beteiligungs-AG	Austria
AÖL – Assoziation ökologischer Lebensmittelhersteller (Association of Sustainable Food Producers)	AGRANA Stärke GmbH	Germany
CEFS – Comité Européen des Fabricants de Sucre (European Association of Sugar Producers)	AGRANA Zucker GmbH	European Union
Starch Europe	AGRANA Stärke GmbH	European Union
SGF International E.V.	AUSTRIA JUICE GmbH	Worldwide

## Compliance and business conduct

The activities in 2015/16 surrounding compliance and business conduct are presented in the compliance section (see from page 25) of the corporate governance report.

facilities of AGRANA Zucker GmbH in Tulln and AGRANA Stärke GmbH in Pischelsdorf to gain insight into a company's processes and later pass this knowledge on to her students.

## Social engagement

Beyond striving to maximise the environmental and social sustainability of its core business activities, AGRANA is also engaged as a responsible corporate citizen in the communities where it operates.

### Donation of an ambulance for the Red Cross in Mexico

At the fruit preparations facility location in Jaconá, Michoacán, Mexico, AGRANA supported the local Red Cross by donating a converted delivery vehicle from its fleet as an ambulance.

### Industrial immersion experience for teachers

In August 2015 AGRANA took part in the week-long "Teachers in Business" event organised by Wirtschaftsforum der Führungskräfte, the Austrian Managers Association. In the course of a week of shadowing different AGRANA employees in their work day, a teacher from a business high school experienced numerous different departments at the Austrian

### Shelter for asylum seekers

To help with accommodating the continuing large influx of refugees from the Middle East, AGRANA decided in autumn 2015, with the agreement of the local community, to modify the administration building and some of the grounds of the former Hohenau sugar factory in March, Austria (closed down in 2006) and make it available as a shelter for asylum seekers.

In November 2015 the first of a total of 50 refugees, mainly families from Afghanistan, Iraq and Syria, moved into the shelter operated by SLC, a company specialising in refugee accommodation. While awaiting the outcome of their asylum application, the newcomers have the opportunity to follow a structured daily routine with Kindergarten and school for children, self-provision of meals by the families (on a subsidised basis), German language classes and sports. AGRANA also organised a welcome celebration for the new citizens-to-be, with CEO Johann Marihart and Hohenau mayor Robert Freitag greeting the group and handing out starter packs of household essentials from AGRANA as well as donations in kind from AGRANA employees and citizens of Hohenau. After an additional common room was renovated and equipped with WLAN, AGRANA was able to do something else of value for the families in December by setting up computer workstations there.



Operating in a highly competitive market environment, it is vital for AGRANA to set market trends 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, true to the Group's strategic focus on lasting, sustainable success.

The AGRANA Research & Innovation Center (ARIC) in Tulln, Austria, is the Group's central research and development institute for the starch, bioethanol, sugar and fruit businesses. ARIC, as a separate company in the AGRANA Group, is a wholly owned subsidiary of AGRANA Beteiligungs-AG. The aim of the institute is to develop new applications for innovative products made from potato, corn, waxy corn, wheat and sugar beet. The company is active nationally and internationally as an in-house R&D service provider for sugar technology, food technology, starch and bioethanol technology, microbiology, biotechnology, as well as fruit preparations product development. Moreover, the AGRANA research center also offers its specialist R&D know-how to third parties and acts as a state-accredited laboratory for bioethanol analytics and sugar beet quality control.

This "clustering" and collaboration of R&D specialists from different segments (Sugar, Starch and Fruit) under one roof not only drives administrative synergies but also promotes creative exchange between different groups of researchers. The complementarity between the groups' experience is particularly valuable in cross-segment areas of research, such as nutrition physiology, thickeners and aromas, microbiology, product quality and safety, and organic products. In this way, the growing number of projects involving more than one AGRANA business segment can be carried out much more simply and efficiently.

Research & development		2015 16	2014 15	2013 14
R&D expenditure (internal and external)	€m	14.9	14.5	17.2
R&D-to-sales ratio <sup>1</sup>	%	0.60	0.58	0.61
Number of employees in R&D (headcount)		214	216	218

## Sugar segment

A project aimed at the potential reduction of primary energy costs was launched in connection with the expanded molasses desugaring plant at the sugar factory in Tulln, Austria. The plant operates by chromatographically (without the use of chemicals) separating molasses into a sugar-rich fraction, a betaine-rich one and a fraction high in ash and colour compounds. While there are excellent utilisation opportunities for the first two fractions, the existing uses of the latter residue, which still contains a significant proportion of sugar, can be diversified beyond the current options of feedstuff or fertiliser use.

A cooperative project with the Austrian Centre of Industrial Biotechnology (ACIB GmbH), supported by the COMET programme of Austria's Research Promotion Agency (Österreichische Forschungsförderungsgesellschaft mbH), is studying the fermentative utilisation of the remaining sugar in this molasses residue. The researchers are using a two-stage process in which the residual sugar is digested by microorganisms to produce hydrogen and methane. The goal is to build a two-stage pilot plant in the molasses desugaring facility in Tulln for studying the process over a longer time period. If the concept proves viable and an industrial-scale version is installed, approximately 30% of the primary energy requirement of the molasses desugaring plant could be met from the methane produced on-site.

<sup>1</sup> R&D expenditure as a share of Group revenue.

Further advances were also achieved in trials of UV radiation to combat microorganisms in sugar juices at sugar factories. Especially certain strains of bacteria that can be a challenge when supplying customers in the beverage industry have been found to be susceptible to UV radiation and can thus be efficiently controlled.

Besides the continuing studies on the treatment of beet thin-juice, success was achieved particularly in the process water cycle of thin-juice softening plants. Here contamination with microorganisms is particularly undesirable, as they can spread in the extraction area, thus increasing sugar losses. The results obtained in the year under review with a further-improved pilot plant now allow the process to be evaluated in economic terms and a commercial-scale facility to be planned and designed.

## Starch segment

### Raw materials

The extraction and analytical characterisation of special starches from newly bred plant varieties was implemented on a pilot scale. With the pilot installation for the processing of these new varieties, raw material batches of between 150 and 700 kilogrammes can be split into their main components. The novel starches can thus be extracted in commercial quality and tested for application purposes – primarily for food uses, but also for technical application potential.

### Food applications

With the existing conventional method for producing pregelatinised (cold-water-soluble) starches for food use, the attribute profiles of the finished starch could only be modified to a limited extent. A newly developed technology was successfully implemented on a pilot scale, producing a wide range of very diverse pregelatinised starches. Early tests show that the starches from the new process exhibit better solution behaviour and higher thickening performance than drum-dried products.

### Non-food applications

Sustainable product solutions in non-food applications for starches are gaining more and more importance. Drawing on synergies in the Group, custom-tailored starch products were developed that satisfy the demands of consumers' growing worldwide interest in naturalness.

For the finishing of graphic paper to produce high-gloss paper grades, in a project sponsored by Germany's Fachagentur Nachwachsende Rohstoffe (FNR, Agency for Renewable Resources), new starch products for the top coat were created as substitutes for petroleum-based latex solutions, thus fulfilling sustainability requirements for coated paper.

In textile printing, innovative starch products were employed for new technologies. These starches are distinguished by excellent, stable solution behaviour and outstanding printing results. For the adhesives sector, processes were developed to manufacture higher-quality adhesive products with an improved set of properties at smaller application quantities.

A leading-edge project revolves around biodegradable plastics based on starch as a renewable raw material. Through special modifications, new thermoplastic starches were developed that are suitable for use in a wide variety of packaging materials, such as films, bottles and jars. This means that a starch material is now available for making products like sustainable, biodegradable plastic bags.

### Bioethanol

The further optimisation of the bioethanol production process is a permanent focus of research activities. In the year under review the main emphasis was placed on the potential for reducing the quantities of the key additives used (yeast and enzymes) and on the critical process parameters. As well, the scientists searched for yeasts with greater potential for fermentation at higher temperatures. By adjusting the enzyme dosage schedule, a shift in glycerine production was accomplished in favour of an increased alcohol yield.



## Fruit segment

A priority in 2015/16 was the consolidation of the individual projects concerned with continual quality improvement in the entire value chain for the production and marketing of fruit preparations. The innovation strategy employed involves the implementation of market-oriented projects which have the common goal of protecting the natural texture of the fruit pieces and preserving the fruit's particular aromas and colours.

In R&D for raw material procurement, substantial progress was made in microbiological characterisation. Efforts were also begun to further improve the microbiological standards through new methods for treating the fruit raw materials.

To raise productivity and profitability in fruit preparations manufacturing, special drying technologies are being developed and introduced. Different ways of using these technologies are being tested with the aim of enhancing fruit preparations quality.

Through the optimisation of process parameters and plant design in collaboration with universities, AGRANA is seeking significant improvements in the organoleptic (sensory) properties of fruit preparations.

In the ice-cream area, the focus is on the development of market-centred product innovations.

In the year, AUSTRIA JUICE further expanded the beverage bases business by winning additional customers and developing new products. The company successfully continued the development of its own production of composite aromas to support the growth segment of beverage bases and build up the aromas business. Particular attention was directed to opening up new market areas such as shandies (beer-based mixed drinks) and fruit-wine-based beverages. Other projects were initiated to improve the utilisation and marketing of process by-products and expand the product range, as well as to enhance and optimise process and product safety of juice concentrates in microbial terms.

Technological innovations in aroma analytics ("electronic noses") were added to the range of sophisticated aids used in quality assurance and product development.

## Sustainability at AGRANA

### Targets for labour practices and human rights

- ✓ 2015|16: Establishment of ombuds-person positions at all sites where there is no employee council

### Targets for workplace safety 2015|16 in fruit preparations division:

- ✓ Injury rate<sup>1</sup> of 2.3
- ✓ Lost day rate<sup>1</sup> of 28.0
- ✗ Absentee rate<sup>1</sup> of 3,106

In the 2015|16 financial year the AGRANA Group as a whole employed an average of 8,611 people (prior year: 8,708). Of this total, 2,120 worked in Austria (prior year: 2,138) and 6,491 were employed in other countries (prior year: 6,570).

The number of employees in each business segment was as follows:

Segment	Average number of employees (headcount) in financial year		Average number of FTE <sup>2</sup> in financial year		Number of employees (headcount) at balance sheet date	
	2015 16	2014 15	2015 16	2014 15	29 Feb 2016	28 Feb 2015
Sugar	2,203	2,326	2,185	2,297	1,984	2,403
Starch	887	863	870	848	881	864
Fruit	5,521	5,519	5,455	5,405	4,940	5,115
<b>Group</b>	<b>8,611</b>	<b>8,708</b>	<b>8,510</b>	<b>8,550</b>	<b>7,805</b>	<b>8,382</b>

The decrease in the employee count in the Sugar segment resulted mainly from shorter campaigns and from efficiency gains. In the Starch segment the number of employees increased slightly due to the expansion project in Aschach, Austria. The staff count in the Fruit segment remained steady.

The average age of permanent employees<sup>3</sup> on 29 February 2016 was 42 years (prior year: 41 years). Of the permanent employees, 29.1% (prior year: 28.8%) were women, and 58.0% of salaried staff had an academic degree (prior year: 59.6%). The turnover rate for permanent staff in 2015|16 was 12.0% (prior year: 11.4%).

## Human resources management

The interpersonal work environment at AGRANA is marked by mutual esteem and cooperation. Dedication, integrity and social awareness are promoted. Employees are supported in their professional growth and encouraged to think and act like entrepreneurs.

Developing the potential of its employees is important for AGRANA as a global company. Moreover, smooth cooperation and sharing of information across national borders are essential to ensuring the Group's growth in value. The personnel departments offer various programmes and initiatives to support this process. This is done both on a local and regional level, as well as internationally through the AGRANA Academy as described further below.

### AGRANA employees within the GRI reporting boundaries<sup>4</sup>

at the balance sheet date of 29 February 2016

Segment	Non-permanent staff <sup>5</sup>		Permanent staff				Managers <sup>6</sup>		Of which executive leadership <sup>7</sup>	
	Total	Female	Blue-collar	Female	White-collar	Female	Total	Female	Total	Female
Sugar <sup>8</sup>	110	23.6%	1,069	15.8%	716	40.6%	1,785	25.8%	138	11.8%
Starch	44	20.5%	574	12.4%	263	44.1%	837	22.3%	49	33.3%
Fruit	1,366	73.4%	2,288	23.0%	1,286	47.6%	3,574	31.9%	232	8.3%
<b>Group</b>	<b>1,520</b>	<b>68.3%</b>	<b>3,931</b>	<b>19.5%</b>	<b>2,265</b>	<b>45.0%</b>	<b>6,196</b>	<b>28.8%</b>	<b>419</b>	<b>12.5%</b>

<sup>1</sup> See definition on page 82.

<sup>2</sup> Full-time equivalents.

<sup>3</sup> Permanent employees of AGRANA Group companies.

<sup>4</sup> See GRI reporting boundaries from page 41.

<sup>5</sup> Almost all non-permanent positions represent seasonal local workers in the processing campaigns.

<sup>6</sup> Management positions at reporting levels 2 and 3.

<sup>7</sup> Reporting level 1 (the reporting level immediately below the Management Board of AGRANA Beteiligungs-AG; level 1 also includes the regional managing directors of the three segments).

<sup>8</sup> Included under the Sugar segment is the staff of AGRANA Beteiligungs-AG.



### Variable compensation

A major element of AGRANA's personnel strategy is the incentivising and recognition of performance as a contribution to the Group's success. For managerial staff, a Group-wide performance management system, including performance-related pay, is in place to help achieve the company's strategic and operational objectives. In addition to targets related to the corporate financial position and profit, the variable compensation plan also involves personal targets to encourage and honour outstanding individual performance. In the 2015|16 financial year, 7.9% of all employees (prior year: 7.3%) were covered by this incentive-enhanced compensation system.

The personal targets, which for most of the management staff are part of the variable compensation scheme, also include non-financial (i.e., environmental and social) targets where reasonable and practicable.

AGRANA plans to continue to employ a Group-wide performance management system in the future that will place a growing focus especially on individual results and the contribution to corporate performance.

### AGRANA HR team recognised with silver BEST RECRUITERS award

The human resources team of AGRANA Beteiligungs-AG is proud to have placed second in the BEST RECRUITERS 2015|16 sector ranking in Austria, ahead of other well-known companies in the food industry, and thus numbering among the top 100 recruiters in the overall ranking.

BEST RECRUITERS is the largest recruiting study in the German-speaking countries. It annually reviews the quality of recruiting practices of the respective top 500

employers in Austria, Germany and Switzerland. The study considers 86 criteria in examining the treatment of applicants, the recruiting presence and job advertisements.

The awarding of the silver BEST RECRUITERS mark confirms that AGRANA Beteiligungs-AG attaches great importance to the respectful treatment of potential new employees. In its permanent search for new talent, AGRANA takes this distinction as an incentive to continue to further raise its quality standards in the use of various recruiting methods and in interactions with people, as well as to remain current with the latest recruiting trends.

### HR Cockpit

In 2015|16, AGRANA designed and implemented an HR information and management tool based on key performance indicators (KPIs). On a monthly basis, this system provides the Management Board and the segment and HR management with the personnel KPIs in graphic and table format for every segment, business area, and region, including commentary highlighting the main movements and trends.

### Staff development and training

AGRANA aims for the steady improvement of its employees' knowledge and skills. Besides numerous job skills trainings as well as personal development offerings, intensive programmes for all business segments are also available. These training courses not only heighten the Group's performance but also raise employee motivation.

### Training hours of AGRANA employees<sup>1</sup>

in the 2015|16 financial year

Segment	Average training hours per employee			Proportion of employees who received a training	Training and development costs <sup>2</sup>
	Total	Male	Female		
Sugar <sup>3</sup>	36.0	36.1	35.9	83.1%	1.3%
Starch	18.4	16.1	27.0	71.3%	0.6%
Fruit	30.0	29.0	32.2	85.0%	0.5%
Group	30.2	29.2	35.9	82.4%	0.8%

<sup>1</sup> Permanent staff within the GRI reporting boundaries (see from page 41).

<sup>2</sup> Expressed as a share of pay.

<sup>3</sup> Included under the Sugar segment is the staff of AGRANA Beteiligungs-AG.



In February 2016, the fourth generation of the AGRANA Competency Training (ACT) programme was successfully completed by 27 keen and high-performing staff members, including ten women. The participants significantly enhanced their future potential through the projects completed in the course of this curriculum and thanks to the intensive development of their job-specific capabilities and personal and general soft skills.

An AGRANA-wide onboarding programme and welcome days are set up to give new staff a comprehensive view of the Group as a whole and of their own area. Employees gain perspective and understanding as a result. They are also able to participate in Group-wide exchanges known as INCA, or International Communication at AGRANA.

In the year, a priority was the development of internal training programmes and events (e.g., trainings in Sharepoint and in compliance). This served as a channel for the focused dissemination of expertise within the Group (systematic knowledge management).

An important element of training and development throughout the Group is the AGRANA Academy. This initiative trains managers in strategy and leadership. A primary focus is on the cross-segment exchange of ideas and best practices and on the spotting of market trends. The Academy's mission is to prepare management personnel even better for future challenges. As well, sales activities are supported by training delivered by a new Sales Academy. AGRANA cares about the steady further development of its employees. In the 2016|17 financial year a new development programme is being started that specifically addresses long-time staff members in expert positions. For the initial roll-out the programme is being offered for the areas of finance, production, purchasing and quality assurance. The intra-disciplinary context allows employees to acquire new knowledge within their subject area and to compare notes with colleagues from the same discipline.

In 2015|16, AGRANA had an average of 68 apprentices in Austria and Germany, training for careers in fields that included mechanical engineering technology, metalworking, food technology and information technology. The proportion of female apprentices was about 10%.

The Group's expenditure for external training and development in the 2015|16 financial year amounted to about € 1.8 million (prior year: € 2.0 million), equivalent to approximately 0.8% (prior year: 0.9%) of total wages and salaries.

## Working conditions and human rights

The basis for AGRANA's relationship with its employees is set out in the AGRANA Code of Conduct, which, for instance, prohibits any discrimination or harassment, forbids child labour and forced labour, addresses issues of health and safety in the workplace, and affirms the rights of free association and collective bargaining. The Code of Conduct applies not only to AGRANA's employees but also its suppliers and service providers, as the Code forms part of the Group's purchasing terms and conditions and of its principles for the procurement of agricultural raw materials and intermediate products.

As regards working conditions and human rights, in 2015|16 AGRANA fulfilled the goal (identified in the prior year) to set up a formal complaints office at every site worldwide that did not already have one, so that any employee's grievances about labour practices or human rights will be heard. The Group also established a process for the prompt and fair handling of the complaints.

## Workplace health and safety

For AGRANA as a manufacturing company, nothing is more important than workplace safety. To facilitate the comparability and analysis of workplace accidents and the taking of informed corrective action, AGRANA collects fully standardised worldwide health and safety data. For workplace safety improvement, AGRANA has thus far set primarily site-specific targets. The fruit preparations division's objectives for the 2015|16 financial year were reductions of 13% in the injury rate<sup>1</sup>, of 10% in the lost day rate<sup>1</sup> and 4% in the absentee rate<sup>1</sup>, compared with the base year 2014|15. The reduction targets for the injury rate and for lost days due to accidents were achieved; it was only absences due to sickness that led to an increase in the absentee rate from the prior year.

For the 2016|17 financial year, for the first time, all business segments have segment- or division-level workplace safety targets.

### Sugar segment

- Reduction of 10% in number of workplace accidents<sup>1</sup> (base financial year: 2015|16) through site-specific packages of measures

### Starch segment

- Fewer than 12 workplace accidents in the financial year (2015|16: 19 accidents<sup>1</sup>) through site-specific packages of measures

<sup>1</sup> See definition on page 82.



## Fruit segment

### Fruit preparations division

(all compared to 2015|16 financial year)

- Reduction in injury rate<sup>1</sup> by 16%
- Reduction in lost day rate<sup>2</sup> by 17%
- Reduction in absentee rate<sup>3</sup> by 10%

### Fruit juice concentrate division

- Standardised division-wide training for all relevant employees in safe handling of chemicals at all sites

## Health programmes

Satisfied, energetic and motivated employees are the backbone of the company. That AGRANA has the health and wellbeing of the Group's people at heart is therefore good for everyone. Under the "AGRANA Fit" programme, a rich range of health services and sports is available at many Group sites. Besides diverse presentations and workshops, the company cafeterias catered to the desire for conscious and healthful nutrition. At the annual Wien Energie Business Run, a total of 177 employees (59 teams) again tested their athletic ability in 2015|16.

## Balancing work and family

In July 2015, like in the previous year, AGRANA offered employees at the sugar plant in Tulln, Austria, a week of combined child care and teaching during the summer holidays for their children aged three to ten years. Trained educators from Hilfswerk, a non-profit, looked after the children during an age-specific excursion- and-workshop programme which featured trips to a Middle Age castle and a school farm as well as a circus workshop. To help balance the needs of work and family, AGRANA also offers its staff in Vienna a company day-care centre, plus a childcare service for days when schools close locally for a day as well for optional days off taken by employees to bridge between a public holiday and the weekend.

In spring 2016 AGRANA joined the Austrian "Business for Family" network, which was launched by the Federal Ministry for Family and Youth to bring together companies and communities interested or already engaged in family-conscious personnel and municipal policies. The network's platform and associated events are a place for dialog, inspiration and sharing of information. In connection with becoming a network partner, AGRANA has decided to take a number of additional measures in the 2016|17 financial year that will improve the compatibility of work and family.

## Workplace safety data for the AGRANA Group<sup>4</sup>

in the 2015|16 and 2014|15 financial years

Segment	Injury rate <sup>1</sup>			Lost day rate <sup>2</sup>			Absentee rate <sup>3</sup>		
	Total	Male	Female	Total	Male	Female	Total	Male	Female
<b>2015 16</b>									
Sugar	1.9	2.3	0.8	26.8	29.5	18.8	5,705.0	5,573.1	6,095.4
Starch	1.6	1.8	0.5	23.1	28.5	2.2	7,400.9	7,369.3	7,522.5
Fruit	2.2	2.5	1.7	25.8	30.6	18.3	3,526.0	3,553.2	3,484.4
<b>Group</b>	<b>2.0</b>	<b>2.3</b>	<b>1.4</b>	<b>25.7</b>	<b>30.0</b>	<b>17.2</b>	<b>4,578.3</b>	<b>4,709.8</b>	<b>4,315.9</b>
<b>2014 15</b>									
Sugar	2.2	2.6	0.8	24.5	25.9	20.1	5,101.8	4,969.5	5,523.5
Starch	2.2	2.6	0.6	29.8	34.5	11.4	7,289.2	7,410.3	6,811.2
Fruit	2.8	3.6	1.6	31.5	44.7	11.7	3,417.5	3,743.5	2,931.5
<b>Group</b>	<b>2.5</b>	<b>3.1</b>	<b>1.3</b>	<b>29.3</b>	<b>37.2</b>	<b>13.4</b>	<b>4,344.8</b>	<b>4,646.3</b>	<b>3,737.9</b>

In the 2015|16 financial year there were no fatal accidents in the workplace at the AGRANA Group<sup>4</sup>.

In the 2015|16 financial year there were 13 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.

<sup>1</sup> Injury rate = (total number of accidents<sup>5</sup> ÷ total paid hours worked<sup>6</sup> × 200,000<sup>7</sup>)

<sup>2</sup> Lost day rate = (total number of lost days<sup>8</sup> ÷ total paid hours worked<sup>6</sup>) × 200,000

<sup>3</sup> Absentee rate = (total number of missed hours due to accident<sup>5</sup> and sickness ÷ total paid hours worked<sup>6</sup>) × 200,000

<sup>4</sup> Non-permanent (i.e., fixed-term or temporary) and permanent employees within the GRI reporting boundaries (see from page 41).

<sup>5</sup> In AGRANA's workplace safety data, injuries are counted as accidents. Days are counted as lost from the first scheduled work day missed after the accident (excluding accidents on the way to or from work).

<sup>6</sup> Total paid hours worked are defined by AGRANA as contractual work hours plus paid overtime.

<sup>7</sup> Explanation of the multiplier 200,000: The multiplier is intended to make the Group's internal workplace safety data comparable with other companies. It is based on the assumption of 40 work hours per week and 50 work weeks per year, for 100 employees (40 × 50 × 100). The effect of the multiplier is thus to convert from a company's average number of accidents, lost days or absentee hours (hours missed as a result of accident or illness) per hour of work done in the company, to an annual number per 100 employees.

<sup>8</sup> A work day is assumed to have eight hours.

The Management Board of the AGRANA Group recognises the importance of active risk management. The basic aim of risk management at AGRANA 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, Group-wide 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 the determination of sensitivities to changing market prices for the current and next financial year. The individual risk parameters are assessed on an ongoing basis in relation to the current budget (prepared at the start of the year) or the current forecast (as updated in the course of the year), so as to be able to calculate the impacts on the profit measure “operating profit before exceptional items and results of equity-accounted joint ventures”. Besides these ongoing reports, the business situation and the use of risk mitigation measures is regularly discussed by the risk managers from the business areas directly with the Management Board.
- 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 (which is an established standard calculation in risk management). 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.

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

In the 2015|16 financial year, as in the prior year, the independent auditor evaluated the design and implementation of risk management, in accordance with rule 83 of the Austrian Code of Corporate Governance, and submitted the findings in a final report on the viability of the Group-wide risk management. The evaluation used the recommendations of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) as the reference model against which to compare AGRANA’s risk management.



## 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, sets out clearly defined responsibilities and stipulates independent risk control as well as integrated internal controls.

Throughout the Group, risks may be assumed only if they arise from the core business of the AGRANA Group and if 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 prohibited without exception.

AGRANA Beteiligungs-AG is responsible for the Group-wide coordination and implementation of risk management arrangements determined by the Management Board. The use of hedging instruments is permitted only to hedge operating business transactions and financing activities, not for speculative purposes. The positions in hedge contracts and their current value are regularly reported 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. Compliance with sustainable environmental and social criteria in the supply chain is also increasingly gaining significance from a risk perspective. AGRANA seeks to assure this compliance by adhering to defined criteria for the procurement of agricultural raw materials and intermediate products. 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. In this context AGRANA has formulated an environmental policy; compliance with the policy is to avoid or minimise risks.

## 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 the difference 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 how profitable it is for farmers to grow 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 with commodity derivatives where financially appropriate. Additionally, exports of non-quota sugar (white sugar) are hedged using commodity derivatives. 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 and over-the-counter derivatives, both of 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 change for the grains used as input materials, 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 by plant diseases can adversely affect the availability and purchasing prices of raw materials. In the fruit preparations business, with its worldwide presence and its knowledge of procurement markets, AGRANA is able to anticipate regional supply bottlenecks and price volatility and take appropriate action in response. Also, where possible, one-year contracts are used both with suppliers and customers.

In fruit juice concentrates, the risks related to raw materials, production and sales are managed supra-regionally. Both foreign-currency purchases of raw materials and sales contracts in foreign currency are hedged using derivatives. In these derivatives contracts, no short or long positions are taken that exceed the amount necessary for the purpose of hedging the underlying transaction.

The production processes, especially in the Sugar and Starch segments, are energy-intensive. 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 for long-term economic success. The Group applies rigorous quality management that is continually refined and meets the requirements of the relevant food and beverage legislation, standards and customer specifications. The quality management 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 supranational 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.

An escalation of the political unrest in Eastern Europe could have a negative impact on the market environment in the Fruit segment. Currently, however, the region continues to show a stable earnings situation.

### Regulatory risks

#### Risks from sugar market regulation

As part of the risk management process, potential scenarios and their impacts are examined and assessed from an early stage. Current developments and their implications are also reported from page 51 of this report, in the section on the Sugar segment.

**Sugar regime:** The expiration date of the minimum beet price and the quotas for sugar and isoglucose is 30 September 2017. Both of these sweeteners can then be produced and sold in the EU in any quantity. The end of the quotas in autumn 2017 has already been affecting the European sugar market, as the competitors pursue an aggressive pricing strategy to secure future market share. With the end of the sugar regime, a certain degree of substitution of isoglucose for granulated sugar is also expected to occur. For the Starch segment, this means fierce competition in the saccharification product markets, but also the opportunity to occupy a growing market.

**Free trade agreement:** The free trade agreements currently being negotiated by the European Union could have economic impacts on AGRANA. The company is following the ongoing trade talks and analysing and evaluating the results.

#### EU renewable energy directive (2009/28/EC)

In September 2015 the EU's adoption of Directive 2015/1513 amended the EU renewable energy directive. In view of the EU target of a 40% reduction in greenhouse gas emissions by 2030 (compared to 1990 levels), the rules for the contribution from biofuels were modified. By 2020, the share of energy from renewable sources in all forms of transport is to represent at least 10% of the final consumption of energy in transport in a given member state. The share from conventional ("first-generation") biofuels was capped at 7%. At the same time, the national governments were requested to transpose this directive into national law by September 2017, including determining the renewable energy mix with which they plan to achieve the reduction targets. AGRANA is following the ongoing developments and analysing and evaluating the results.

### Legal risks

AGRANA continually monitors changes in the legal setting relevant to its businesses that may lead to a risk situation, and takes risk management actions as necessary. This applies particularly to compliance matters and antitrust, food and environmental legislation; the Group maintains dedicated staff positions for these areas.

There are currently no pending or threatened civil actions 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 Austrian Federal Competition Authority in 2010 sought a fine under an antitrust case for alleged competition-restricting arrangements with respect to Austria filed against AGRANA Zucker GmbH, Vienna, and Südzucker AG, Mannheim, Germany. To date the Cartel Court has not ruled on the case. AGRANA continues to regard the allegation as unfounded and the fine sought as unwarranted.

### 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 through 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 amount 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 entails risk as to the amounts of future interest payments; this is referred to as interest rate cash flow risk. AGRANA strives to employ interest rate hedging instruments that match the amount and maturity of debt financing. 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 non-local currencies. 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, Brazilian real, Mexican peso and Chinese yuan.

As part of its currency management AGRANA, on a monthly basis for each Group company, determines the net foreign currency exposure arising from the purchasing, sales and cash and cash equivalent positions, including the hedging positions held. Open purchasing and sales contracts in foreign currencies that have not yet been settled are also taken into account. For hedging currency risks, 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

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 for the long term through bilateral and syndicated credit lines.

### 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 raising 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. After intensive investigations, the local management was replaced in June 2012. Furthermore, appropriate provisions were set aside in the 2012|13 accounts.

The collection procedure against the debtors of AGRANA Fruit México, S.A. de C.V. was continued on the local level. The employment law litigation against the former management was completed except for one lawsuit, and without exceeding the amounts provided for the purpose. The criminal proceedings are conducted by the Mexican public prosecutor. With the insurance company, AGRANA reached an out-of-court settlement for reputational risk coverage.

Arrangements for internal and external audits are in place to assure to the greatest possible extent 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<sup>1</sup>

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

The internal control system, standardised Group-wide accounting rules and the 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<sup>2</sup> system. All AGRANA companies send the data from their separate financial statements to the central SAP consolidation module. This ensures that the reporting system operates 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, for 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 between 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 material 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 also includes a dedicated risk report both for each business segment and the whole AGRANA Group, calculating the risk potential for the current and next financial year for the key profitability factors, based on the assumption of current market prices for not yet contractually secured volumes versus budgeted prices.

A Group-wide risk management system (see "Risk management" section from page 83) at both the 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 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 as well as the Supervisory Board (represented by the Audit Committee). 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 process and of the information technology systems. The audit findings are reported to the Audit Committee of the Supervisory Board.

<sup>1</sup> Disclosures under section 243a (2) Austrian Commercial Code.

<sup>2</sup> Enterprise resource planning.

The share capital of AGRANA Beteiligungs-AG at the balance sheet date of 29 February 2016 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 this latter company, 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 Südzucker AG ("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 appoint 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 AG, and Thomas Kölbl has been nominated by Südzucker and appointed as a member of the management board of AGRANA Beteiligungs-AG.

In February 2014, 4.9% of AGRANA's shares were acquired directly by Südzucker, which thus increased its direct interest in AGRANA Beteiligungs-AG to approximately 6.5%. Of this total, almost 5 percentage points are to be returned to free float in order to increase the liquidity of AGRANA shares and thus enhance their attractiveness for investors. On any of the shares that are not placed, Z&S holds a call option, with Südzucker as the counterparty.

There are no shareholders with 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.

Under a resolution of the Annual General Meeting on 3 July 2015, the Management Board was authorised pursuant to section 169 Austrian Stock Corporation Act, for a period of five years from entry of the corresponding amendment to the Articles of Association in the commercial register (which entry was made on 4 September 2015), to increase the share capital, subject to the agreement of the Supervisory Board, by up to € 15,261,295.18 by issuing up to 2,100,000 new bearer shares of the Company against payment in cash or contributions in kind, in one or more tranches, and to determine, in agreement with the Supervisory Board, the issue amount (which shall not be less than the proportionate amount of the share capital), the terms of the issue and the other details of the implementation of the capital increase.

The Management Board was also authorised under section 65 (1) 8 and (1a) and (1b) Austrian Stock Corporation Act, for a period of 30 months from the date of the resolution, to buy back the Company's own shares to the extent of up to 10% of the share capital of the Company, to utilise this limit of 10% repeatedly, and to acquire the shares both on the stock exchange and over the counter, subject to the agreement of the Supervisory Board, and with or without the exclusion of the shareholders' proportional right to sell.

The agreements for the Schuldscheindarlehen (bonded loan) and credit lines (syndicated loans) 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 tender offer exist between the Company and its Management Board, Supervisory Board or other staff.

<sup>1</sup> Disclosures under section 243a (1) Austrian Commercial Code.



With its diversified business model and sound balance sheet, AGRANA regards itself as well positioned and is optimistic for the new financial year.

AGRANA Group		2015 16 Actual	2016 17 Forecast	
Revenue	€m	2,477.6	Moderate increase	↑
Operating profit (EBIT) <sup>1</sup>	€m	129.0	Moderate increase	↑
Investment <sup>2</sup>	€m	116.0	Approx. 114	

AGRANA currently expects both Group **revenue** and **operating profit (EBIT)** to increase moderately for the 2016|17 financial year.

Total **investment** in the three business segments in 2016|17, at about € 114 million, will significantly exceed depreciation of just under € 90 million.

Sugar segment		2015 16 Actual	2016 17 Forecast	
Revenue	€m	672.6	Steady	→
Operating profit (EBIT) <sup>1</sup>	€m	4.3	Significant increase	↑↑
Investment <sup>2</sup>	€m	46.1	Approx. 22	

In the **Sugar segment**, AGRANA expects revenue at least in line with the previous year, in anticipation of stable sales volumes and prices. Improved margins and the cost reduction programme initiated in summer 2015 augur a significant increase in EBIT in 2016|17 compared to the year before.

The capital expenditures planned for the Sugar segment in 2015|16 are approximately € 22 million. Alongside asset replacement and maintenance investment, the spending will go especially to measures to improve energy efficiency and product quality.

Starch segment		2015 16 Actual	2016 17 Forecast	
Revenue	€m	721.6	Steady	→
Operating profit (EBIT) <sup>1</sup>	€m	65.9	Moderate reduction	↓
Investment <sup>2</sup>	€m	28.2	Approx. 58	

In the **Starch segment**, AGRANA's projection for the 2016|17 financial year calls for slightly rising sales volumes and steady revenue. The probable downward price pressure in saccharification products and bioethanol leads to a moderately to significantly reduced EBIT forecast compared to 2015|16, despite lower commodity derivative prices for raw materials.

The investment of approximately € 58 million planned in the Starch segment represents about 50% of the Group total. The capital expenditure will primarily target capacity expansions in Austria (in Aschach) and product segments that have a high refining intensity, in order to seize growth opportunities in high-margin areas.

Fruit segment		2015 16 Actual	2016 17 Forecast	
Revenue	€m	1,083.4	Significant increase	↑↑
Operating profit (EBIT) <sup>1</sup>	€m	58.8	Significant increase	↑↑
Investment <sup>2</sup>	€m	41.7	Approx. 34	

AGRANA expects that in the 2016|17 financial year the **Fruit segment** will achieve significant growth in revenue and EBIT.

<sup>1</sup> Operating profit (EBIT) is after exceptional items and results of equity-accounted joint ventures.

<sup>2</sup> Investment represents purchases of property, plant and equipment and intangible assets, excluding goodwill.

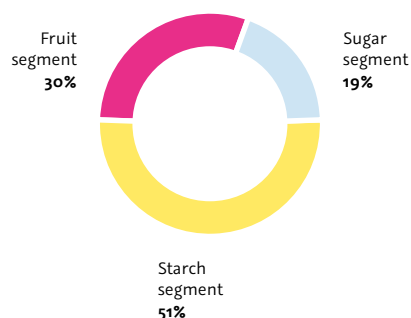
For the fruit preparations division a volume-driven positive revenue trend is predicted, led by the Europe, North America and Asia regions. With expected stable raw material prices, EBIT in this business area is projected to be steady relative to 2015|16.

In the fruit juice concentrate division, revenue is forecast to grow significantly, due to higher sales prices as a result of increased raw material prices for the 2015 harvest compared with the 2014 crop. This should also lead to a significant recovery in EBIT.

The capital investment budgeted in the Fruit segment this year is about € 34 million. In the fruit preparations business, besides investing in asset replacement and maintenance, capacity is to be expanded in the USA and Asia, while the focus in the fruit juice concentrate business is on asset replacement and maintenance investment and the continual improvement of product quality.

#### Planned share of Group investment by segment in 2016|17

(Approx. € 114 million)



#### Sustainability outlook for 2016|17

Ensuring and documenting sustainable business practices is increasingly a sourcing criterion for AGRANA's customers, particularly in the food and beverage industry. In 2016|17 and the years to come, AGRANA will therefore continue its intensive work on the further integration of sustainability in the core business activities. To guide this process, the Group in 2014|15 set goals and targets for further improving environmental and social performance in its own production facilities and for its employees, and added further objectives in 2015|16, particularly regarding sustainability in its supply chain. The performance against these objectives is progressively reported in the sustainability information integrated in the annual report.



# Consolidated financial statements 2015|16

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# Consolidated income statement

for the year ended 29 February 2016

Note	€000	2015 16	2014 15
(1)	Revenue	2,477,647	2,493,512
(2)	Changes in inventories of finished and unfinished goods	25,183	(76,133)
(2)	Own work capitalised	1,523	1,375
(3)	Other operating income	44,087	38,342 <sup>1</sup>
(4)	Cost of materials	(1,783,723)	(1,703,680)
(5)	Staff costs	(285,696)	(282,054)
(6)	Depreciation, amortisation and impairment losses	(85,381)	(80,065)
(7)	Other operating expenses	(289,208)	(294,950) <sup>1</sup>
(8)	Share of results of equity-accounted joint ventures	24,523	25,372
(9)	<b>Operating profit [EBIT]</b>	<b>128,955</b>	<b>121,719</b>
(10)	Finance income	43,789	68,720 <sup>1</sup>
(11)	Finance expense	(68,308)	(73,960) <sup>1</sup>
	<b>Net financial items</b>	<b>(24,519)</b>	<b>(5,240)</b>
	<b>Profit before tax</b>	<b>104,436</b>	<b>116,479</b>
(12)	Income tax expense	(23,508)	(31,901)
	<b>Profit for the period</b>	<b>80,928</b>	<b>84,578</b>
	Attributable to shareholders of the parent	82,723	80,896
	Attributable to non-controlling interests	(1,795)	3,682
(13)	Earnings per share under IFRS (basic and diluted)	€ 5.82	€ 5.70

<sup>1</sup> The prior-year data have been restated under IAS 8. Further information is provided on page 106.

# Consolidated statement of comprehensive income

for the year ended 29 February 2016

€000	2015 16	2014 15
<b>Profit for the period</b>	<b>80,928</b>	<b>84,578</b>
Other comprehensive (expense)/income:		
Currency translation differences	(14,655)	(9,513)
Available-for-sale financial assets (IAS 39) after deferred taxes	(1,163)	323
Cash flow hedges (IAS 39) after deferred taxes	(2,515)	(19)
Effects from equity-accounted joint ventures	(2,103)	2,287
(Expense) to be recognised in the income statement in the future	(20,436)	(6,922)
Change in actuarial gains and losses on defined benefit pension obligations and similar liabilities (IAS 19) after deferred taxes	2,820	(14,697)
Effects from equity-accounted joint ventures	3	(6)
Income/(expense) that will not be recognised in the income statement in the future	2,823	(14,703)
<b>Other comprehensive (expense)</b>	<b>(17,613)</b>	<b>(21,625)</b>
<b>Total comprehensive income for the period</b>	<b>63,315</b>	<b>62,953</b>
Attributable to shareholders of the parent	66,869	58,711
Attributable to non-controlling interests	(3,554)	4,242



# Consolidated cash flow statement

## for the year ended 29 February 2016

Note	€000	2015 16	2014 15 <sup>1</sup>
	Profit for the period	80,928	84,578
	Depreciation, amortisation and impairment of non-current assets	86,211	80,763
	Reversal of impairment losses on non-current assets	(821)	(698)
	Losses on disposal of non-current assets	1,075	63
	Changes in non-current provisions	3,106	(1,684)
	Share of results of equity-accounted joint ventures	(24,523)	(25,372)
	Dividends and dividend prepayments received from equity-accounted joint ventures	33,000	22,900
	Dividends received from non-consolidated subsidiaries	763	(763)
	Other non-cash expenses and income	46,175	48,279
	<b>Operating cash flow before changes in working capital</b>	<b>225,914</b>	<b>208,066</b>
	Changes in inventories	(42,107)	49,865
	Changes in receivables and current assets	(712)	(715)
	Changes in current provisions	(14,583)	(23)
	Changes in payables (excluding borrowings)	(16,289)	2,914
	<b>Changes in working capital</b>	<b>(73,691)</b>	<b>52,041</b>
	Interest received	7,684	7,559
	Interest paid	(16,687)	(18,207)
	Tax paid	(41,307)	(22,316)
(14)	<b>Net cash from operating activities</b>	<b>101,913</b>	<b>227,143</b>
	Dividends received	10	6
	Proceeds from disposal of non-current assets	3,103	1,621
	Purchases of property, plant and equipment and intangible assets, net of government grants	(107,720)	(86,982)
	Proceeds from disposal of securities	1	1,244
	Proceeds from disposal of participation capital	85,000	0
	Purchases of non-current financial assets	(318)	(40)
(15)	<b>Net cash (used in) investing activities</b>	<b>(19,924)</b>	<b>(84,151)</b>
	Issue of Schuldscheindarlehen, or bonded loan	0	90,000
	Repayment of Schuldscheindarlehen, or bonded loan	0	(74,000)
	Repayment of current borrowings to affiliated companies in the Südzucker group	(85,000)	0
	Outflows from bank overdrafts and cash advances	(21,098)	(8,373)
	Purchase of non-controlling interest	(2,558)	(33,327)
	Dividends paid	(54,957)	(55,445)
(16)	<b>Net cash (used in) financing activities</b>	<b>(163,613)</b>	<b>(81,145)</b>
	<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(81,624)</b>	<b>61,847</b>
	Effect of movements in foreign exchange rates on cash and cash equivalents	(2,819)	(3,885)
	Cash and cash equivalents at beginning of period	193,818	135,856
	<b>Cash and cash equivalents at end of period</b>	<b>109,375</b>	<b>193,818</b>

<sup>1</sup> The prior-year data have been restated under IAS 8. Further information is provided on page 106.

# Consolidated balance sheet

at 29 February 2016

Note	€000	29 Feb 2016	28 Feb 2015
<b>ASSETS</b>			
<b>A. Non-current assets</b>			
(17)	Intangible assets	241,961	241,475
(18)	Property, plant and equipment	679,592	661,537
(19)	Equity-accounted joint ventures	60,906	84,384
(19)	Securities	18,622	104,879
(19)	Investments in non-consolidated subsidiaries and outside companies	1,091	1,114
(20)	Receivables and other assets	10,602	21,070
(21)	Deferred tax assets	14,873	22,184
		<b>1,027,647</b>	<b>1,136,643</b>
<b>B. Current assets</b>			
(22)	Inventories	654,172	625,313
(20)	Trade receivables and other assets	439,521	439,793
	Current tax assets	10,774	11,274
	Securities	45	46
	Cash and cash equivalents	109,375	193,818
		<b>1,213,887</b>	<b>1,270,244</b>
(23)	<b>C. Non-current assets held for sale</b>	<b>1,631</b>	<b>0</b>
	<b>Total assets</b>	<b>2,243,165</b>	<b>2,406,887</b>
<b>EQUITY AND LIABILITIES</b>			
(24)	<b>A. Equity</b>		
	Share capital	103,210	103,210
	Share premium and other capital reserves	411,362	411,362
	Retained earnings	629,709	614,687
	<b>Equity attributable to shareholders of the parent</b>	<b>1,144,281</b>	<b>1,129,259</b>
	Non-controlling interests	55,843	65,161
		<b>1,200,124</b>	<b>1,194,420</b>
<b>B. Non-current liabilities</b>			
(25a)	Retirement and termination benefit obligations	67,146	71,885
(25b)	Other provisions	19,999	14,879
(26)	Borrowings	286,028	319,672
(27)	Other payables	1,024	1,204
(28)	Deferred tax liabilities	4,481	10,424
		<b>378,678</b>	<b>418,064</b>
<b>C. Current liabilities</b>			
(25b)	Other provisions	28,426	41,757
(26)	Borrowings	247,820	309,354
(27)	Trade and other payables	375,058	411,193
	Tax liabilities	13,059	32,099
		<b>664,363</b>	<b>794,403</b>
	<b>Total equity and liabilities</b>	<b>2,243,165</b>	<b>2,406,887</b>

# Consolidated statement of changes in equity

for the year ended 29 February 2016

€000	Attributable to the shareholders					
	Share capital	Share premium and other capital reserves	Available-for-sale reserve	Cash flow hedge reserve	Reserve for actuarial gains and losses	Retained
						Effects from equity-accounted joint ventures
<b>2015 16</b>						
<b>At 1 March 2015</b>	<b>103,210</b>	<b>411,362</b>	<b>4,294</b>	<b>215</b>	<b>(29,945)</b>	<b>(23,775)</b>
Fair value movements under IAS 39	0	0	(1,529)	(3,353)	0	0
Changes in actuarial gains and losses on defined benefit pension obligations and similar liabilities	0	0	0	0	3,161	3
Tax effects	0	0	366	838	(386)	(1)
Currency translation loss	0	0	0	0	0	(2,104)
<b>Other comprehensive (expense)/income for the period</b>	<b>0</b>	<b>0</b>	<b>(1,163)</b>	<b>(2,515)</b>	<b>2,775</b>	<b>(2,102)</b>
Profit for the period	0	0	0	0	0	0
<b>Total comprehensive (expense)/income for the period</b>	<b>0</b>	<b>0</b>	<b>(1,163)</b>	<b>(2,515)</b>	<b>2,775</b>	<b>(2,102)</b>
Dividends paid	0	0	0	0	0	0
Transfer to reserves	0	0	0	0	0	0
Changes in equity interests and in scope of consolidation	0	0	0	0	0	0
Other changes	0	0	0	0	0	0
<b>At 29 February 2016</b>	<b>103,210</b>	<b>411,362</b>	<b>3,131</b>	<b>(2,300)</b>	<b>(27,170)</b>	<b>(25,877)</b>
						<b>629,709</b>
<b>2014 15</b>						
<b>At 1 March 2014</b>	<b>103,210</b>	<b>411,362</b>	<b>3,971</b>	<b>234</b>	<b>(15,463)</b>	<b>(25,935)</b>
Fair value movements under IAS 39	0	0	1,022	(31)	0	0
Changes in actuarial gains and losses on defined benefit pension obligations and similar liabilities	0	0	0	0	(16,966)	(7)
Tax effects	0	0	(699)	12	2,484	241
Currency translation loss	0	0	0	0	0	1,926
<b>Other comprehensive (expense)/income for the period</b>	<b>0</b>	<b>0</b>	<b>323</b>	<b>(19)</b>	<b>(14,482)</b>	<b>2,160</b>
Profit for the period	0	0	0	0	0	0
<b>Total comprehensive (expense)/income for the period</b>	<b>0</b>	<b>0</b>	<b>323</b>	<b>(19)</b>	<b>(14,482)</b>	<b>2,160</b>
Dividends paid	0	0	0	0	0	0
Transfer to reserves	0	0	0	0	0	0
Changes in equity interests and in scope of consolidation	0	0	0	0	0	0
Other changes	0	0	0	0	0	0
<b>At 28 February 2015</b>	<b>103,210</b>	<b>411,362</b>	<b>4,294</b>	<b>215</b>	<b>(29,945)</b>	<b>(23,775)</b>
						<b>614,687</b>

## of AGRANA Beteiligungs-AC

## earnings

Other retained earnings	Currency translation reserve	Profit for the period	Equity attributable to shareholders of the parent	Non-controlling interests	Total
650,983	(67,981)	80,896	1,129,259	65,161	1,194,420
0	0	0	(4,882)	0	(4,882)
0	0	0	3,164	61	3,225
0	0	0	817	(15)	802
0	(12,849)	0	(14,953)	(1,805)	(16,758)
0	(12,849)	0	(15,854)	(1,759)	(17,613)
0	0	82,723	82,723	(1,795)	80,928
0	(12,849)	82,723	66,869	(3,554)	63,315
0	0	(51,127)	(51,127)	(3,830)	(54,957)
29,769	0	(29,769)	0	0	0
(724)	0	0	(724)	(1,934)	(2,658)
4	0	0	4	0	4
680,032	(80,830)	82,723	1,144,281	55,843	1,200,124
600,013	(57,814)	105,155	1,124,733	66,255	1,190,988
0	0	0	991	0	991
0	0	0	(16,973)	(288)	(17,261)
0	0	0	2,038	152	2,190
0	(10,167)	0	(8,241)	696	(7,545)
0	(10,167)	0	(22,185)	560	(21,625)
0	0	80,896	80,896	3,682	84,578
0	(10,167)	80,896	58,711	4,242	62,953
0	0	(51,127)	(51,127)	(4,318)	(55,445)
54,028	0	(54,028)	0	0	0
(2,548)	0	0	(2,548)	(979)	(3,527)
(510)	0	0	(510)	(39)	(549)
650,983	(67,981)	80,896	1,129,259	65,161	1,194,420

# Notes to the consolidated financial statements

AGRANA Beteiligungs-AG ("the Company") is the parent company of the AGRANA Group and has its registered office at Friedrich-Wilhelm-Raiffeisen-Platz 1, 1020 Vienna, Austria. 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 2015|16 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 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, internal monthly reporting is provided to the Group's chief operating decision maker (CODM). The members of the Management Board of AGRANA Beteiligungs-AG constitute the CODM. 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	Consolidation	Group
<b>2015 16</b>					
Total revenue	739,912	728,730	1,084,085	(75,080)	2,477,647
Inter-segment revenue	(67,268)	(7,164)	(648)	75,080	0
<b>Revenue</b>	<b>672,644</b>	<b>721,566</b>	<b>1,083,437</b>	<b>0</b>	<b>2,477,647</b>
EBITDA	25,397	64,884	101,676	0	191,957
Depreciation, amortisation and impairment of property, plant and equipment and intangibles <sup>1</sup>	(22,633)	(22,038)	(39,800)	0	(84,471)
<b>Operating profit before exceptional items and results of equity-accounted joint ventures</b>	<b>2,764</b>	<b>42,846</b>	<b>61,876</b>	<b>0</b>	<b>107,486</b>
Exceptional items	0	0	(3,054)	0	(3,054)
Share of results of equity-accounted joint ventures	1,542	22,981	0	0	24,523
<b>Operating profit [EBIT]</b>	<b>4,306</b>	<b>65,827</b>	<b>58,822</b>	<b>0</b>	<b>128,955</b>
Segment assets	1,619,559	474,811	1,094,648	(945,853)	2,243,165
Segment equity	906,208	318,089	312,633	(336,806)	1,200,124
Segment liabilities	713,351	156,722	782,015	(609,047)	1,043,041
Purchases of property, plant and equipment and intangibles <sup>1</sup>	46,102	28,151	41,730	0	115,983
Purchases of non-current financial assets	0	10	308	0	318
Total capital expenditure	46,102	28,161	42,038	0	116,301
Carrying amount of equity-accounted joint ventures	5,303	55,603	0	0	60,906
Number of employees (average full-time equivalents)	2,185	870	5,455	0	8,510

<sup>1</sup> Excluding goodwill.

€000	Sugar	Starch	Fruit	Consolidation	Group
<b>2014 15</b>					
Total revenue	812,265	708,233	1,062,510	(89,496)	2,493,512
Inter-segment revenue	(81,127)	(8,102)	(267)	89,496	0
<b>Revenue</b>	<b>731,138</b>	<b>700,131</b>	<b>1,062,243</b>	<b>0</b>	<b>2,493,512</b>
EBITDA	29,355	49,005	103,556	0	181,916
Depreciation, amortisation and impairment of property, plant and equipment and intangibles <sup>1</sup>	(19,656)	(21,967)	(38,276)	0	(79,899)
<b>Operating profit before exceptional items and results of equity-accounted joint ventures</b>	<b>9,699</b>	<b>27,038</b>	<b>65,280</b>	<b>0</b>	<b>102,017</b>
Exceptional items	1,002	0	(6,672)	0	(5,670)
Share of results of equity-accounted joint ventures	(1,721)	27,093	0	0	25,372
<b>Operating profit [EBIT]</b>	<b>8,980</b>	<b>54,131</b>	<b>58,608</b>	<b>0</b>	<b>121,719</b>
Segment assets	1,722,879	467,881	1,080,921	(864,794)	2,406,887
Segment equity	919,359	300,979	310,889	(336,807)	1,194,420
Segment liabilities	803,520	166,902	770,032	(527,987)	1,212,467
Purchases of property, plant and equipment and intangibles <sup>1</sup>	34,476	13,743	42,990	0	91,209
Purchases of non-current financial assets	4	0	36	0	40
Total capital expenditure	34,480	13,743	43,026	0	91,249
Carrying amount of equity-accounted joint ventures	3,754	80,630	0	0	84,384
Number of employees (average full-time equivalents) <sup>2</sup>	2,297	848	5,405	0	8,550

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 expenses for the closure of a production site in Belgium and a farm in Morocco, as well as for a strategy-and-organisation project in the Fruit segment.

The items "segment assets" and "segment liabilities" match the allocation used in internal reporting. The inter-segment consolidation consisted of liability and dividend consolidation of € 609,047 thousand (prior year: € 527,987 thousand) and capital consolidation of € 336,806 thousand (prior year: € 336,807 thousand).

## 1.2. Segmentation by region

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

Revenue €000	2015 16	2014 15
Austria	1,248,869	1,333,776
Hungary	89,218	86,107
Romania	178,510	173,030
Rest of EU	412,566	408,113
EU-28	1,929,163	2,001,026
Rest of Europe (Bosnia-Herzegovina, Russia, Serbia, Turkey, Ukraine)	90,496	91,863
Other foreign countries	457,988	400,623
<b>Total</b>	<b>2,477,647</b>	<b>2,493,512</b>

<sup>1</sup> Excluding goodwill.

<sup>2</sup> The prior-year data have been restated under IAS 8. Further information is provided on page 106.



The revenue generated by the Eastern European companies was € 539,571 thousand (prior year: € 541,033 thousand), or about 21.8% (prior year: 21.7%) of total revenue. The countries defined as Eastern Europe are Bosnia-Herzegovina, Bulgaria, Czech Republic, Hungary, Poland, Romania, Russia, Serbia, Slovakia, Turkey and Ukraine.

<b>Purchases of property, plant and equipment and intangibles<sup>1</sup> €000</b>	<b>2015 16</b>	<b>2014 15</b>
Austria	65,630	32,999
Hungary	12,650	17,673
Romania	3,577	4,408
Rest of EU	15,987	13,651
EU-28	97,844	68,731
Rest of Europe (Bosnia-Herzegovina, Russia, Serbia, Turkey, Ukraine)	2,751	3,255
Other foreign countries	15,388	19,223
<b>Total</b>	<b>115,983</b>	<b>91,209</b>

<b>Carrying amount of property, plant and equipment and intangible assets<sup>1</sup> €000</b>	<b>2015 16</b>	<b>2014 15</b>
Austria	344,563	315,217
Hungary	68,806	63,690
Romania	39,009	39,760
Rest of EU	113,090	121,481
EU-28	565,468	540,148
Rest of Europe (Bosnia-Herzegovina, Russia, Serbia, Turkey, Ukraine)	17,831	19,723
Other foreign countries	112,052	116,965
<b>Total</b>	<b>695,351</b>	<b>676,836</b>

<b>Standard / Interpretation</b>		<b>Issued by the IASB</b>	<b>Expected to be effective for AGRANA from financial year</b>	<b>Adopted by the EU</b>
IAS 1	Presentation of Financial Statements (Amended)	18 Dec 2014	2016 17	18 Dec 2015
IAS 7	Statement of Cash Flows (Amended)	29 Jan 2016	2017 18	Not to date
IAS 12	Income Taxes (Amended)	19 Jan 2016	2017 18	Not to date
IAS 16	Property, Plant and Equipment (Amended)	12 May 2014 and 30 Jun 2014	2016 17	23 Nov 2015 and 2 Dec 2015
IAS 27 (2011)	Separate Financial Statements (Amended)	12 Aug 2014	2016 17	18 Dec 2015

<sup>1</sup> 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 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.

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 following standards and interpretations either have been adopted by the European Union and will become effective for the 2015/16 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. The information provided on the content of the standards depends on whether and to what extent they are relevant to AGRANA. Where accounting rules becoming effective in subsequent periods do not apply to AGRANA's situation, no information on their content is given.

### Content and expected impacts on AGRANA

The amendments clarify that information should not be obscured by aggregation and that materiality considerations apply to all parts of the financial statements, even when individual standards require specific disclosures. The relevance of the items in the balance sheet and statement of comprehensive income determines their disaggregation or aggregation. In other comprehensive income, all effects from companies accounted for using the equity method are presented in a separate category regardless of whether or not they will subsequently be reclassified to the income statement. The amendments are part of the Disclosure Initiative, which is intended to improve disclosure requirements. Application of the amendments is expected to have impacts on the presentation of the financial statements and on disclosures in the notes.

The intent of the amendment is to expand disclosures of the components of changes in liabilities arising from financing activities, as through a reconciliation.

The amendment is not relevant to AGRANA.

No impacts on the presentation of the financial position, results of operations and cash flows are expected.

The amendment has no impact, as it relates to separate financial statements.

Standard / Interpretation		Issued by the IASB	Expected to be effective for AGRANA from financial year	Adopted by the EU
IAS 28 (2011)	Investments in Associates and Joint Ventures (Amended)	11 Sep 2014 and 18 Dec 2014	2016 17	Not to date
IAS 38	Intangible Assets (Amended)	12 May 2014	2016 17	2 Dec 2015
IAS 41	Agriculture (Amended)	30 Jun 2014	2016 17	23 Nov 2015
IFRS 9 (2014)	Financial Instruments	24 Jul 2014	2018 19	Not to date
IFRS 10	Consolidated Financial Statements (Amended)	11 Sep 2014 and 18 Dec 2014	2016 17	Not to date
IFRS 11	Joint Arrangements (Amended)	6 May 2014	2016 17	24 Nov 2015
IFRS 12	Disclosure of Interests in Other Entities (Amended)	18 Dec 2014	2016 17	Not to date
IFRS 14	Regulatory Deferral Accounts	30 Jan 2014	2016 17	No
IFRS 15	Revenue from Contracts with Customers	28 May 2014	2018 19	Not to date
IFRS 16	Leases	13 Jan 2016	2019 20	Not to date
Various	Annual Improvements to IFRSs 2012–2014 Cycle	25 Sep 2014	2016 17	15 Dec 2015

## Content and expected impacts on AGRANA

No impacts on the presentation of the financial position, results of operations and cash flows are expected.

No impacts on the presentation of the financial position, results of operations and cash flows are expected.

No material impacts on the presentation of the financial position, results of operations and cash flows are expected.

The IASB has issued the final version of IFRS 9, bringing together the results of the classification and measurement, impairment and hedge accounting phases of the project to replace IAS 39 (Financial Instruments: Recognition and Measurement). This new version of the standard adds a new model of expected losses for measuring impairment, and limited changes to the classification and measurement requirements for financial assets. The impairment model is based on the concept of providing for expected losses at the inception of a contract, with the exception of purchased or originated credit-impaired financial assets, where expected credit losses are incorporated into the effective interest rate determined at initial recognition. The classification and measurement model for financial assets and for certain debt instruments is expanded by adding a new category, "fair value through other comprehensive income" (FVTOCI). As well, additional guidance is provided on how to apply the business model and contractual cash flow characteristics test. The standard supersedes all previous versions of IFRS 9. For the securities holdings the new classification will also result in changes in measurement method. For derivatives there is expected to be an expansion in hedge accounting. Expanded disclosures are also expected.

No impacts on the presentation of the financial position, results of operations and cash flows are expected.

The amendment may have impacts on the accounting for future acquisitions of equity interests.

The amendment is not relevant to AGRANA.

The standard is not relevant to AGRANA. In view of the extremely limited group of users, the European Commission has not endorsed this interim standard for adoption into EU law.

IFRS 15 establishes the principles that an entity shall apply to report about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer. Specifically, it also establishes criteria for determining whether different performance obligations under a contract are distinct. AGRANA does not expect the application of the standard to have an impact on the timing of revenue recognition, but expects it to require expanded disclosures.

IFRS 16 establishes new rules for the recognition, measurement and presentation of leases. The standard provides only a single accounting model for the lessee, requiring the right of use to be recognised as the asset, and the obligation to be recognised as a liability, in the balance sheet. Capitalisation is optional only for underlying assets with a low value and for short-term leases with a term of less than twelve months. AGRANA is evaluating the extent to which IFRS 16 applies to existing rental agreements and how the right-of-use asset and the corresponding liability are to be measured for individual contracts and categories of contracts. Once this process is completed, the impacts on the financial position can be estimated. AGRANA only acts as a lessor to a very limited extent. As the dual accounting model of operating leases and finance leases remains in place for lessors, no accounting changes are expected for AGRANA as a lessor.

No material impacts on the presentation of the financial position, results of operations and cash flows are expected.

**Restatements in accordance with IAS 8**

From the beginning of the 2015|16 financial year, the presentation of the statement of comprehensive income was expanded by adding the line item “effects from equity-accounted joint ventures” within other comprehensive income. The new item represents the effects – recognised directly in equity – from equity-accounted joint ventures in the form of IAS 39 fair value movements, currency translation differences, and changes in actuarial gains and losses on defined benefit pension obligations and similar liabilities. Previously, these effects were included in the separate line items for IAS 39 fair value movements and currency translation differences and for changes in actuarial gains and losses on defined benefit pension obligations and similar liabilities. The consolidated statement of changes in equity was adjusted by the addition of a separate column containing the corresponding amounts, to be recognised directly in equity, of the IAS 39 fair value movements, translation differences and changes in actuarial gains and losses on defined benefit pension obligations and similar liabilities of equity-accounted joint ventures.

**Changes in comparative information**

In the 2015|16 financial year, currency translation gains or losses were for the first time presented on a gross basis in operating profit (EBIT) and in net financial items. For the 2014|15 comparative period this adjustment led to an increase in other operating income and other operating expenses of € 5,055 thousand and an increase in finance income and expense of € 41,204 thousand, compared to the published amounts.

As a result of an expansion of the treasury management system and an associated adaptation of recording processes, gains and losses on derivatives are since 2015|16 presented on a gross basis. For the 2014|15 comparative period, relative to the published amounts, this led to an increase of € 11,935 thousand in gains on derivatives and an increase of € 32,583 thousand in losses on derivatives, as well as a reduction of € 5,130 thousand in currency translation gains within net financial items and a reduction of € 25,778 thousand in translation losses in net financial items.

The presentation of employee numbers was changed from a headcount basis (average for the year) to full-time equivalents (average for the year).

In the cash flow statement, the interest, taxes and dividends representing cash flows are now presented separately and the foreign currency effects are allocated to the items to which they relate; the prior-year data have therefore been adjusted.

**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. Control exists when AGRANA Beteiligungs-AG has the power to participate in positive and negative variable returns of a company (an investee) and has the ability to affect these returns and direct the investee's relevant activities through its power over the investee. This is usually given when AGRANA Beteiligungs-AG owns more than one-half of the voting rights of the investee.

Companies managed jointly with another entity, where control is exercised jointly and the investors have joint rights to the net assets of the investee, are joint ventures and are included in the consolidated financial statements using the equity method of accounting.

At the balance sheet date, 58 companies (prior year: 63) besides the parent were fully consolidated in the Group financial statements and 12 companies (prior year: 11) were included using the equity method.

An overview of the fully consolidated entities, equity-accounted joint ventures and other business interests is given beginning from page 159.

The number of companies that were fully or proportionately consolidated changed as follows in the 2015|16 financial year:

	Full consolidation	Equity method
At 1 March 2015	63	11
Initial consolidation	1	1
Merger	(4)	0
Deconsolidation or derecognition	(2)	0
<b>At 29 February 2016</b>	<b>58</b>	<b>12</b>

The 2015|16 financial year saw the initial consolidation of AGRANA Research & Innovation Center GmbH, Vienna, which until then had been a non-consolidated subsidiary because of its minor significance. A positive effect of € 3.6 million on initial consolidation – the difference between the acquired net assets and the acquisition cost – was recognised in other operating income. Additionally, AGRANA-STUDEN Albania sh.p.k, Tirana, Albania, was included in the accounts for the first time, using the equity method.

The effects at the date of initial consolidation of AGRANA Research & Innovation Center GmbH, Vienna, were as follows:

€000	2015 16
Non-current assets	2,363
Current assets	4,998
<b>Total assets</b>	<b>7,361</b>
Equity	4,353
Non-current liabilities	1,888
Current liabilities	1,120
<b>Current liabilities</b>	<b>7,361</b>

The balance sheet amounts include € 4,781 thousand of amounts due from affiliated companies.

Two companies were deconsolidated: AGRANA URZICENI S.R.L., Bucharest, Romania, and AGRANA LIESTI S.R.L., Bucharest, Romania. The derecognition of the net assets of the two companies did not have a material impact on the consolidated balance sheet, and the result from the deconsolidation had no material effect on the consolidated income statement and statement of comprehensive income.

### Joint ventures

The information below represents the aggregated financial position and performance of the joint ventures. The joint ventures are listed on page 161.

€000	STUDEN group	HUNGRANA group	Total
<b>29 February 2016</b>			
Non-current assets	37,213	107,445	144,658
Inventories	33,879	35,146	69,025
Receivables and other assets	28,155	40,427	68,582
Cash, cash equivalents and securities	4,292	2,215	6,507
Current assets	66,326	77,788	144,114
<b>Total assets</b>	<b>103,539</b>	<b>185,233</b>	<b>288,772</b>

€000	STUDEN group	HUNGRANA group	Total
Equity	11,510	110,237	121,747
Borrowings	166	7,488	7,654
Other liabilities	253	5,944	6,197
Non-current liabilities	419	13,432	13,851
Borrowings	45,085	34,383	79,468
Other liabilities	46,525	27,181	73,706
Current liabilities	91,610	61,564	153,174
<b>Total equity and liabilities</b>	<b>103,539</b>	<b>185,233</b>	<b>288,772</b>
Revenue	189,093	318,377	507,470
Depreciation, amortisation and impairment losses	(2,854)	(12,607)	(15,461)
Other (expense), net	(183,197)	(248,141)	(431,338)
<b>Operating profit [EBIT]</b>	<b>3,042</b>	<b>57,629</b>	<b>60,671</b>
Interest income	707	49	756
Interest expense	(1,607)	(667)	(2,274)
Other finance income/(expense)	848	546	1,394
<b>Profit/(loss) before tax</b>	<b>2,990</b>	<b>57,557</b>	<b>60,547</b>
Income tax benefit/(expense)	94	(11,595)	(11,501)
<b>Profit/(loss) for the period</b>	<b>3,084</b>	<b>45,962</b>	<b>49,046</b>
Income or expense, net, recognised directly in equity	15	(4,216)	(4,201)
<b>Total comprehensive income for the period</b>	<b>3,099</b>	<b>41,746</b>	<b>44,845</b>

**28 February 2015**

Non-current assets	39,716	106,727	146,443
Inventories	25,087	24,671	49,758
Receivables and other assets	29,505	62,532	92,037
Cash, cash equivalents and securities	4,888	21,815	26,703
Current assets	59,480	109,018	168,498
<b>Total assets</b>	<b>99,196</b>	<b>215,745</b>	<b>314,941</b>
Equity	8,412	160,292	168,704
Borrowings	157	10,497	10,654
Other liabilities	326	6,668	6,994
Non-current liabilities	483	17,165	17,648
Borrowings	40,505	10,666	51,171
Other liabilities	49,796	27,622	77,418
Current liabilities	90,301	38,288	128,589
<b>Total equity and liabilities</b>	<b>99,196</b>	<b>215,745</b>	<b>314,941</b>
Revenue	189,442	315,800	505,242
Depreciation, amortisation and impairment losses	(3,134)	(12,180)	(15,314)
Other (expense), net	(188,220)	(235,942)	(424,162)
<b>Operating profit [EBIT]</b>	<b>(1,912)</b>	<b>67,678</b>	<b>65,766</b>
Interest income	116	55	171
Interest expense	(1,634)	(556)	(2,190)
Other finance income/(expense)	(412)	(794)	(1,206)
<b>Profit/(loss) before tax</b>	<b>(3,842)</b>	<b>66,383</b>	<b>62,541</b>
Income tax benefit/(expense)	399	(12,196)	(11,797)
<b>Profit/(loss) for the period</b>	<b>(3,443)</b>	<b>54,187</b>	<b>50,744</b>
Income or expense, net, recognised directly in equity	312	3,599	3,911
<b>Total comprehensive income/(expense) for the period</b>	<b>(3,131)</b>	<b>57,786</b>	<b>54,655</b>



The calculation of the carrying amounts of the investments in equity-accounted joint ventures is tabulated below:

€000	STUDEN group	HUNGRANA group	Total
<b>29 February 2016</b>			
Equity	11,510	110,237	121,747
Of which attributable to AGRANA	5,755	55,119	60,874
Goodwill	0	484	484
Impairment loss on goodwill at time of transition	(452)	0	(452)
<b>Investments in equity-accounted joint ventures (carrying amount)</b>	<b>5,303</b>	<b>55,603</b>	<b>60,906</b>
Dividend attributable to AGRANA	0	45,900	45,900
<b>28 February 2015</b>			
Equity	8,412	160,292	168,704
Of which attributable to AGRANA	4,206	80,146	84,352
Goodwill	0	484	484
Impairment loss on goodwill at time of transition	(452)	0	(452)
<b>Investments in equity-accounted joint ventures (carrying amount)</b>	<b>3,754</b>	<b>80,630</b>	<b>84,384</b>
Dividend attributable to AGRANA	0	0	0

#### Non-controlling interests

Of the non-controlling interests of € 55,843 thousand (prior year: € 65,161 thousand), most represented the co-owners of the AUSTRIA JUICE group, at € 39,952 thousand (prior year: € 47,895 thousand). AGRANA's total interests in the AUSTRIA JUICE group amounted to 50.01%. Therefore, 49.99% of the equity of the AUSTRIA JUICE group must be reported as a non-controlling interest in AGRANA's consolidated financial statements.

The following table presents the financial position and performance of the AUSTRIA JUICE group:

AUSTRIA JUICE group €000	29 Feb 2016	28 Feb 2015
Non-current assets	131,452	138,535
Current assets	228,422	200,569
<b>Total assets</b>	<b>359,874</b>	<b>339,104</b>
Non-current liabilities	6,668	8,575
Current liabilities	266,007	227,439
<b>Total liabilities</b>	<b>272,675</b>	<b>236,014</b>
<b>Net assets</b>	<b>87,199</b>	<b>103,090</b>
Revenue	212,082	257,137
Operating profit [EBIT]	443	15,331
Profit before tax	(4,234)	11,760
Income tax expense	(1,746)	(1,850)
(Loss)/profit for the period	(5,980)	9,910
(Expense) recognised directly in equity	(2,917)	(461)
Total comprehensive (expense)/income for the period	(8,897)	9,449
Net cash from operating activities	57,729	5,627
Net cash (used in) investing activities	(7,242)	(11,869)
Net cash (used in)/from financing activities	(51,810)	23,375
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(1,323)</b>	<b>17,133</b>

The table below shows the interests of the non-controlling shareholders in the AUSTRIA JUICE group:

<b>AUSTRIA JUICE group</b> €000	<b>29 Feb 2016</b>	<b>28 Feb 2015</b>
Non-controlling interests in:		
Profit for the period	(2,990)	4,954
Dividends	3,499	3,499
Carrying amount of net assets	43,591	51,535
Goodwill	(3,639)	(3,640)
<b>Net assets</b>	<b>39,952</b>	<b>47,895</b>

### 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 consolidated are accounted for using the acquisition method in accordance with IFRS 3. Where a business combination entails the possible recognition of intangible assets not previously recognised in the separate financial statements of the acquired company, such as customer relationships, these are recognised only when the requirements under IAS 38 for capitalisation are met. For acquisitions of a majority interest rather than a 100% stake in a company, IFRS 3 provides an accounting policy choice as to how to measure the resulting non-controlling interests. The non-controlling interests may be measured either at their proportionate share of the fair value of the net assets of the acquiree (partial goodwill method) or at their proportionate share of goodwill (full goodwill method). This choice is available individually for each business combination. The full goodwill method has not been applied in the AGRANA Group to date.
- The investments in joint ventures are accounted for using the equity method and are included in the consolidated financial statements from the time of acquisition, provided that the requirements for the application of IFRS 11 (Joint Arrangements) are met. Profits or losses resulting from transactions of the AGRANA Group with a joint venture are eliminated to the extent of the Group's interest in the joint venture.
- Intragroup revenues, expenses and income and all receivables and payables or provisions between the consolidated companies are eliminated. In assets that arise from intragroup flows of products or services and are included in non-current assets or in inventories, intragroup balances are eliminated.

## 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 the ECB reference rates of exchange or other published reference rates at the balance sheet date (i.e., at period-end rates). Foreign currency transactions are translated into the functional currency at the exchange rates prevailing at the transaction date. Expenses and income are translated at annual average rates of exchange (the mean of the daily rates of the ECB or national banks), 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 in other comprehensive income. Specifically, they are presented in the statement of other comprehensive income as currency translation differences related to consolidation.

■ Foreign currency-denominated gains and losses on the measurement of foreign currency financing liabilities are translated at exchange rates at the balance sheet date if the average rate is deemed unsuitable as a result of sustained exchange rate volatility.

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

€	Currency	Rate at reporting date		Average rate for year	
		29 Feb 2016	28 Feb 2015	2015 16	2014 15
Albania	ALL	138.24	—	139.43	—
Argentina	ARS	17.18	9.77	11.22	10.72
Australia	AUD	1.53	1.44	1.49	1.46
Bosnia-Herzegovina	BAM	1.96	1.96	1.96	1.96
Brazil	BRL	4.34	3.26	3.90	3.10
Bulgaria	BGN	1.96	1.96	1.96	1.96
Czech Republic	CZK	27.06	27.44	27.17	27.58
China	CNY	7.14	7.05	6.98	8.00
Croatia	HRK	7.63	7.69	7.61	7.64
Denmark	DKK	7.46	7.47	7.46	7.45
Egypt	EGP	8.54	8.61	8.54	9.27
Fiji	FJD	2.35	2.29	2.34	2.47
Hungary	HUF	311.26	303.03	310.04	309.59
Macedonia	MKD	61.70	61.51	61.64	61.60
Mexico	MXN	19.80	16.87	18.11	17.48
Morocco	MAD	10.78	10.80	10.82	11.10
Poland	PLN	4.36	4.15	4.21	4.19
Romania	RON	4.48	4.44	4.45	4.44
Russia	RUB	82.64	69.20	69.79	55.51
Serbia	CSD	123.50	120.33	120.85	118.30
South Africa	ZAR	17.46	13.07	14.87	14.14
South Korea	KRW	1,347.54	1,236.16	1,267.46	1,365.73
Turkey	TRY	3.23	2.83	3.11	2.86
Ukraine	UAH	29.78	31.42	24.98	17.70
USA	USD	1.09	1.12	1.10	1.29

## 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. Almost all intangible assets other than goodwill have a determinable useful life. Those intangible assets having an indefinite useful life are not material for the Group.

■ 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.

■ 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. Items of property, plant and equipment are valued at cost of purchase and/or conversion, less straight-line or campaign-based depreciation and impairment losses. 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 significant 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

### 6.2. Government assistance

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

■ Government assistance to support capital expenditure is recognised as deferred income from the time of the binding award and deducted from the cost of the intangible assets and property, plant and equipment on a straight-line basis over the useful life of the allocated asset through profit and loss. Details are provided from page 128.

### 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
- Finance lease obligations
- Trade payables
- Financial other payables

#### Derivative financial instruments

- Interest-rate derivatives
- Currency derivatives
- Commodity derivatives

■ Investments in non-consolidated subsidiaries and outside companies, as well as securities, are classified to the available-for-sale category and are initially measured at fair value in the case of securities, and at cost in the case of investments in non-consolidated subsidiaries and outside companies, including any transaction costs. Subsequent measurement is at fair value. Changes in value are recognised outside profit or loss (after income tax) in a separate reserve item in equity. Only after the cumulative changes in fair value are realised by selling the asset are they recognised in the income statement. Available-for-sale non-material investments in non-consolidated subsidiaries and outside companies are measured at cost.

■ Financial assets are recognised at the settlement date.

■ 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. Cash and cash equivalents in foreign currency are measured at the exchange rates at the balance sheet date.

### Derivative financial instruments

■ Derivative financial instruments are used to hedge risks from changes in interest rates, exchange rates and commodity prices. Derivatives are carried as an asset or liability and, irrespective of their purpose, are measured at fair value. Changes in their fair value are recognised through profit or loss in other operating income/expenses (for commodity derivatives and currency derivatives related to purchase and sales transactions) or in net financial items (for interest rate derivatives and currency derivatives related to financings), unless the derivatives are used to hedge an underlying transaction (cash flow hedges). Where the conditions for cash flow hedge accounting under IAS 39 are met, the unrealised effective changes in fair value are recognised directly in equity. They are reclassified from equity to profit or loss in the period in which the underlying hedged transaction affects profit or loss. Ineffective portions of the valuation gains or losses on cash flow hedges are recognised in the income statement immediately. Derivatives are classified as held for trading, except for derivatives in a hedging relationship with a hedged item that qualify for cash flow hedge accounting. More information on derivative financial instruments is provided on page 141.

### 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. Receivables that are individually immaterial, and receivables with similar default risk, are grouped together and impairment is recognised on the basis of historical experience. 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. 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 the exchange rates 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 the exchange rates 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<sub>2</sub> 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<sub>2</sub> 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 an 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 largely independent cash inflows can be determined, value in use is determined for the next-larger unit (the cash generating unit) to which the asset belongs and for which largely independent cash inflows can be determined.
- 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.

- Service cost is recognised in staff costs. Besides the current service cost for the benefits newly earned by staff every year, it may also include past service cost arising from plan curtailments or changes, which is recognised immediately in profit or loss for the period. The net interest cost for the financial year is calculated by applying the discount rate determined at the beginning of the year to the net pension obligation determined at that time, taking into account the expected payment outflows. Net interest is recognised in finance expense.
- 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 (with the exception of obligations for long-service awards). 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. Actuarial gains and losses previously recognised directly in equity cannot be reclassified to profit or loss in subsequent periods. The recognition in other comprehensive income also includes the differences between (i) the interest income on plan assets based on the discount rate and included in net interest and (ii) the actual return on plan assets determined at the end of the period.
- The calculation is based on extrapolated future trends in salaries, retirement benefits and employee turnover, as well as a discount rate of predominantly 1.8% for the year under review (prior year: 1.4%).
- 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 individual assets allocated to the pension plan are netted against the present value of the pension obligation to arrive at the net obligation. Likewise, the qualifying insurance policies are treated as plan assets in reducing the present value of the respective pension and termination benefit obligation.

#### 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.
- Provisions for reclamation comprise obligations for reclamation of properties, emptying and rehabilitation of landfills, remediation or restoration of building structures, legacy soil reclamation and removal of waste residues.
- “Provisions for staff costs including long-service awards” also include provisions for phased retirement, provisions for redundancy benefit plans under restructuring projects, provisions for bonuses and awards, and other personnel-related provisions. Under IAS 19, long-service awards are classified as long-term employee benefits. These are determined by the projected unit credit method. Actuarial gains and losses are reported in the current period in staff costs. Long-service awards are one-time payments dependent on level of salary or wage and length of service and are stipulated under local company agreements or of collective agreements. Obligations for the payment of such service anniversary bonuses exist especially in Austria and Germany. In Austria, provisions for phased retirement must



be created as a result of labour laws regarding obligations to employees. The legislation concerning phased retirement makes it easier for companies to employ older staff members working reduced hours with substantial financial security until full retirement. Provisions for redundancy benefit plans under restructurings are created only if a formal, detailed restructuring plan has been prepared and communicated.

- Provisions for uncertain liabilities include, among other items, provisions for litigation risks, onerous contracts, costs of beet receiving, loading and storage, and other uncertain liabilities. A provision for onerous (loss-making) contracts is recognised if the expected economic benefit from a contract is less than the unavoidable cost of fulfilling the contract.

#### 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 exist 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.

- 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 recognised only if the associated tax benefits are expected to be realisable over a five-year planning horizon. This is the case if sufficient profits can be earned or if there is sufficient taxable income from the reversal of temporary differences previously recognised as liabilities.

- Deferred tax assets are classified as non-current assets; deferred tax liabilities are recorded as non-current liabilities. Deferred tax assets are off set 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 29 February 2016: € 226,202 thousand), other intangible assets (carrying amount at 29 February 2016: € 15,759 thousand) and property, plant and equipment (carrying amount at 29 February 2016: € 679,592 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 the most current cash flow forecast for the cash generating units (CGUs) for the next five years (most current at the time of the regular impairment test date of 31 August). Shortly before the balance sheet date, a new cash flow forecast was presented to the Supervisory Board, which did not contain potential triggering events that would indicate an impairment.
- It was determined through a simulation that a hypothetical reduction of 5% in sustainable cash flows would not lead to an impairment of goodwill.
- The discount rate before tax varies by industry, company risk level and specific market environment; in the financial year it ranged from 6.11% to 10.48% (prior year: 6.30% to 10.36%).
- An increase of 0.5 percentage points in the weighted average cost of capital (WACC) would not lead to impairment. 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 at 29 February 2016: € 67,146 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 25a:

€000	Pension benefits		Termination benefits	
	29 Feb 2016	28 Feb 2015	29 Feb 2016	28 Feb 2015
<b>Changes in actuarial assumptions</b>				
Discount rate				
+0.5 percentage points	(2,572)	(2,663)	(1,720)	(1,842)
–0.5 percentage points	2,829	2,939	1,865	2,003
Wage and salary increase				
+0.25 percentage points	92	86	905	969
–0.25 percentage points	(91)	(84)	(872)	(932)
Pension increase				
+0.25 percentage points	1,205	1,271	–	–
–0.25 percentage points	(1,157)	(1,219)	–	–
Life expectancy				
Increase by 1 year	4,069	4,194	–	–
Decrease by 1 year	(4,202)	(4,329)	–	–

- The recognition of deferred tax assets (carrying amount at 29 February 2016: € 14,873 thousand) is based on the assumption that sufficient taxable profit will be earned over the five-year planning horizon to realise them.
  - 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 29 February 2016: € 48,425 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.
- The HUNGRANA group and the STUDEN group were classified as joint ventures in accordance with IFRS 11 and the agreements existing at the time. The AGRANA Group holds 50% of the share capital of the joint ventures.
  - The AGRANA Group holds 50.01% of the share capital of AUSTRIA JUICE GmbH and its subsidiaries. As a result of the underlying contracts and arrangements, AGRANA exercises control over these companies and fully consolidates them in the Group accounts.

## 7. Notes to the consolidated income statement

Note (1)

### 7.1. Revenue

€000

#### By nature of activity

	2015 16	2014 15
Revenue from sale of finished goods	2,220,995	2,275,633
Revenue from sale of goods purchased for resale	246,094	202,104
Service revenue	10,558	15,775
<b>Total</b>	<b>2,477,647</b>	<b>2,493,512</b>

The regional analysis of revenue is presented in the Segment reporting section (beginning on page 101).

The Group's top ten customers accounted for 27% (prior year: 26%) of consolidated revenue. One AGRANA customer accounted for 12% (prior year: less than 10%) of consolidated revenue. No other customer represented more than 10% of revenue.

Note (2)

### 7.2. Change in inventories and own work capitalised

€000

	2015 16	2014 15
Changes in inventories of finished and unfinished goods	25,183	(76,133)
Own work capitalised	1,523	1,375

The net increase of € 25,183 thousand in inventories of finished and unfinished goods (prior year: decrease of € 76,133 thousand) reflected mainly the Sugar segment, at a decrease of € 14,965 thousand (prior year: decrease of € 36,643 thousand), and the Fruit segment (particularly the juice activities), with an increase of € 39,520 thousand (prior year: decrease of € 37,420 thousand).

Note (3)

**7.3. Other operating income**

€000	2015 16	2014 15 <sup>1</sup>
Income from:		
Currency translation gains	11,356	11,450
Insurance benefits and payments for damages	4,596	1,426
Derivatives	3,882	3,481
Non-recurring gain on initial consolidation	3,590	0
Services rendered to third parties	1,773	2,614
Beet and pulp cleaning, transport and handling	1,068	1,437
Rent and leases	1,010	1,255
Disposal of non-current assets other than financial assets	438	1,136
Exceptional income	65	1,002
Other items	16,309	14,541
<b>Total</b>	<b>44,087</b>	<b>38,342</b>

Within other operating income, "other items" represent, for instance, revenue from the pass-through of costs for consumables, raw materials and benefits in kind.

Note (4)

**7.4. Cost of materials**

€000	2015 16	2014 15
Costs of		
Raw materials	1,120,260	1,017,420
Consumables and goods purchased for resale	603,728	621,512
Purchased services	59,735	64,748
<b>Total</b>	<b>1,783,723</b>	<b>1,703,680</b>

Note (5)

**7.5. Staff costs**

€000	2015 16	2014 15
Wages and salaries	223,196	222,275
Social security contributions, retirement benefit expenses and other staff costs	62,500	59,779
<b>Total</b>	<b>285,696</b>	<b>282,054</b>

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 € 1,010 thousand (prior year: € 1,962 thousand) is included in net financial items. The current and past service costs are included in staff costs.

In the 2015|16 financial year an expense of € 16,170 thousand (prior year: € 15,839 thousand) was recognised for contributions to government pension plans.

€ 949 thousand of contributions to a defined contribution termination benefit fund were recognised in the income statement for the year (prior year: € 920 thousand).

Wages and salaries included € 1,587 thousand of exceptional items (prior year: € 5,151 thousand).

<sup>1</sup> The prior-year data have been restated under IAS 8. Further information is provided on page 106.

## Average number of employees during the financial year (average full-time equivalents)

	2015 16	2014 15 <sup>1</sup>
<b>By employee category</b>		
Wage-earning staff	6,078	6,128
Salaried staff	2,345	2,341
Apprentices	87	81
<b>Total</b>	<b>8,510</b>	<b>8,550</b>
<b>By region</b>		
Austria	2,061	2,076
Hungary	432	469
Romania	645	669
Rest of EU	1,574	1,609
EU-28	4,712	4,823
Rest of Europe (Bosnia-Herzegovina, Russia, Serbia, Turkey, Ukraine)	1,313	1,290
Other foreign countries	2,485	2,437
<b>Total</b>	<b>8,510</b>	<b>8,550</b>

The average number of employees of joint ventures in full-time equivalents over the year was as follows (reported at company totals, not proportionately):

	2015 16	2014 15 <sup>1</sup>
<b>By employee category</b>		
Wage-earning staff	289	313
Salaried staff	179	184
<b>Total</b>	<b>468</b>	<b>497</b>

Note (6)

## 7.6. Depreciation, amortisation and impairment

€000	Total	Amortisation, depreciation	Impairment losses	Reversal of impairment losses
<b>2015 16</b>				
Intangible assets	7,282	7,282	0	0
Property, plant and equipment	77,189	77,501	509	(821)
<b>Recognised in operating profit before exceptional items and results of equity-accounted joint ventures</b>	<b>84,471</b>	<b>84,783</b>	<b>509</b>	<b>(821)</b>
Exceptional items	910	0	910	0
<b>Recognised in operating profit [EBIT]</b>	<b>85,381</b>	<b>84,783</b>	<b>1,419</b>	<b>(821)</b>
Financial assets	8	8	0	0
<b>Recognised in net financial items</b>	<b>8</b>	<b>8</b>	<b>0</b>	<b>0</b>
<b>Total</b>	<b>85,389</b>	<b>84,791</b>	<b>1,419</b>	<b>(821)</b>
<b>2014 15</b>				
Intangible assets	6,247	6,247	0	0
Property, plant and equipment	73,652	74,340	10	(698)
<b>Recognised in operating profit before exceptional items and results of equity-accounted joint ventures</b>	<b>79,899</b>	<b>80,587</b>	<b>10</b>	<b>(698)</b>
Exceptional items	166	0	166	0
<b>Recognised in operating profit [EBIT]</b>	<b>80,065</b>	<b>80,587</b>	<b>176</b>	<b>(698)</b>
<b>Total</b>	<b>80,065</b>	<b>80,587</b>	<b>176</b>	<b>(698)</b>

<sup>1</sup> The prior-year data have been restated under IAS 8. Further information is provided on page 106.

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

€000	Impairment losses	Reversal of impairment losses
<b>2015 16</b>		
Sugar segment	509	(17)
Starch segment	0	(804)
Fruit segment	910	0
<b>Group</b>	<b>1,419</b>	<b>(821)</b>
<b>2014 15</b>		
Sugar segment	10	(10)
Starch segment	0	(688)
Fruit segment	166	0
<b>Group</b>	<b>176</b>	<b>(698)</b>

The impairment losses in the Sugar segment related principally to expenses for derecognition of assets resulting from their technical non-realisation. The impairment losses in the Fruit segment related to the costs for the closure of a production site in Belgium and a farm in Morocco, which are presented in exceptional items. The reversal of impairment losses in the Starch segment related to a drum drying plant in Austria which had been written down in the 2009|10 financial year to its value in use. A discount rate of 6.16% was used at the balance sheet date to determine the value in use.

Note (7)

#### 7.7. Other operating expenses

€000	2015 16	2014 15 <sup>1</sup>
Selling and freight costs	136,159	135,423
Operating and administrative expenses	91,958	94,235
Currency translation losses	10,860	5,055
Rent and lease expenses	8,476	7,397
Advertising expenses	8,338	8,044
Other taxes	6,657	6,879
Production levy	3,774	3,770
Derivatives	2,594	4,296
Losses on disposal of non-current assets	2,040	2,297
Lease expenses	1,489	1,686
Damage payments	924	1,504
Research and development expenses (external)	917	4,498
Exceptional items	622	1,049
Other items	14,400	18,817
<b>Total</b>	<b>289,208</b>	<b>294,950</b>

Internal and external R&D costs totalled € 14,911 thousand (prior year: € 14,520 thousand). The reduction in external research and development expenses resulted from the initial consolidation of AGRANA Research & Innovation Center GmbH, Vienna.

Within other operating expenses, "other items" included, for instance, provisions and other purchased services.

The costs incurred in the financial year for external auditor KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft were € 468 thousand (prior year: € 666 thousand). Of this total, € 447 thousand (prior year: € 454 thousand) related to the audit of the consolidated financial statements (including the audit of the separate financial statements of individual subsidiaries), € 8 thousand (prior year: € 18 thousand) was for other assurance services, and € 13 thousand (prior year: € 194 thousand) represented other non-audit services.

<sup>1</sup> The prior-year data have been restated under IAS 8. Further information is provided on page 106.

**Note (8) 7.8. Share of results of equity-accounted joint ventures**

The share of results of equity-accounted joint ventures of € 24,523 thousand (prior year: € 25,372 thousand) included the Group's share of the profits or losses of the joint ventures in the HUNGRANA group and the STUDEN group.

**Note (9) 7.9. Operating profit (EBIT)**

€000	2015 16	2014 15
Operating profit before exceptional items and results of equity-accounted joint ventures	107,486	102,017
Exceptional items	(3,054)	(5,670)
Share of results of equity-accounted joint ventures	24,523	25,372
<b>Total</b>	<b>128,955</b>	<b>121,719</b>

Exceptional items – separately presented only in the section “Segment information” – consisted of expenses for the closure of a production site in Belgium and a farm in Morocco, as well as expenses for a strategy-and-organisation project in the Fruit segment. The related amounts recognised in the consolidated income statement were € 65 thousand (prior year: € 1,002 thousand) within other operating income, € 1,587 thousand (prior year: € 5,151 thousand) within staff costs, € 910 thousand (prior year: € 166 thousand) within depreciation, amortisation and impairment losses, and € 622 thousand (prior year: € 1,049 thousand) within other operating expenses.

**Note (10) 7.10. Finance income**

€000	2015 16	2014 15 <sup>1</sup>
Interest income	9,724	9,905
Currency translation gains	12,271	44,790
Income from non-consolidated subsidiaries and outside companies	37	769
Gains on derivatives	21,373	12,609
Miscellaneous finance income	384	647
<b>Total</b>	<b>43,789</b>	<b>68,720</b>

Interest income by segment was as follows:

€000	2015 16	2014 15
Sugar segment	8,099	8,412
Starch segment	111	72
Fruit segment	1,514	1,421
<b>Group</b>	<b>9,724</b>	<b>9,905</b>

**Note (11) 7.11. Finance expense**

€000	2015 16	2014 15 <sup>1</sup>
Interest expense	17,668	17,061
Net interest on provisions for pensions and termination benefits	1,010	1,962
Currency translation losses	24,515	15,427
Expenses from non-consolidated subsidiaries and outside companies	9	0
Losses from derivatives	22,074	35,283
Miscellaneous finance expense	3,032	4,227
<b>Total</b>	<b>68,308</b>	<b>73,960</b>

<sup>1</sup> The prior-year data have been restated under IAS 8. Further information is provided on page 106.



Interest expense by segment was as follows:

€000	2015 16	2014 15
Sugar segment	15,818	14,465
Starch segment	23	61
Fruit segment	1,827	2,535
<b>Group</b>	<b>17,668</b>	<b>17,061</b>

Interest expense includes the interest component of € 98 thousand (prior year: € 179 thousand) from the discounting of the non-current obligation for long-service awards.

Net currency translation differences on financing activities amounted to a loss of € 12,244 thousand (prior year: gain of € 29,363 thousand). This was composed of a realised loss of € 1,211 thousand (prior year: realised gain of € 20,554 thousand) and an unrealised loss of € 11,033 thousand (prior year: unrealised gain of € 8,809 thousand). The net loss was attributable largely to movements in exchange rates for the currencies of Ukraine, Brazil, Mexico and Russia.

Note (12)

#### 7.12. Income tax expense

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

€000	2015 16	2014 15
Current tax expense	22,698	25,055
Of which Austrian	4,422	6,723
Of which foreign	18,276	18,332
Deferred tax expense/(income)	810	6,846
Of which Austrian	2,991	(3,468)
Of which foreign	(2,181)	10,314
<b>Total tax expense</b>	<b>23,508</b>	<b>31,901</b>
Of which Austrian	7,413	3,255
Of which foreign	16,095	28,646

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

€000	2015 16	2014 15
(Decrease) in deferred tax assets in the consolidated balance sheet	(7,311)	(8,082)
Decrease in deferred tax liabilities in the consolidated balance sheet	5,943	2,178
<b>Total change in deferred taxes before changes in scope of consolidation</b>	<b>(1,368)</b>	<b>(5,904)</b>
Of which recognised in OCI <sup>1</sup> (remeasurement, cash flow hedges and IAS 19)	802	2,190
Of which currency translation, and other	(1,360)	(1,248)
Of which recognised in the income statement	(810)	(6,846)

<sup>1</sup> Other comprehensive income.

**Reconciliation of profit before tax to income tax expense**

€000	2015 16	2014 15
Profit before tax	104,436	116,479
Standard Austrian tax rate	25%	25%
<b>Nominal tax expense at standard Austrian rate</b>	<b>26,109</b>	<b>29,120</b>
Tax effect of:		
Different tax rates applied on foreign income	(122)	(326)
Tax-exempt income and tax deductions, including results of equity-accounted joint ventures	(6,756)	(7,858)
Non-tax-deductible expenses and additional tax debits	2,180	2,426
Effects of unrecognized tax loss carryforwards in respect of the financial year	2,197	4,693
Effects of impairment of deferred taxes	97	6,130
Non-recurring tax expenses	(197)	496
Non-temporary differences resulting from consolidation	0	(2,780)
<b>Income tax expense</b>	<b>23,508</b>	<b>31,901</b>
<b>Effective tax rate</b>	<b>22.5%</b>	<b>27.4%</b>

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 Internationale Verwaltungs- und Asset-Management GmbH, AGRANA Group-Services GmbH, INSTANTINA Nahrungsmittel Entwicklungs- und Produktionsgesellschaft m.b.H. 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. € 16,075 thousand (prior year: € 14,305 thousand) of potential tax assets were not recognised. These related to cumulative unused tax loss carryforwards of € 72,412 thousand (prior year: € 66,306 thousand). Of the unused tax loss carryforwards, € 25,568 thousand (prior year: € 18,606 thousand) can be carried forward indefinitely, € 20,851 thousand (prior year: € 0) expire in two to four years, € 17,020 thousand (prior year: € 38,734 thousand) expire in five to seven years and € 8,973 thousand (prior year: € 8,966 thousand) expire in the 2017 calendar year.

At the balance sheet date the deferred tax assets and liabilities recognised directly in equity amounted to a net asset of € 7,198 thousand (prior year: € 6,396 thousand).

For temporary differences on investments in subsidiaries, deferred tax liabilities of € 191,574 thousand (prior year: € 193,502 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.

**Note (13) 7.13. Earnings per share**

		2015 16	2014 15
Profit for the period attributable to shareholders of the parent (AGRANA Beteiligungs-AG)	€000	82,723	80,896
Average number of shares outstanding		14,202,040	14,202,040
<b>Earnings per share under IFRS (basic and diluted)</b>	€	<b>5.82</b>	<b>5.70</b>
<b>Dividend per share</b>	€	<b>4.00<sup>1</sup></b>	<b>3.60</b>

Subject to the Annual General Meeting's approval of the proposed allocation of profit for the 2015|16 financial year, AGRANA Beteiligungs-AG will pay a dividend of € 56,808 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.

As a result of currency legislation, there are restrictions on access to cash and cash equivalents of subsidiaries in the amount of € 18,237 thousand (prior year: € 17,006 thousand) in China and Ukraine.

Cash and cash equivalents do not include current bank borrowings or securities classified as current assets.

The currency translation effects, except those on cash and cash equivalents, are already eliminated in the respective balance sheet items.

**Note (14) 8.1. Cash flows from operating activities**

Operating cash flow before changes in working capital was € 225,914 thousand (prior year: € 208,066 thousand), or 9.12% of revenue (prior year: 8.34%). The non-cash expenses/income consisted mainly of the unrealised foreign currency losses of € 11,033 thousand (prior year: unrealised translation gains of € -8,809 thousand) reflected in net financial items, non-cash income taxes of € 23,508 thousand (prior year: € 31,901 thousand), non-cash interest of € 8,376 thousand (prior year: € 10,182 thousand), a non-cash change of € 1,146 thousand (prior year: € 1,368 thousand) in impairment on receivables, and non-cash inventory write-downs of € 5,471 thousand (prior year: € 13,851 thousand). After changes in working capital and after cash flows from interest and taxes, net cash from operating activities was € 101,913 thousand (prior year: € 227,143 thousand).

**Note (15) 8.2. Cash flows from investing activities**

Net cash used in investing activities decreased by € 64,227 thousand from € 84,151 thousand to € 19,924 thousand. This reflected the fact that an increase in outflows from purchases in property, plant and equipment and intangible assets to € 107,720 thousand (prior year: € 86,982 thousand) was more than offset by the disposal of the participation capital of RAIFFEISEN-HOLDING NIEDERÖSTERREICH-WIEN regGenmbH in the amount of € 85,000 thousand which AGRANA Beteiligungs-AG had subscribed.

Proceeds from the disposal of non-current assets amounted to € 3,103 thousand (prior year: € 1,621 thousand).

**Note (16) 8.3. Cash flows from financing activities**

Borrowings (net of unrealised currency translation losses) fell by € 21,098 thousand in the 2015|16 financial year (prior year: reduction of € 8,373 thousand).

<sup>1</sup> Proposal to the Annual General Meeting.

As a result of the redemption of the participation capital by RAIFFEISEN-HOLDING NIEDERÖSTERREICH-WIEN regGenmbH, AGRANA was able to repay current borrowings of € 85,000 thousand to affiliated companies in the Südzucker group.

Purchases on non-controlling interests consisted of the acquisition by AGRANA Zucker GmbH, Vienna, of the remaining 2.34% of Moravskoslezské Cukrovary A.S., Hrušovany, Czech Republic, for the sum of € 2,558 thousand, which was paid in the year under review.

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

## 9. Notes to the consolidated balance sheet

Note (17)

### 9.1. Intangible assets, including goodwill

€000	Goodwill	Concessions, licences and similar rights	Total
<b>2015 16</b>			
Cost			
At 1 March 2015	226,176	90,449	316,625
Currency translation differences	26	(355)	(329)
Changes in scope of consolidation/other changes	0	41	41
Additions	0	6,682	6,682
Reclassifications	0	1,342	1,342
Disposals	0	(2,851)	(2,851)
<b>At 29 February 2016</b>	<b>226,202</b>	<b>95,308</b>	<b>321,510</b>
Accumulated amortisation and impairment			
At 1 March 2015	0	75,150	75,150
Currency translation differences	0	(245)	(245)
Changes in scope of consolidation/other changes	0	43	43
Amortisation for the period	0	7,282	7,282
Reclassifications	0	87	87
Disposals	0	(2,768)	(2,768)
<b>At 29 February 2016</b>	<b>0</b>	<b>79,549</b>	<b>79,549</b>
<b>Carrying amount at 29 February 2016</b>	<b>226,202</b>	<b>15,759</b>	<b>241,961</b>
<b>2014 15</b>			
Cost			
At 1 March 2014	226,177	85,331	311,508
Currency translation differences	(1)	1,535	1,534
Changes in scope of consolidation/other changes	0	1	1
Additions	0	2,274	2,274
Reclassifications	0	1,584	1,584
Disposals	0	(276)	(276)
<b>At 28 February 2015</b>	<b>226,176</b>	<b>90,449</b>	<b>316,625</b>
Accumulated amortisation and impairment			
At 1 March 2014	0	68,181	68,181
Currency translation differences	0	1,250	1,250
Amortisation for the period	0	6,247	6,247
Reclassifications	0	(247)	(247)
Disposals	0	(281)	(281)
<b>At 28 February 2015</b>	<b>0</b>	<b>75,150</b>	<b>75,150</b>
<b>Carrying amount at 28 February 2015</b>	<b>226,176</b>	<b>15,299</b>	<b>241,475</b>

- The additions of € 6,682 thousand (prior year: € 2,274 thousand) of non-goodwill intangible assets related primarily to software and a quota for deliveries to a customer. The quota is subject to amortisation based on delivery volume.
- Intangible assets consist largely of goodwill, capitalised in accordance with IFRS 3, that resulted from the acquisition of companies. 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 € 20,111 thousand (prior year: € 20,111 thousand), the Starch segment for € 1,606 thousand (prior year: € 1,606 thousand) and the Fruit segment for € 204,485 thousand (prior year: € 204,459 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. Impairment is recognised in profit or loss when the recoverable amount (value in use) of a cash-generating unit is less than its carrying amount inclusive of goodwill.
- 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: 1.5%). The cost of capital (WACC) is calculated as the weighted average cost of equity and debt capital for each CGU.
- The cost of equity is based on a risk-free rate, a return premium for the business risk, and a premium for country risk and inflation differential. The spot rate of a 30-year zero coupon bond, based on Deutsche Bundesbank data, was used as the risk-free rate of return. Business risk is represented by the product of a general market risk premium of 6.5% (prior year: 5.75%) and a beta factor derived from a peer group of nine companies. The country risk and the inflation differential are assigned a volatility factor of 1.5 (prior year: 1.0).
- The cost of debt capital is calculated as the risk-free rate plus the country risk premium, the inflation differential, and the credit spread determined by reference to the capital market.

The following table presents the carrying amounts of the goodwill, the respective discount rate (WACC) and the excess of recoverable over carrying amount, by CGU:

	Goodwill		WACC before tax		Excess of value in use over carrying amount	
	29 Feb 2016 €m	28 Feb 2015 €m	2015 16 %	2014 15 %	29 Feb 2016 €m	28 Feb 2015 €m
Fruit CGU	204	204	10.48	10.36	67	96
Starch CGU	2	2	6.11	6.30	576	737
Sugar CGU	20	20	7.66	7.83	61	128
<b>Group</b>	<b>226</b>	<b>226</b>	<b>–</b>	<b>–</b>	<b>704</b>	<b>961</b>

- 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.
- The amounts by which the recoverable amounts exceeded the carrying amounts were subjected to a sensitivity analysis. The results are presented on page 117. The goodwill is not tax-deductible.

- At the balance sheet date, other intangible assets with an indefinite useful life that were not significant for the AGRANA Group were included.

Note (18)

**9.2. Property, plant and equipment**

€000	Land, leasehold rights and buildings	Technical plant and machinery	Other plant, furniture and equipment	Assets under con- struction	Total
<b>2015 16</b>					
Cost					
At 1 March 2015	539,181	1,118,396	184,044	33,572	1,875,193
Currency translation differences	(7,630)	(11,547)	(2,425)	(1,348)	(22,950)
Changes in scope of consolidation/ other changes	13	1,918	3,762	49	5,742
Additions	18,209	36,749	8,328	46,015	109,301
Reclassifications	17,633	31,037	4,495	(54,508)	(1,343)
Disposals	(12,371)	(22,148)	(5,944)	(193)	(40,656)
Government grants	(114)	(127)	0	0	(241)
<b>At 29 February 2016</b>	<b>554,921</b>	<b>1,154,278</b>	<b>192,260</b>	<b>23,587</b>	<b>1,925,046</b>
Accumulated depreciation and impairment					
At 1 March 2015	291,420	778,629	143,134	473	1,213,656
Currency translation differences	(2,897)	(7,762)	(1,842)	1	(12,500)
Changes in scope of consolidation/ other changes	(54)	1,387	1,608	0	2,941
Depreciation for the period	15,866	50,118	11,517	0	77,501
Impairment	0	910	0	510	1,420
Reclassifications	1,128	(2,220)	1,006	0	(86)
Disposals	(10,193)	(20,853)	(5,611)	0	(36,657)
Reversal of impairment losses	(326)	(495)	0	0	(821)
<b>At 29 February 2016</b>	<b>294,944</b>	<b>799,714</b>	<b>149,812</b>	<b>984</b>	<b>1,245,454</b>
<b>Carrying amount at 29 February 2016</b>	<b>259,977</b>	<b>354,564</b>	<b>42,448</b>	<b>22,603</b>	<b>679,592</b>
<b>2014 15</b>					
Cost					
At 1 March 2014	497,931	1,075,621	186,938	35,005	1,795,495
Currency translation differences	2,919	11,494	(416)	1,070	15,067
Changes in scope of consolidation/ other changes	15	36	(129)	1,418	1,340
Additions	7,936	27,382	9,503	44,114	88,935
Reclassifications	33,007	18,875	(7,274)	(46,192)	(1,584)
Disposals	(2,253)	(14,709)	(4,578)	(133)	(21,673)
Government grants	(374)	(303)	0	(1,710)	(2,387)
<b>At 28 February 2015</b>	<b>539,181</b>	<b>1,118,396</b>	<b>184,044</b>	<b>33,572</b>	<b>1,875,193</b>
Accumulated depreciation and impairment					
At 1 March 2014	265,913	742,904	142,491	574	1,151,882
Currency translation differences	2,093	6,031	(452)	0	7,672
Changes in scope of consolidation/ other changes	0	518	(298)	0	220
Depreciation for the period	15,325	48,633	10,382	0	74,340
Impairment	0	28	148	0	176
Reclassifications	9,936	(4,775)	(4,923)	9	247
Disposals	(1,697)	(14,196)	(4,180)	(110)	(20,183)
Reversal of impairment losses	(150)	(514)	(34)	0	(698)
<b>At 28 February 2015</b>	<b>291,420</b>	<b>778,629</b>	<b>143,134</b>	<b>473</b>	<b>1,213,656</b>
<b>Carrying amount at 28 February 2015</b>	<b>247,761</b>	<b>339,767</b>	<b>40,910</b>	<b>33,099</b>	<b>661,537</b>

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

€000	2015 16	2014 15
Sugar segment	46,102	34,476
Starch segment	28,151	13,743
Fruit segment	41,730	42,990
<b>Group</b>	<b>115,983</b>	<b>91,209</b>

- 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 (Sugar segment) and the USA (Fruit segment).

- There was no interest expense to be recognised.

■ The AGRANA Group, in addition to operating leases, also employs a small number of finance leases. The major finance lease relates to the renting of a building erected on AGRANA land at the site in Kröllendorf/Allhartsberg, Austria. This finance lease requires recognition in the balance sheet beginning in the 2015|16 financial year. An option to purchase the third-party building can be exercised in the 2018|19 financial year. The finance leases for other plant, fixtures and fittings are of minor significance and are primarily vehicle leases. The movement in property, plant and equipment under finance leases and the reconciliation of future minimum lease payments to their present value are shown below:

€000	2015 16		2014 15	
	Land, leasehold rights and buildings	Other plant, furniture and equipment	Land, leasehold rights and buildings	Other plant, furniture and equipment
Cost	3,003	59	0	96
Less accumulated depreciation and impairment	(235)	(17)	0	(35)
<b>Carrying amount</b>	<b>2,768</b>	<b>42</b>	<b>0</b>	<b>61</b>

€000	2015 16			2014 15		
	Future minimum lease payments	Interest	Present value	Future minimum lease payments	Interest	Present value
In the subsequent year	331	(57)	274	22	(2)	20
In years 2 to 5	2,642	(92)	2,550	42	(1)	41
In more than 5 years	0	0	0	0	0	0
<b>Total</b>	<b>2,973</b>	<b>(149)</b>	<b>2,824</b>	<b>64</b>	<b>(3)</b>	<b>61</b>

- 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	2015 16	2014 15
In the subsequent year	3,511	3,620
In years 2 to 5	10,192	10,730
In more than 5 years	3,622	6,333

- The AGRANA Group does not act as a lessor.



Note (19)

**9.3. Equity-accounted joint ventures, securities, and investments in non-consolidated subsidiaries and outside companies**

€000	Equity-accounted joint ventures	Securities (non-current)	Investments in non-consolidated subsidiaries and outside companies	Total
<b>2015 16</b>				
At 1 March 2015	84,384	104,879	1,114	190,377
Currency translation differences	(2,104)	33	0	(2,071)
Additions	0	308	10	318
Share of results of equity-accounted joint ventures	24,523	0	0	24,523
Impairment	0	0	(8)	(8)
Disposals, and dividends of equity-accounted joint ventures	(45,900)	(85,069)	(25)	(130,994)
Other comprehensive income	3	(1,529)	0	(1,526)
<b>At 29 February 2016</b>	<b>60,906</b>	<b>18,622</b>	<b>1,091</b>	<b>80,619</b>
<b>2014 15</b>				
At 1 March 2014	57,057	104,584	1,120	162,761
Currency translation differences	2,127	171	0	2,298
Changes in scope of consolidation/other changes	0	0	(10)	(10)
Additions	0	36	4	40
Share of results of equity-accounted joint ventures	25,372	0	0	25,372
Disposals, and dividends of equity-accounted joint ventures	0	(198)	0	(198)
Other comprehensive income	(172)	286	0	114
<b>At 28 February 2015</b>	<b>84,384</b>	<b>104,879</b>	<b>1,114</b>	<b>190,377</b>

■ The disposals of securities related mainly to the redemption of participation capital by RAIFFEISEN-HOLDING NIEDERÖSTERREICH-WIEN regGenmbH in the amount of € 85,000 thousand that had been held by AGRANA Beteiligungs-AG.

■ The securities were predominantly securities of Austrian issuers.

Note (20)

**9.4. Receivables and other assets**

€000	29 Feb 2016	28 Feb 2015
Trade receivables	296,566	313,762
Amounts due from affiliated companies and joint ventures	28,059	28,839
Amounts due from associates in the Südzucker group	3,215	1,338
Positive fair value of derivatives	3,186	2,690
Receivable for legacy soil reclamation	208	426
Receivable under government grants	199	2,957
Other financial assets	25,504	38,813
<b>Financial instruments</b>	<b>356,937</b>	<b>388,825</b>
VAT credits and other tax credits	73,079	54,905
Accrued income	15,262	12,535
Prepaid expenses	4,845	4,598
<b>Total</b>	<b>450,123</b>	<b>460,863</b>
Of which due after more than 1 year	10,602	21,070

Amounts due from affiliated companies represent open accounts with non-consolidated subsidiaries, with the Group's parent company Südzucker AG and Südzucker's subsidiaries, and with joint ventures.

Note (21)

**9.5. Deferred tax assets**

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

€000	29 Feb 2016	28 Feb 2015
Deferred tax assets		
Intangible assets and property, plant and equipment	2,820	2,413
Non-current financial assets (primarily "one-seventh" write-downs on non-consolidated subsidiaries and on outside companies)	4,310	7,127
Inventories	3,720	4,968
Receivables and other assets	1,690	1,869
Carryforwards of unused tax losses	3,022	3,248
Retirement, termination and long-service benefit obligations	7,153	7,813
Other provisions and liabilities	11,295	9,335
<b>Total deferred tax assets</b>	<b>34,010</b>	<b>36,773</b>
Deferred tax assets offset against deferred tax liabilities relating to the same tax authority	(19,137)	(14,589)
<b>Net deferred tax assets</b>	<b>14,873</b>	<b>22,184</b>

Deferred tax liabilities are detailed in note 28.

Note (22)

**9.6. Inventories**

€000	29 Feb 2016	28 Feb 2015
Raw materials and consumables	182,680	201,265
Finished and unfinished goods	418,441	396,843
Goods purchased for resale	53,051	27,205
<b>Total</b>	<b>654,172</b>	<b>625,313</b>

Write-downs of € 5,471 thousand (prior year: € 13,851 thousand) were recognised on inventories, with the Sugar segment accounting for € 3,058 thousand (prior year: € 11,364 thousand) of this total. These impairment charges were attributable to a reduction in net realisable values of quota sugar and non-quota sugar at the balance sheet date.

Note (23)

**9.7. Non-current assets held for sale**

This item represents a Belgian property disclosed at carrying amount in accordance with IFRS 5 which is being held for sale within twelve months.

Note (24)

**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 from page 98.
- 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 2015|16 financial year. Retained earnings consist of the available-for-sale reserve and the reserves for cash flow hedges, actuarial gains and losses, investments in equity-accounted joint ventures, effects of consolidation-related foreign currency translation, and accumulated profits/losses for the period.
- In February 2016, AGRANA Zucker GmbH, Vienna, increased its ownership interest in Moravskoslezské Cukrovary A.S., Hrušovany, Czech Republic, from 97.66% to 100%. The difference of € 724 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	29 Feb 2016	28 Feb 2015
Total equity	1,200,124	1,194,420
Total assets	2,243,165	2,406,887
<b>Equity ratio</b>	<b>53.5 %</b>	<b>49.6 %</b>
Net debt	405,806	330,283
<b>Gearing ratio</b>	<b>33.8 %</b>	<b>27.7 %</b>

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.

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 (25)

### 9.9. Provisions

€000	29 Feb 2016	28 Feb 2015
Provisions for:		
Retirement benefits	30,102	34,307
Termination benefits	37,044	37,578
Other	48,425	56,636
<b>Total</b>	<b>115,571</b>	<b>128,521</b>

Note (25a)

#### a) Provisions for retirement and termination benefits

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:

%	29 Feb 2016	28 Feb 2015
Expected rate of wage and salary increases		
Austria / Europe	2.5	2.5
Mexico / USA / South Korea	6.0 / 3.0 / 4.0	6.0 / 3.0 / 4.0
Expected trend of pension increases		
Austria	2.0	2.0
Mexico	4.0	4.0
Discount rate		
Austria / Europe / USA	1.8	1.4
Mexico / South Korea	7.0 / 2.7	7.0 / 3.1

A discount rate of 1.8% (prior year: 1.4%) 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”).

### 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	29 Feb 2016	28 Feb 2015
<b>Pension plans</b>		
Present value of defined benefit obligation	43,243	47,676
Fair value of plan assets	(13,141)	(13,369)
<b>Pension provisions (net liability)</b>	<b>30,102</b>	<b>34,307</b>
<b>Termination benefit plans</b>		
Present value of defined benefit obligation	37,874	38,409
Fair value of plan assets	(830)	(831)
<b>Termination benefit provisions (net liability)</b>	<b>37,044</b>	<b>37,578</b>

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 € 19,020 thousand (prior year: € 20,698 thousand) and the plan assets amounted to € 12,374 thousand (prior year: € 12,640 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 € 19,721 thousand (prior year: € 22,243 thousand), of AGRANA Stärke GmbH in the amount of € 2,666 thousand (prior year: € 2,866 thousand) and of AGRANA Juice Holding GmbH in the amount of € 229 thousand (prior year: € 243 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 € 163 thousand (prior year: € 167 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 € 1,013 thousand (prior year: € 1,032 thousand) and there were plan assets in the form of pension insurance of € 505 thousand (prior year: € 456 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 € 594 thousand (prior year: € 594 thousand), with plan assets in the form of pension insurance of € 99 thousand (prior year: € 106 thousand).

The pension provisions showed the following movement:

€000	Present value of obligation	Fair value of plan assets	Pension provisions
<b>2015 16</b>			
1 March 2015	47,676	(13,369)	34,307
Service cost	828	0	828
Interest expense/(income)	681	(198)	483
Past service cost	155	0	155
Taxes and administration cost	0	33	33
<b>Total recognised in the income statement (net pension cost)</b>	<b>1,664</b>	<b>(165)</b>	<b>1,499</b>
Gains/(losses) from:			
Actual return on plan assets	0	1,028	1,028
Changes in financial assumptions	(2,145)	0	(2,145)
Experience adjustments	(1,208)	0	(1,208)
Currency translations differences	(104)	17	(87)
<b>Total remeasurement gain/(loss) recognised in the statement of comprehensive income</b>	<b>(3,457)</b>	<b>1,045</b>	<b>(2,412)</b>
Benefits paid	(2,640)	9	(2,631)
Employer contributions to plan assets	0	(661)	(661)
<b>Other movements</b>	<b>(2,640)</b>	<b>(652)</b>	<b>(3,292)</b>
<b>At 29 February 2016</b>	<b>43,243</b>	<b>(13,141)</b>	<b>30,102</b>
<b>2014 15</b>			
1 March 2014	37,522	(9,369)	28,153
Service cost	826	0	826
Interest expense/(income)	1,284	(349)	935
Taxes and administration cost	0	155	155
<b>Total recognised in the income statement (net pension cost)</b>	<b>2,110</b>	<b>(194)</b>	<b>1,916</b>
Gains/(losses) from:			
Actual return on plan assets	0	(829)	(829)
Changes in financial assumptions	9,571	0	9,571
Experience adjustments	1,660	0	1,660
Currency translations differences	46	(8)	38
<b>Total remeasurement gain/(loss) recognised in the statement of comprehensive income</b>	<b>11,277</b>	<b>(837)</b>	<b>10,440</b>
Benefits paid	(3,233)	9	(3,224)
Employer contributions to plan assets	0	(2,978)	(2,978)
<b>Other movements</b>	<b>(3,233)</b>	<b>(2,969)</b>	<b>(6,202)</b>
<b>At 28 February 2015</b>	<b>47,676</b>	<b>(13,369)</b>	<b>34,307</b>

The AGRANA Group 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 lump sum 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 € 35,224 thousand (prior year: € 35,973 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 € 101 thousand (prior year: € 71 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 € 3 thousand (prior year: € 13 thousand) offset the present value of the obligation of € 132 thousand (prior year: € 137 thousand). In the USA, the commitments of € 1,073 thousand (prior year: € 961 thousand) are funded solely by provisions.

The present value of the obligation of the termination benefit plan for South Korea was € 1,344 thousand (prior year: € 1,267 thousand), while the plan assets amounted to € 827 thousand (prior year: € 818 thousand).

The termination benefit provisions showed the following movement:

€000	Present value of obligation	Fair value of plan assets	Termination benefit provisions
<b>2015 16</b>			
At 1 March 2015	38,409	(831)	37,578
Service cost	1,820	0	1,820
Interest expense/(income)	552	(25)	527
Past service cost	7	0	7
Taxes and administration cost	0	2	2
<b>Total recognised in the income statement (net termination benefit cost)</b>	<b>2,379</b>	<b>(23)</b>	<b>2,356</b>
Gains/(losses) from:			
Actual return on plan assets	0	9	9
Changes in demographic assumptions	9	0	9
Changes in financial assumptions	(1,202)	0	(1,202)
Experience adjustments	415	0	415
Currency translations differences	(113)	72	(41)
<b>Total remeasurement gain/(loss) recognised in the statement of comprehensive income</b>	<b>(891)</b>	<b>81</b>	<b>(810)</b>
Changes in scope of consolidation/reclassifications	696	0	696
Benefits paid	(2,719)	103	(2,616)
Employer contributions to plan assets	0	(160)	(160)
<b>Other movements</b>	<b>(2,023)</b>	<b>(57)</b>	<b>(2,080)</b>
<b>At 29 February 2016</b>	<b>37,874</b>	<b>(830)</b>	<b>37,044</b>

€000	Present value of obligation	Fair value of plan assets	Termination benefit provisions
<b>2014/15</b>			
At 1 March 2014	30,762	(610)	30,152
Service cost	1,538	0	1,538
Interest expense/(income)	1,052	(25)	1,027
Past service cost	(10)	0	(10)
Effects of plan curtailments and settlements	51	0	51
Taxes and administration cost	0	2	2
<b>Total recognised in the income statement (net termination benefit cost)</b>	<b>2,631</b>	<b>(23)</b>	<b>2,608</b>
Gains/(losses) from:			
Actual return on plan assets	0	15	15
Changes in demographic assumptions	(3)	0	(3)
Changes in financial assumptions	6,815	0	6,815
Experience adjustments	(13)	0	(13)
Currency translations differences	128	(121)	7
<b>Total remeasurement gain/(loss) recognised in the statement of comprehensive income</b>	<b>6,927</b>	<b>(106)</b>	<b>6,821</b>
Benefits paid	(2,139)	102	(2,037)
Employer contributions to plan assets	0	(194)	(194)
Miscellaneous changes	228	0	228
<b>Other movements</b>	<b>(1,911)</b>	<b>(92)</b>	<b>(2,003)</b>
<b>At 28 February 2015</b>	<b>38,409</b>	<b>(831)</b>	<b>37,578</b>

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 change in actuarial gains of the pension and termination benefit provisions, which is recognised directly in equity, was an increase of € 3,225 thousand (prior year: losses with a decrease of € 17,261 thousand). The change resulted primarily from the higher discount rate and from experience adjustments concerning factors such as expected retirement age, wage and salary growth rates and assumed employee turnover rates. As of 29 February 2016, net cumulative actuarial losses of € 35,037 thousand (prior year: net losses of € 38,261 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.

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

%	29 Feb 2016	28 Feb 2015
Fixed income securities	58.09	57.93
Equity securities	25.04	29.36
Real estate	4.41	3.43
Other	12.46	9.28



## 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 off set 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 29 February 2016 was 12.51 years (prior year: 12.96 years) and that of the termination benefit obligations was 8.92 years (prior year: 9.67 years).

€ 627 thousand (prior year: € 954 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
2016 17	2,657	1,767
2017 18	2,748	2,543
2018 19	2,764	3,033
2019 20	2,778	3,501
2020 21	2,637	3,536
2021 22 to 2025 26	11,777	12,158
<b>Total</b>	<b>25,361</b>	<b>26,538</b>

Note (25b)

## b) Other provisions

€000	Site reclamation	Staff costs including long-service awards	Uncertain liabilities	Total
<b>2015 16</b>				
At 1 March 2015	2,782	17,718	36,136	56,636
Currency translation differences	11	(52)	69	28
Changes in scope of consolidation	0	47	7	54
Used	(29)	(4,733)	(15,481)	(20,243)
Released	0	(725)	(4,022)	(4,747)
Reclassified	4,241	0	(4,241)	0
Added	472	4,831	11,394	16,697
<b>At 29 February 2016</b>	<b>7,477</b>	<b>17,086</b>	<b>23,862</b>	<b>48,425</b>
Of which due within 1 year	305	4,443	23,678	28,426

The provisions for uncertain liabilities included, among other items, provisions for litigation risks of € 11,744 thousand (prior year: € 8,481 thousand), for costs of beet receiving, loading and storage of € 2,165 thousand (prior year: € 2,771 thousand) and for onerous contracts of € 4,189 thousand (prior year: € 11,687 thousand).

Most of the non-current other provisions of € 19,999 thousand (prior year: € 14,879 thousand) represented provisions of € 10,150 thousand for long-service awards (prior year: € 10,048 thousand). These are payable under local company agreements or collective agreements and are based on length of service. Phased-retirement provisions of € 736 thousand (prior year: € 965 thousand) are expected to be used in outflows of funds in the next one to three years. For the majority of the non-current provisions of € 7,173 thousand (prior year: € 2,754 thousand) for recultivation, an outflow of funds is likely to occur in more than five years.

Note (26)

**9.10. Borrowings**

€000	29 Feb 2016	28 Feb 2015
Bank loans and overdrafts, and other loans from non-Group entities	366,024	378,965
Borrowings from affiliated companies in the Südzucker group	165,000	250,000
Lease liabilities	2,824	61
<b>Borrowings</b>	<b>533,848</b>	<b>629,026</b>
Of which due after more than 1 year	286,028	319,672

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	29 Feb 2016	28 Feb 2015
Mortgage liens	0	809
Other liens	7,800	7,900
<b>Total</b>	<b>7,800</b>	<b>8,709</b>

The item "other liens" related solely to collateral for export credits with underlying carrying amounts of € 7,800 thousand.

Note (27)

**9.11. Trade and other payables**

€000	29 Feb 2016	28 Feb 2015
Trade payables	269,892	291,281
Amounts due to affiliated companies in the Südzucker group	11,133	29,459
Derivative liabilities	12,687	10,259
Financial other payables	61,035	59,179
<b>Financial instruments</b>	<b>354,747</b>	<b>390,178</b>
Payables: deferred income	3,050	2,909
Payables: prepayments	175	701
Payables: other tax	11,468	12,275
Payables: social security	6,642	6,334
<b>Total</b>	<b>376,082</b>	<b>412,397</b>
Of which due after more than 1 year	1,024	1,204

Trade payables included obligations to beet growers of € 73,085 thousand (prior year: € 82,970 thousand).

Financial other payables included, among other items, liabilities to employees, payroll liabilities, and liabilities from the EU production levy.

Note (28)

**9.12. Deferred tax liabilities**

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

€000	29 Feb 2016	28 Feb 2015
Deferred tax liabilities		
Non-current assets	12,327	13,905
Inventories	14	772
Receivables and other assets	4,490	2,906
Untaxed reserves in separate financial statements	5,351	5,859
Provisions and other liabilities	1,436	1,571
<b>Total deferred tax liabilities</b>	<b>23,618</b>	<b>25,013</b>
Deferred tax assets offset against deferred tax liabilities relating to the same tax authority	(19,137)	(14,589)
<b>Net deferred tax liabilities</b>	<b>4,481</b>	<b>10,424</b>

Deferred tax assets are detailed in note 21.

**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).

	Average effective interest rate %	At balance sheet date €000	Of which due in		
			Up to 1 year €000	1 to 5 years €000	More than 5 years €000
29 February 2016					
Fixed rate					
EUR	3.10	200,149	860	192,289	7,000
	3.10	200,149	860	192,289	7,000
Variable rate					
ARS	31.20	599	599	0	0
CNY	4.56	841	841	0	0
DKK	2.00	10	10	0	0
EGP	7.80	1	1	0	0
EUR	1.03	314,606	233,686	66,920	14,000
HUF	2.34	5,003	5,003	0	0
KRW	3.16	3,711	3,711	0	0
MXN	14.46	3,269	0	3,269	0
USD	—	2,835	2,835	0	0
	1.26	330,875	246,686	70,189	14,000
Total	1.95	531,024	247,546	262,478	21,000

	Average effective interest rate %	At balance sheet date €000	Of which due in		
			Up to 1 year €000	1 to 5 years €000	More than 5 years €000
28 February 2015					
Fixed rate					
EUR	2.96	251,067	52,356	191,711	7,000
	2.96	251,067	52,356	191,711	7,000
Variable rate					
ARS	20.44	515	515	0	0
EGP	7.80	13	13	0	0
EUR	1.09	361,255	240,335	106,920	14,000
HUF	2.96	7,425	7,425	0	0
KRW	3.65	4,854	4,854	0	0
MXN	14.46	3,836	3,836	0	0
	1.32	377,898	256,978	106,920	14,000
Total	1.98	628,965	309,334	298,631	21,000

Bank loans and overdrafts (excluding finance leases) and amounts due to affiliated companies of the Südzucker group amounted to € 531,024 thousand (prior year: € 628,965 thousand). The reduction compared with the prior year resulted primarily from the repayment of a loan tranche of € 85,000 thousand to Südzucker AG, Mannheim, Germany.

The weighted average interest rate paid on these credits was 1.95% (prior year: 1.98%), with a remaining maturity of 1.6 years (prior year: 1.9 years).

These borrowings are covered by credit line limits of € 952,627 thousand (prior year: € 1,007,724 thousand). The weighted average remaining maturity of the credit lines at the balance sheet date was 2.6 years (prior year: 3.0 years).

The credit funding of the AGRANA Group consists primarily of two syndicated credit lines totalling € 450,000 thousand at the balance sheet date (prior year: € 450,000 thousand), a Schuldscheindarlehen (bonded loan) of € 126,000 thousand (prior year: € 126,000 thousand) and a financing from Südzucker AG, Mannheim, Germany, in the amount of € 165,000 thousand (prior year: € 250,000 thousand). The other credit lines are bilateral ones.

The fixed interest portion of bank loans and overdrafts and amounts due to affiliated companies was € 200,149 thousand (prior year: € 251,067 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, € 0 (prior year: € 809 thousand) of bank loans and overdrafts were secured by mortgage liens and € 7,800 thousand (prior year: € 7,900 thousand) were secured by other liens.

Cash and cash equivalents decreased by € 84,443 thousand from the prior year to a new total of € 109,375 thousand. In addition, securities in the amount of € 45 thousand (prior year: € 46 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, which can arise from 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, 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 amounts and market values (fair values) of the derivative financial instruments held by the AGRANA Group were as follows:

Purchase	Sale	Notional amount €000	Positive fair values €000	Negative fair values €000	Net fair value €000
<b>29 February 2016</b>					
USD	EUR	39,907	919	(92)	827
USD	AUD	900	0	0	0
AUD	EUR	589	0	(2)	(2)
EUR	AUD	1,471	5	0	5
EUR	USD	93,386	19	(1,037)	(1,018)
CAD	EUR	167	2	0	2
CZK	EUR	21,056	0	(41)	(41)
EUR	HUF	4,715	13	(33)	(20)
EUR	ZAR	2,670	0	(21)	(21)
EUR	CZK	2,000	4	0	4
EUR	PLN	1,734	0	(16)	(16)
EUR	GBP	2,044	171	0	171
EUR	RON	65,357	65	(31)	34
<b>Currency derivatives</b>		<b>235,996</b>	<b>1,198</b>	<b>(1,273)</b>	<b>(75)</b>
Interest swap		68,000	0	(5,675)	(5,675)
Interest cap		50,000	38	0	38
Sugar futures		26,868	1,731	(51)	1,680
Wheat and corn futures		37,423	219	(5,688)	(5,469)
<b>Total</b>		<b>418,287</b>	<b>3,186</b>	<b>(12,687)</b>	<b>(9,501)</b>

Purchase	Sale	Notional amount €000	Positive fair values €000	Negative fair values €000	Net fair value €000
<b>28 February 2015</b>					
USD	EUR	16,725	962	(1)	961
USD	AUD	1,746	165	0	165
EUR	USD	88,755	293	(3,803)	(3,510)
CAD	EUR	169	4	0	4
CZK	EUR	23,196	159	(10)	149
EUR	HUF	2,851	0	(96)	(96)
PLN	EUR	20,145	323	0	323
EUR	PLN	1,662	0	(13)	(13)
EUR	GBP	716	0	(72)	(72)
EUR	RON	14,998	36	0	36
<b>Currency derivatives</b>		<b>170,963</b>	<b>1,942</b>	<b>(3,995)</b>	<b>(2,053)</b>
Interest swap		68,000	0	(6,195)	(6,195)
Interest cap		50,000	160	0	160
Wheat and corn futures		30,405	588	(69)	519
<b>Total</b>		<b>319,368</b>	<b>2,690</b>	<b>(10,259)</b>	<b>(7,569)</b>

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 four years.

The notional amount of the derivatives represents the face amount of all hedges, translated into euros as the Group currency.

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. At 29 February 2016 there were cash flow hedges with positive fair values of € 1,748 thousand (prior year: € 588 thousand) and cash flow hedges with negative fair values of 5,688 thousand (prior year: € 69 thousand).

In the financial year, € 588 thousand (prior year: € 185 thousand) was reclassified to the income statement and the ineffective portion (amounting to € 284 thousand) of cash flow hedges was recognised in profit for the period (prior year: € 0).

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.

The table below shows the periods in which the cash outflows are expected to occur, as well as the carrying amounts of the hedging instruments:

€000	Carrying amount	Total	Contractual cash outflows in							More than
			Up to 3 m	4 to 6 m	7 to 12 m	1 to 2 y	2 to 3 y	3 to 4 y	4 to 5 y	5 y
29 February 2016										
Currency derivatives										
Positive fair values	1,198	1,198	1,006	104	88	0	0	0	0	0
Negative fair values	(1,273)	(1,273)	(1,112)	(87)	(74)	0	0	0	0	0
Interest rate derivatives										
Positive fair values	38	0	0	0	0	0	0	0	0	0
Negative fair values	(5,675)	(5,367)	(384)	(384)	(768)	(1,536)	(1,524)	(771)	0	0
Commodity derivatives										
Positive fair values	1,950	1,950	1,563	210	177	0	0	0	0	0
Negative fair values	(5,739)	(5,739)	(3,504)	(375)	(1,860)	0	0	0	0	0
Total	(9,501)	(9,231)	(2,431)	(532)	(2,437)	(1,536)	(1,524)	(771)	0	0
28 February 2015										
Currency derivatives										
Positive fair values	1,942	1,942	1,258	392	292	0	0	0	0	0
Negative fair values	(3,995)	(3,995)	(1,868)	(1,122)	(1,005)	0	0	0	0	0
Interest rate derivatives										
Positive fair values	160	0	0	0	0	0	0	0	0	0
Negative fair values	(6,195)	(6,491)	(362)	(362)	(725)	(1,446)	(1,446)	(1,434)	(716)	0
Commodity derivatives										
Positive fair values	588	588	15	0	573	0	0	0	0	0
Negative fair values	(69)	(69)	(40)	(29)	0	0	0	0	0	0
Total	(7,569)	(8,025)	(997)	(1,121)	(865)	(1,446)	(1,446)	(1,434)	(716)	0

In terms of sensitivities, the net combined fair value of the derivative positions held at 29 February 2016 would have changed as follows given a reduction or increase of 1 percentage point in the market interest rate, an appreciation or depreciation of 10% in the relevant currencies against the euro, and a reduction or increase of 10% in the prices of wheat, corn and sugar:

€000	Notional amount		Sensitivity (+)		Sensitivity (-)	
	29 Feb 2016	28 Feb 2015	29 Feb 2016	28 Feb 2015	29 Feb 2016	28 Feb 2015
Currency derivatives	235,996	170,963	(10,982)	(6,412)	10,150	4,569
Interest rate derivatives	118,000	118,000	2,403	2,719	(2,107)	(2,341)
Commodity derivatives	64,291	30,405	6,980	2,863	(3,810)	(2,745)

The effect of the changes in fair value on equity, including the tax effect, would have been, for the increase in rates and prices, an equity increase of € 5,253 thousand (prior year: increase of € 2,147 thousand) and for the decrease in rates and prices, an equity decrease of € 2,898 thousand (prior year: decrease of € 2,059 thousand). The effect of the fair value changes on profit before tax would have been, for the increase in rates and prices, a profit decrease of € 8,603 thousand (prior year: decrease of € 3,693 thousand), and for the decrease in rates and prices, a profit increase of € 8,097 thousand (prior year: increase of € 2,228 thousand).



### 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, both by individual item type and by measurement category. 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.

The table below also 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:

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 rates.

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.

	Carrying amount						Fair value			
	Available-for-sale	Available-for-sale (at cost)	Held for trading	Fair value of hedging instruments	Loans and receivables	At amortised cost	Total	Level 1	Level 2	Total
€000										
<b>29 February 2016</b>										
<b>Financial assets at fair value</b>										
Securities (non-current)	18,622	0	0	0	0	0	18,622	18,622	–	18,622
Derivative financial assets	0	0	1,438	1,748	0	0	3,186	1,950	1,236	3,186
Securities (current)	45	0	0	0	0	0	45	45	–	45
	<b>18,667</b>	<b>0</b>	<b>1,438</b>	<b>1,748</b>	<b>0</b>	<b>0</b>	<b>21,853</b>			
<b>Financial assets not at fair value</b>										
Investments in non-consolidated subsidiaries and outside companies	0	1,091	0	0	0	0	1,091	–	–	–
Trade receivables	0	0	0	0	296,566	0	296,566	–	–	–
Other receivables <sup>1</sup>	0	0	0	0	57,185	0	57,185	–	–	–
Cash and cash equivalents	0	0	0	0	109,375	0	109,375	–	–	–
	<b>0</b>	<b>1,091</b>	<b>0</b>	<b>0</b>	<b>463,126</b>	<b>0</b>	<b>464,217</b>			
<b>Financial liabilities at fair value</b>										
Derivative liabilities	0	0	6,999	5,688	0	0	12,687	5,739	6,948	12,687
	<b>0</b>	<b>0</b>	<b>6,999</b>	<b>5,688</b>	<b>0</b>	<b>0</b>	<b>12,687</b>			
<b>Financial liabilities not at fair value</b>										
Bank loans and overdrafts, and other loans from non-Group entities	0	0	0	0	0	366,024	366,024	–	369,248	369,248
Borrowings from affiliated companies in the Südzucker group	0	0	0	0	0	165,000	165,000	–	169,771	169,771
Lease liabilities	0	0	0	0	0	2,824	2,824	–	2,896	2,896
Trade payables	0	0	0	0	0	269,892	269,892	–	–	–
Financial other payables <sup>2</sup>	0	0	0	0	0	72,168	72,168	–	–	–
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>875,908</b>	<b>875,908</b>			

<sup>1</sup> Excluding other tax receivables, and excluding those prepaid expenses and accrued income not resulting in a cash inflow.

<sup>2</sup> Excluding payables from other tax, social security, customer prepayments, and deferred income.

	Carrying amount						Fair value			
	Available-for-sale	Available-for-sale (at cost)	Held for trading	Fair value of hedging instruments	Loans and receivables	At amortised cost	Total	Level 1	Level 2	Total
€000										
<b>28 February 2015</b>										
<b>Financial assets at fair value</b>										
Securities (non-current)	19,879	0	0	0	0	0	19,879	19,879	–	19,879
Derivative financial assets	0	0	2,102	588	0	0	2,690	588	2,102	2,690
Securities (current)	46	0	0	0	0	0	46	46	–	46
	<b>19,925</b>	<b>0</b>	<b>2,102</b>	<b>588</b>	<b>0</b>	<b>0</b>	<b>22,615</b>			
<b>Financial assets not at fair value</b>										
Securities (non-current)	0	85,000	0	0	0	0	85,000	–	–	–
Investments in non-consolidated subsidiaries and outside companies	0	1,114	0	0	0	0	1,114	–	–	–
Trade receivables	0	0	0	0	313,762	0	313,762	–	–	–
Other receivables <sup>1</sup>	0	0	0	0	72,373	0	72,373	–	–	–
Cash and cash equivalents	0	0	0	0	193,818	0	193,818	–	–	–
	<b>0</b>	<b>86,114</b>	<b>0</b>	<b>0</b>	<b>579,953</b>	<b>0</b>	<b>666,067</b>			
<b>Financial liabilities at fair value</b>										
Derivative liabilities	0	0	10,190	69	0	0	10,259	69	10,190	10,259
	<b>0</b>	<b>0</b>	<b>10,190</b>	<b>69</b>	<b>0</b>	<b>0</b>	<b>10,259</b>			
<b>Financial liabilities not at fair value</b>										
Bank loans and overdrafts, and other loans from non-Group entities	0	0	0	0	0	378,965	378,965	–	382,970	382,970
Borrowings from affiliated companies in the Südzucker group	0	0	0	0	0	250,000	250,000	–	255,967	255,967
Lease liabilities	0	0	0	0	0	61	61	–	61	61
Trade payables	0	0	0	0	0	291,281	291,281	–	–	–
Financial other payables <sup>2</sup>	0	0	0	0	0	88,639	88,639	–	–	–
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,008,946</b>	<b>1,008,946</b>			

<sup>1</sup> Excluding other tax receivables, and excluding those prepaid expenses and accrued income not resulting in a cash inflow.

<sup>2</sup> Excluding payables from other tax, social security, 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 using the methods and assumptions outlined below.

Securities held as non-current and current assets include available-for-sale securities. These are measured at current securities exchange prices or market value.

Available-for-sale investments in non-consolidated subsidiaries and outside companies are measured at cost. These are non-fully-consolidated investments in subsidiaries and interests in non-listed companies for which it was chosen not to determine fair values using discounted future cash flows because this item is of minor significance for the Group.

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 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 derivatives are obtained from the bank confirmations as at the balance sheet date, and the fair values of commodity derivatives are based on official quotations on futures exchanges. The market rates (fair values) of currency derivatives are based on the forward rates determined by AGRANA as at the balance sheet date and on 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 financial other payables, it is assumed in view of the short maturities that the fair values equal the carrying amounts. The fair value of fixed interest liabilities is calculated as the present value of expected future cash flows. For variable rate liabilities, the fair value equals the carrying amount.

The net gains and losses on financial instruments are presented by measurement category in the following table:

€000	2015 16	2014 15
Available-for-sale	0	2
Available-for-sale (at cost)	28	0
Held for trading	3,771	(2,846)
Loans and receivables	(649)	5,028
At amortised cost	(11,033)	8,809
<b>Net (loss)/gain on financial instruments</b>	<b>(7,883)</b>	<b>10,993</b>

The change in fair values of available-for-sale securities was recognised in other comprehensive income at an increase of € 1,529 thousand before tax (prior year: € 1,022 thousand) and at a tax expense of € 366 thousand (prior year: tax benefit of € 699 thousand).

The total interest income and expense on financial assets and financial liabilities not measured at fair value through profit or loss was as follows:

€000	2015 16	2014 15
Total interest income	9,724	9,426
Total interest expense	(15,298)	(13,417)
<b>Net interest expense</b>	<b>(5,574)</b>	<b>(3,991)</b>

#### 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 net carrying amount of trade receivables after provisions for impairment is determined as follows:

€000	29 Feb 2016	28 Feb 2015
Trade receivables	304,646	325,024
Less credit insurance and other security	(8,080)	(11,262)
<b>Net credit risk</b>	<b>296,566</b>	<b>313,762</b>

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

€000	29 Feb 2016	28 Feb 2015
Provision at 1 March	11,262	12,309
Currency translation adjustments/other change	(642)	(1,643)
Added	2,914	2,480
Used	(3,686)	(772)
Released	(1,768)	(1,112)
<b>Provision at 29/28 February</b>	<b>8,080</b>	<b>11,262</b>

The partial release of the provision resulted in interest income of € 27 thousand (prior year: € 17 thousand).

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

The maximum exposure from trade receivables is equivalent to the carrying amount of the trade receivables.

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

€000	29 Feb 2016	28 Feb 2015
Trade receivables past due and with no impairment provided:		
Up to 30 days	31,286	21,047
31 to 90 days	8,867	7,758
More than 90 days	3,093	3,087
<b>Total</b>	<b>43,246</b>	<b>31,892</b>

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

The maximum exposure of € 490,748 thousand (prior year: € 492,767 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.

Credit risk, net of credit insurance, bank guarantees and other security (net credit risk), was as follows:

€000	29 Feb 2016	28 Feb 2015
Trade receivables	296,566	313,762
Less credit insurance and other security	(161,071)	(147,344)
<b>Net credit risk</b>	<b>135,495</b>	<b>166,418</b>

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 29 February 2016 on the Group's liquidity situation. All cash outflows are undiscounted.

€000	Carrying amount	Total	Contractual cash outflows in							More than 5 y
			Up to 3 m	4 to 6 m	7 to 12 m	1 to 2 y	2 to 3 y	3 to 4 y	4 to 5 y	
29 February 2016										
Non-derivative financial payables										
Bank loans and overdrafts, and other loans										
from non-Group entities	366,024	376,680	163,912	9,574	42,530	18,063	14,990	105,614	526	21,471
Borrowings from affiliated companies										
in the Südzucker group	165,000	172,732	36,011	1,088	2,141	102,622	760	30,110	0	0
Trade payables	269,892	269,892	262,448	3,217	4,227	0	0	0	0	0
Trade payables and amounts due to affiliated companies										
in the Südzucker group	11,133	11,133	9,391	5	1,737	0	0	0	0	0
Obligations under finance leases	2,824	2,973	83	83	166	373	2,268	0	0	0
Financial other payables	61,035	61,035	47,061	3,602	9,348	443	18	18	126	419
	875,908	894,445	518,906	17,569	60,149	121,501	18,036	135,742	652	21,890
Derivative financial payables										
Interest rate derivatives	5,675	5,367	384	384	768	1,536	1,524	771	0	0
Currency derivatives	1,273	1,273	1,112	87	74	0	0	0	0	0
Commodity derivatives	5,739	5,739	3,504	375	1,860	0	0	0	0	0
	12,687	12,379	5,000	846	2,702	1,536	1,524	771	0	0

€000	Carrying amount	Total	Contractual cash outflows in							More than 5 y
			Up to 3 m	4 to 6 m	7 to 12 m	1 to 2 y	2 to 3 y	3 to 4 y	4 to 5 y	
28 February 2015										
Non-derivative financial payables										
Bank loans and overdrafts, and other loans from non-Group entities										
	378,965	393,772	173,656	8,756	10,768	43,970	18,076	10,855	105,701	21,990
Borrowings from affiliated companies in the Südzucker group										
	250,000	262,472	121,285	1,138	2,239	4,318	102,622	760	30,110	0
Trade payables										
	291,281	291,281	279,977	2,340	8,964	0	0	0	0	0
Trade payables and amounts due to affiliated companies in the Südzucker group										
	29,459	29,459	23,429	14	6,016	0	0	0	0	0
Obligations under finance leases										
	61	65	6	6	11	42	0	0	0	0
Financial other payables										
	59,179	59,179	44,275	3,776	9,858	377	586	53	53	201
	1,008,945	1,036,228	642,628	16,030	37,856	48,707	121,284	11,668	135,864	22,191
Derivative financial payables										
Interest rate derivatives										
	6,195	6,491	362	362	725	1,446	1,446	1,434	716	0
Currency derivatives										
	3,995	3,995	1,867	1,122	1,006	0	0	0	0	0
Commodity derivatives										
	69	69	40	29	0	0	0	0	0	0
	10,259	10,555	2,269	1,513	1,731	1,446	1,446	1,434	716	0

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

### Currency risk

The 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. 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:



€000	Value-at-Risk from borrowings		Value-at-Risk from operating receivables/payables	
	29 Feb	28 Feb	29 Feb	28 Feb
	2016	2015	2016	2015
Sum of absolute net positions of the currency pairs	143,715	217,750	63,445	91,000
<b>Value-at-Risk diversified</b>	<b>9,959</b>	<b>13,418</b>	<b>5,459</b>	<b>6,804</b>

The following table gives the foreign currency position by currency pair of the Value-at-Risk calculation:

€000	Foreign-currency position from borrowings		Foreign-currency position from operating receivables/payables	
	29 Feb	28 Feb	29 Feb	28 Feb
	2016	2015	2016	2015
Currency pair				
EUR/USD	11,797	20,578	5,684	16,264
EUR/HUF	30,692	30,559	4,523	0
EUR/RON	44,161	78,690	8,894	35,282
EUR/RUB	4,140	5,826	3,251	0
EUR/UAH	5,610	7,587	4,530	5,773
EUR/BGN	4,296	0	0	3,440
EUR/CZK	0	12,127	16,742	0
EUR/PLN	0	0	0	6,766
EUR/BRL	0	4,920	0	0
EUR/CNY	0	17,826	0	0
EUR/ZAR	0	3,036	0	0
USD/BRL	7,302	7,073	0	0
USD/CNY	10,399	0	0	0
USD/MXN	11,582	16,565	3,877	4,648
Other	13,736	12,963	15,944	18,827
<b>Total</b>	<b>143,715</b>	<b>217,750</b>	<b>63,445</b>	<b>91,000</b>

Most of the Group's foreign exchange risk arises in the operating business, when revenues or costs are denominated in a currency other than that of the related costs or revenues, respectively. The foreign currency positions of € 63,445 thousand (prior year: € 91,000 thousand) in the operating activities were mainly in Mexico, the Czech Republic, Romania, Russia, Ukraine and Hungary, as well as a US dollar position in the euro area, and represented a Value-at-Risk of € 5,459 thousand (prior year: € 6,804 thousand).

The AGRANA Group's currency risk from financing arises from borrowings and financial investments not denominated in the local currency of the respective company. The foreign currency positions from financing amounted to € 143,715 thousand (prior year: € 217,750 thousand), with a Value-at-Risk of € 9,959 thousand (prior year: € 13,418 thousand) and pertained largely to Brazil, China, Mexico, Romania, Russia, Ukraine and Hungary for financings in euros and US dollars.

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 Hungary are subject to additional currency risk from raw sugar purchases in US dollars, and some companies are exposed to currency risk from sales of non-quota sugar 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.

### 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	29 Feb 2016	28 Feb 2015
Net variable interest borrowings	333,664	377,898
<b>Cash-Flow-at-Risk diversified</b>	<b>3,542</b>	<b>3,170</b>
Net fixed interest borrowings	199,304	198,751
<b>Value-at-Risk upon change in interest rates</b>	<b>4,662</b>	<b>6,492</b>

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 for the purchase of 84,281 tonnes of raw sugar (prior year: 0 tonnes), the purchase of 184,500 tonnes of wheat for the Austrian bioethanol production operations (prior year: 153,500 tonnes) and the purchase of 15,300 tonnes of corn (prior year: 4,700 tonnes), and for the sale of 4,600 tonnes of corn (prior year: 9,050 tonnes) and the sale of 8,250 tonnes of white sugar (prior year: 0 tonnes). These positions represented an aggregate contract amount of € 62,101 thousand (prior year: € 27,462 thousand) and, based on the underlying closing prices, had a combined net negative fair value of € 3,789 thousand (prior year: positive fair value of € 519 thousand).

**Legal risks**

AGRANA continually monitors changes in the legal setting relevant to its businesses that may lead to a risk situation, and takes risk management actions as necessary. This applies particularly to compliance matters and food and environmental legislation; the Group maintains dedicated staff positions for these areas.

There are currently no pending or threatened civil actions 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 Austrian Federal Competition Authority in 2010 sought a fine under an antitrust case for alleged competition-restricting arrangements with respect to Austria filed against AGRANA Zucker GmbH, Vienna, and Südzucker AG, Mannheim, Germany. To date the Cartel Court has not ruled on the case. AGRANA continues to regard the allegation as unfounded and the fine sought as unwarranted.

**10.5. Contingent liabilities and commitments**

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

€000	29 Feb 2016	28 Feb 2015
Guarantees	49,580	44,727
Warranties, cooperative liabilities	1,647	1,647

The guarantees are not expected to be utilised.

A further contingent liability of € 6,425 thousand (prior year: € 6,600 thousand) related to a claim for recovery of an EU subsidy in Hungary. The management of the company involved believes the likelihood of repayment is low.

Commitments were as presented in the table below:

€000	29 Feb 2016	28 Feb 2015
Present value of lease payments due within 5 years	13,703	14,350
Commitments for the purchase of property, plant and equipment	41,600	41,208
<b>Commitments</b>	<b>55,303</b>	<b>55,558</b>

**11. Events after the balance sheet date**

No other significant events occurred after the balance sheet date of 29 February 2016 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 86.2% 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, Germany.

Related parties for the purposes of IAS 24 are Südzucker AG, 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, Germany.

In addition to Südzucker AG, Mannheim, Germany, and its subsidiaries ("Südzucker group"), other related parties are RAIFFEISEN-HOLDING NIEDERÖSTEREICH-WIEN regGenmbH, Vienna, and its subsidiaries ("Companies with significant influence").

Equity-accounted joint ventures that are jointly controlled, as well as unconsolidated subsidiaries, are also related parties as defined in IAS 24.

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

€000	Südzucker Group	Companies with significant influence	Joint ventures	Non-consolidated subsidiaries	Total
<b>2015 16</b>					
Revenue	86,174	17,341	55,243	6	158,764
Operating expenses	(69,205)	(601)	(80,326)	(618)	(150,750)
Credit relationships	(165,773)	(54,697)	0	0	(220,470)
Participation capital	0	5,294	0	0	5,294
Bank balances and current receivables	0	2,363	12,519	50	14,932
Net trade receivables/(payables) for goods	10,554	844	(2,064)	(146)	9,188
Net interest (expense)/income	(5,322)	5,153	1,139	0	970
Guarantees issued	0	0	46,000	8,200	54,200
Guarantees utilised	0	0	43,694	4,493	48,187
<b>2014 15</b>					
Revenue	85,088	16,110	55,705	22	156,925
Operating expenses	(73,174)	(766)	(80,530)	(5,010)	(159,480)
Credit relationships	(250,821)	(98,907)	0	(3,675)	(353,403)
Participation capital	0	91,188	0	0	91,188
Bank balances and current receivables	0	37,933	1,621	773	40,327
Net trade receivables/(payables) for goods	2,185	164	1,911	(1,211)	3,049
Net interest (expense)/income	(6,255)	3,757	1,071	(6)	(1,433)
Guarantees issued	0	0	48,200	8,200	56,400
Guarantees utilised	0	0	38,500	2,836	41,336

Unlike the prior-year annual report, transactions with the other owners of the joint ventures are not reported.

In addition, at the balance sheet date, borrowings from related parties amounted to € 220,470 thousand (prior year: € 353,403 thousand); these borrowings were on normal commercial terms. Of this total, € 130,000 thousand represented non-current borrowings (prior year: € 130,000 thousand).

For fully consolidated subsidiaries, the Group issued guarantees in favour of companies with significant influence of € 5,000 thousand (prior year: € 17,958 thousand), of which an amount of € 1,022 thousand (prior year: € 9,345 thousand) was utilised.

The remuneration of the members of the Management Board of AGRANA Beteiligungs-AG totalled € 3,183 thousand (prior year: € 3,365 thousand), consisting of total fixed base salaries of € 1,445 thousand (prior year: € 1,693 thousand) and a total performance-based, variable component of € 1,738 thousand (prior year: € 1,672 thousand). The performance-based elements of the compensation are linked to the amount of the dividend payable for the last three financial years. The Management Board member of AGRANA Beteiligungs-AG appointed on the basis of the syndicate agreement between Südzucker AG, Mannheim, Germany, and Zucker-Beteiligungsgesellschaft m.b.H, Vienna, does not receive compensation for serving on the Management Board.

On 3 July 2015 the Annual General Meeting approved an annual aggregate remuneration for the Supervisory Board of € 250 thousand (prior year: € 250 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 members Johann Marihart and Fritz Gattermayer and the former Management Board member Walter Grausam 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. For the pension of Stephan Büttner, there is a defined contribution obligation, which can be claimed after the recipient has reached 55 years of age if the employment contract is terminated by the employer. For the 2015/16 financial year, pension fund contributions of € 720 thousand were paid (prior year: € 2,955 thousand).

The retirement benefit obligations in respect of the Management Board are administered by an external pension fund. In the balance sheet at 29 February 2016, within the item "retirement and termination benefit obligations", an amount of € 6,646 thousand was recognised for pension obligations (prior year: € 8,058 thousand) and an amount of € 1,986 thousand was recognised for termination benefit obligations (prior year: € 1,906 thousand).

In the event that a Management Board appointment is withdrawn, there are severance pay obligations in accordance with the provisions of the Employees Act or the Occupational Pension Plan Act.

Information on the Management Board and Supervisory Board is provided on page 158.

On 25 April 2016 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, 25 April 2016

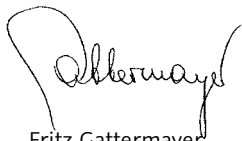
The Management Board of AGRANA Beteiligungs-AG



Johann Marihart  
Chief Executive Officer



Stephan Büttner  
Member of the Management Board



Fritz Gattermayer  
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

Stephan Büttner  
Member

Fritz Gattermayer  
Member

Thomas Kölbl  
Member

## Supervisory Board

Erwin Hameseder  
Chairman

Wolfgang Heer  
First Vice-Chairman

Klaus Buchleitner  
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

Karl Orthaber

Stephan Savic

# Subsidiaries and business interests

## at 29 February 2016

Name of company	Balance sheet date	Registered office	Country	Equity interest 29 Feb 2016		Equity interest 28 Feb 2015	
				Direct	In-direct <sup>1</sup>	Direct	In-direct <sup>1</sup>
AGRANA Beteiligungs-Aktiengesellschaft (the parent company)	29 Feb 2016	Vienna	Austria	–	–	–	–
<b>I. Subsidiaries</b>							
<b>Fully consolidated subsidiaries</b>							
AGRANA AGRO S.r.l.	29 Feb 2016	Roman	Romania	–	92.10%	–	92.10%
AGRANA BIH Holding GmbH	29 Feb 2016	Vienna	Austria	–	75.00%	–	75.00%
AGRANA Bulgaria AD <sup>2</sup>	–	Sofia	Bulgaria	–	–	–	100.00%
AGRANA BUZAU S.r.l.	29 Feb 2016	Buzău	Romania	–	92.10%	–	92.10%
AGRANA d.o.o.	31 Dec 2015	Brčko	Bosnia-Herzegovina	–	75.00%	–	75.00%
AGRANA Fruit Argentina S.A.	29 Feb 2016	Buenos Aires	Argentina	–	99.99%	–	99.99%
AGRANA Fruit Australia Pty Ltd.	29 Feb 2016	Central Mangrove	Australia	–	100.00%	–	100.00%
AGRANA Fruit Austria GmbH	29 Feb 2016	Gleisdorf	Austria	–	100.00%	–	100.00%
AGRANA Fruit Brasil Indústria Comércio Importação e Exportação Ltda.	31 Dec 2015	São Paulo	Brazil	–	100.00%	–	100.00%
AGRANA Fruit Brasil Participacoes Ltda.	31 Dec 2015	São Paulo	Brazil	–	100.00%	–	100.00%
AGRANA Fruit Dachang Co., Ltd.	31 Dec 2015	Dachang	China	–	100.00%	–	100.00%
AGRANA Fruit Fiji Pty Ltd.	29 Feb 2016	Sigatoka	Fiji	–	100.00%	–	100.00%
AGRANA Fruit France S.A.	29 Feb 2016	Paris	France	–	100.00%	–	100.00%
AGRANA Fruit Germany GmbH	29 Feb 2016	Konstanz	Germany	–	100.00%	–	100.00%
AGRANA Fruit Istanbul Gıda Sanayi ve Ticaret A.Ş.	29 Feb 2016	Zincirlikuyu	Turkey	–	100.00%	–	100.00%
AGRANA Fruit Korea Co. Ltd.	29 Feb 2016	Seoul	South Korea	–	100.00%	–	100.00%
AGRANA Fruit Latinoamerica S. de R.L. de C.V.	31 Dec 2015	Michoacán	Mexico	–	100.00%	–	100.00%
AGRANA Fruit Luka TOV	31 Dec 2015	Vinnitsia	Ukraine	–	99.97%	–	99.97%
AGRANA Fruit México, S.A. de C.V.	31 Dec 2015	Michoacán	Mexico	–	100.00%	–	100.00%
AGRANA Fruit Polska SP z.o.o.	29 Feb 2016	Ostrołęka	Poland	–	100.00%	–	100.00%
AGRANA Fruit S.A.S.	29 Feb 2016	Paris	France	–	100.00%	–	100.00%
AGRANA Fruit Services GmbH	29 Feb 2016	Vienna	Austria	–	100.00%	–	100.00%
AGRANA Fruit Services Inc. <sup>2</sup>	–	Brecksville	USA	–	–	–	100.00%
AGRANA Fruit Services S.A.S.	29 Feb 2016	Paris	France	–	100.00%	–	100.00%
AGRANA Fruit South Africa (Proprietary) Ltd.	29 Feb 2016	Cape Town	South Africa	–	100.00%	–	100.00%
AGRANA Fruit Ukraine TOV	31 Dec 2015	Vinnitsia	Ukraine	–	99.80%	–	99.80%
AGRANA Fruit US, Inc.	29 Feb 2016	Brecksville	USA	–	100.00%	–	100.00%
AGRANA Group-Services GmbH	29 Feb 2016	Vienna	Austria	100.00%	–	100.00%	–
AGRANA Internationale Verwaltungs- und Asset-Management GmbH	29 Feb 2016	Vienna	Austria	–	100.00%	–	100.00%
AGRANA J&F Holding GmbH <sup>2</sup>	–	Vienna	Austria	–	–	98.91%	1.09%
AGRANA Juice Denmark A/S	29 Feb 2016	Køge	Denmark	–	50.01%	–	50.01%
AGRANA Juice Magyarország Kft.	29 Feb 2016	Vásárosnamény	Hungary	–	50.01%	–	50.01%
AGRANA Juice Poland Sp. z.o.o. <sup>2</sup>	–	Białobrzegi	Poland	–	–	–	50.01%
AGRANA Juice Romania Vaslui S.r.l.	31 Dec 2015	Vaslui	Romania	–	50.01%	–	50.01%
AGRANA Juice Sales & Marketing GmbH	29 Feb 2016	Bingen	Germany	–	50.01%	–	50.01%
AUSTRIA JUICE Germany GmbH	29 Feb 2016	Bingen	Germany	–	50.01%	–	50.01%
AUSTRIA JUICE Ukraine LLC	31 Dec 2015	Vinnitsia	Ukraine	–	50.01%	–	50.01%
AGRANA JUICE (XIANYANG) CO., LTD	31 Dec 2015	Xianyang City	China	–	50.01%	–	50.01%
AGRANA LIESTI S.R.L. <sup>2</sup>	–	Bucharest	Romania	–	–	–	99.92%
AGRANA Magyarország Értékesítési Kft.	29 Feb 2016	Budapest	Hungary	–	87.64%	–	87.64%

<sup>1</sup> Total indirect ownership interest held by the Group.

<sup>2</sup> Merged in the 2015/16 financial year.



Name of company	Balance sheet date	Registered office	Country	Equity interest 29 Feb 2016		Equity interest 28 Feb 2015	
				Direct	In-direct <sup>1</sup>	Direct	In-direct <sup>1</sup>
AGRANA Marketing- und Vertriebsservice Gesellschaft m.b.H.	29 Feb 2016	Vienna	Austria	100.00%	–	100.00%	–
Agrana Nile Fruits Processing SAE	29 Feb 2016	Qalyoubia	Egypt	–	51.00%	–	51.00%
AGRANA Research & Innovation Center GmbH	29 Feb 2016	Vienna	Austria	100.00%	–	100.00% <sup>2</sup>	–
AGRANA Stärke GmbH	29 Feb 2016	Vienna	Austria	98.91%	1.09%	98.91%	1.09%
AGRANA TANDAREI S.r.l.	29 Feb 2016	Țândărei	Romania	–	92.10%	–	92.10%
AGRANA Trading EOOD	29 Feb 2016	Sofia	Bulgaria	–	100.00%	–	100.00%
AGRANA URZICENI S.R.L. <sup>2</sup>	–	Bucharest	Romania	–	–	–	99.92%
AGRANA Zucker GmbH	29 Feb 2016	Vienna	Austria	98.91%	1.09%	98.91%	1.09%
AGRANA ZHG Zucker Handels GmbH	29 Feb 2016	Vienna	Austria	–	100.00%	–	100.00%
AUSTRIA JUICE GmbH	29 Feb 2016	Kröllendorf/ Allhartsberg	Austria	–	50.01%	–	50.01%
Biogáz Fejlesztő Kft.	29 Feb 2016	Kaposvár	Hungary	–	87.64%	–	87.64%
Dirafröst FFI N.V.	29 Feb 2016	Herk-de-Stad	Belgium	–	100.00%	–	100.00%
Dirafröst Maroc SARL	29 Feb 2016	Laouamra	Morocco	–	100.00%	–	100.00%
Financière Atys S.A.S.	29 Feb 2016	Paris	France	–	100.00%	–	100.00%
INSTANTINA Nahrungsmittel Entwicklungs- und Produktionsgesellschaft m.b.H.	29 Feb 2016	Vienna	Austria	66.67%	–	66.67%	–
Koronás Irodaház Szolgáltató Korlátolt Felelősségű Társaság	29 Feb 2016	Budapest	Hungary	–	87.60%	–	87.60%
Magyar Cukorgyártó és Forgalmazó Zrt.	29 Feb 2016	Budapest	Hungary	–	87.60%	–	87.60%
Moravskoslezské Cukrovary A.S.	29 Feb 2016	Hrušovany	Czech Republic	–	100.00%	–	97.66%
o.o.o. AGRANA Fruit Moscow Region	31 Dec 2015	Serpuchov	Russia	–	100.00%	–	100.00%
S.C. A.G.F.D. Tandarei s.r.l.	29 Feb 2016	Țândărei	Romania	–	100.00%	–	100.00%
S.C. AGRANA Romania S.A.	29 Feb 2016	Bucharest	Romania	–	92.02%	–	92.02%
Slovenské Cukrovary s.r.o.	29 Feb 2016	Sereď	Slovakia	–	100.00%	–	100.00%
AUSTRIA JUICE Poland Sp. z o.o.	29 Feb 2016	Chełm	Poland	–	50.01%	–	50.01%
Yube d.o.o.	31 Dec 2015	Požega	Serbia	–	100.00%	–	100.00%
<b>Non-consolidated subsidiaries</b>							
AGRANA Amidi srl	29 Feb 2016	Sterzing	Italy	–	100.00%	–	100.00%
Reporting date: 29 Feb 2016   Equity: € 11.4 thousand   Profit for the period: € 1.1 thousand							
AGRANA Croatia d.o.o.	31 Dec 2015	Zagreb	Croatia	–	100.00%	–	100.00%
Reporting date: 31 Dec 2015   Equity: € 2.8 thousand   Profit for the period: € 0.2 thousand							
AGRANA Makedonija DOOEL Skopje	31 Dec 2015	Skopje	Macedonia	–	100.00%	–	100.00%
Reporting date: 31 Dec 2015   Equity: € 2.8 thousand   Profit for the period: € 0.9 thousand							
AGRANA Skrob s.r.o.	31 Dec 2015	Hrušovany	Czech Republic	–	100.00%	–	100.00%
Reporting date: 31 Dec 2015   Equity: € 70.3 thousand   Loss for the period: (€ 18.7 thousand)							
Cukoripari Egyesüles	31 Dec 2015	Budapest	Hungary	–	38.78%	–	38.78%
Reporting date: 31 Dec 2015   Equity: € 143.6 thousand   Profit for the period: € 32.1 thousand							
DELHIA SHELF s.r.o.	31 Dec 2015	Hrušovany	Czech Republic	–	100.00%	–	100.00%
Reporting date: 31 Dec 2015   Equity: € 0.0 thousand   Profit for the period: € 0.0 thousand							
Dr. Hauser Gesellschaft m.b.H. i.L.	30 Sep 2015	Hamburg	Germany	–	100.00%	–	100.00%
Reporting date: 30.09.2015   Equity: € 39.8 thousand   Loss for the period: (€ 8.7 thousand)							
Österreichische Rübensamenzucht Gesellschaft m.b.H.	30 Apr 2015	Vienna	Austria	–	86.00%	–	86.00%
Reporting date: 30.04.2015   Equity: € 1.894.5 thousand   Profit for the period: € 72.5 thousand							
PERCA s.r.o.	31 Dec 2015	Hrušovany	Czech Republic	–	100.00%	–	97.66%
Reporting date: 31 Dec 2015   Equity: € 531.4 thousand   Profit for the period: € 55.4 thousand							

<sup>1</sup> Total indirect ownership interest held by the Group.<sup>2</sup> Merged in the 2015/16 financial year.

Name of company	Balance sheet date	Registered office	Country	Equity interest 29 Feb 2016		Equity interest 28 Feb 2015	
				Direct	In-direct	Direct	In-direct
II. Joint ventures							
Equity-accounted joint ventures							
STUDEN Group:							
"AGRAGOLD" d.o.o.	31 Dec 2015	Brčko	Bosnia-Herzegovina	–	50.00%	–	50.00%
AGRAGOLD d.o.o.	31 Dec 2015	Zagreb	Croatia	–	50.00%	–	50.00%
AGRAGOLD dooel Skopje	31 Dec 2015	Skopje	Macedonia	–	50.00%	–	50.00%
AGRAGOLD trgovina d.o.o.	31 Dec 2015	Ljubljana	Slovenia	–	50.00%	–	50.00%
AGRANA-STUDEN Albania sh.p.k	31 Dec 2015	Tirana	Albania	–	50.00%	–	50.00%
AGRANA-STUDEN Beteiligungs GmbH	29 Feb 2016	Vienna	Austria	–	50.00%	–	50.00%
AGRANA Studen Sugar Trading GmbH	29 Feb 2016	Vienna	Austria	–	50.00%	–	50.00%
Company for trade and services	29 Feb 2016	Belgrade	Serbia	–	50.00%	–	50.00%
AGRANA-STUDEN Serbia d.o.o. Beograd							
STUDEN-AGRANA Rafinerija Secera d.o.o.	31 Dec 2015	Brčko	Bosnia-Herzegovina	–	50.00%	–	50.00%
HUNGRANA Group:							
GreenPower E85 Kft	31 Dec 2015	Szabadegyháza	Hungary	–	50.00%	–	50.00%
HUNGRANA Keményítő- és Isocukorgyártó és Forgalmazó Kft.	31 Dec 2015	Szabadegyháza	Hungary	–	50.00%	–	50.00%
HungranaTrans Kft.	31 Dec 2015	Szabadegyháza	Hungary	–	50.00%	–	50.00%
Non-consolidated joint ventures							
SCO STUDEN & CO. BRASIL EXPORTACAO E IMPORTACAO LTDA.	31 Dec 2015	São Paulo	Brazil	–	50.00%	–	50.00%
Reporting date: 31 Dec 2015   Equity: (€ 12.5 thousand)   Loss for the period: (€ 2.5 thousand)							

Reporting date: 31 Dec 2015 | Equity: (€ 12.5 thousand) | Loss for the period: (€ 2.5 thousand)

## Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of AGRANA Beteiligungs-Aktiengesellschaft, Vienna, that comprise the consolidated statement of financial position as of 29 February 2016, the consolidated income statement, the consolidated statement of cash flows and the consolidated statement of changes in equity for the fiscal year then ended, and the notes.

## Management's responsibility for the consolidated financial statements

The Company's management is responsible 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) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

## Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Austrian Standards on Auditing. Those standards require that we comply with International Standards on Auditing – ISA. In accordance with International Standards on Auditing, we are required to comply with ethical requirements and 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 our 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, we consider 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, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as of 29 February 2016 and its financial performance and its cash flows for the year then ended 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, 25 April 2016

KPMG Austria GmbH

Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

signed by:

Mag. Rainer Hassler

Wirtschaftsprüfer

(Austrian Chartered Accountant)

# 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 29 February 2016, 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 2015|16 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, 25 April 2016



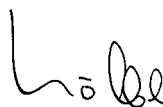
Johann Marihart  
Chief Executive Officer



Stephan Büttner  
Member of the Management Board



Fritz Gattermayer  
Member of the Management Board



Thomas Kölbl  
Member of the Management Board

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# Parent company income statement

for the year ended 29 February 2016

AGRANA Beteiligungs-AG under Austrian Commercial Code (UGB)

€000	2015 16	2014 15
1. Revenue	11,693	11,306
2. Other operating income	21,569	23,830
3. Staff costs	(19,655)	(23,922)
4. Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	(1,504)	(1,859)
5. Other operating expenses	(18,442)	(22,129)
<b>6. Operating (loss) [subtotal of items 1 to 5]</b>	<b>(6,339)</b>	<b>(12,774)</b>
7. Income from investments in subsidiaries and other companies Of which from subsidiaries: € 61,167 thousand (prior year: € 61,910 thousand)	61,177	61,915
8. Income from other non-current securities	5,989	5,215
9. Other interest and similar income Of which from subsidiaries: € 5,040 thousand (prior year: € 5,187 thousand)	5,040	5,219
10. Income from valuation gains on non-current financial assets	0	2
11. Expenses from non-current financial assets Of which from impairment: € 0 (prior year: € 5,460 thousand) Of which from subsidiaries: € 0 (prior year: € 5,460 thousand)	0	(5,460)
12. Interest and similar expense	(6,364)	(2,836)
<b>13. Net financial items [subtotal of items 7 to 12]</b>	<b>65,842</b>	<b>64,055</b>
<b>14. Profit before tax [subtotal of items 1 to 13]</b>	<b>59,503</b>	<b>51,281</b>
15. Income tax credit	351	1,095
<b>16. Profit for the period</b>	<b>59,854</b>	<b>52,376</b>
17. Profit brought forward from prior year	8,710	7,461
<b>18. Net profit available for distribution</b>	<b>68,564</b>	<b>59,837</b>

# Parent company balance sheet

at 29 February 2016

AGRANA Beteiligungs-AG under Austrian Commercial Code (UGB)

€000	29 Feb 2016	28 Feb 2015
<b>ASSETS</b>		
<b>A. Non-current assets</b>		
I. Intangible assets	605	900
II. Property, plant and equipment	1,567	2,143
III. Non-current financial assets	543,283	628,284
	<b>545,455</b>	<b>631,327</b>
<b>B. Current assets</b>		
I. Receivables and other assets	225,881	149,076
II. Cash and bank balances	24	88
	<b>225,905</b>	<b>149,164</b>
<b>C. Prepaid expenses</b>		
I. Other prepaid expenses	81	0
<b>Total assets</b>	<b>771,441</b>	<b>780,491</b>
<b>EQUITY AND LIABILITIES</b>		
<b>A. Equity</b>		
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	68,564	59,837
Of which brought forward from prior year: € 8,710 thousand (prior year: € 7,461 thousand)		
	<b>604,692</b>	<b>595,965</b>
<b>B. Provisions</b>		
I. Provisions for retirement, termination and long-service benefit obligations	5,655	5,056
II. Provisions for tax and other liabilities	17,213	35,548
	<b>22,868</b>	<b>40,604</b>
<b>C. Payables</b>		
I. Borrowings	126,000	126,000
II. Other payables	17,881	17,922
	<b>143,881</b>	<b>143,922</b>
<b>Total equity and liabilities</b>	<b>771,441</b>	<b>780,491</b>
Contingent liabilities	206,095	172,869



# Proposed appropriation of profit

AGRANA Beteiligungs-AG

under Austrian Commercial Code (UGB)

Other information 168

	2015 16 €
The financial year to 29 February 2016 closed with the following net profit available for distribution	68,563,879
The Management Board proposes to the Annual General Meeting to allocate this profit as follows:	
Distribution of a dividend of € 4.00 per ordinary no-par value share on 14,202,040 participating ordinary shares, that is, a total of	56,808,160
Profit to be carried forward	11,755,719
	<b>68,563,879</b>

# 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.

**Agroforestry:** Agroforestry is a crop production system that combines elements of agriculture and forestry. Such systems are used especially in regions of tropical rain forest and are considered ecologically preferable to forest clearing. The resulting ecosystems are species-rich, improve water retention and protect the soil from erosion.

## B

**Biodiversity:** Biodiversity, or biological diversity, by the definition of the Convention on Biological Diversity (CBD) is "the variability among living organisms from all sources including, inter alia, terrestrial, marine and other aquatic ecosystems and the ecological complexes of which they are part." This includes diversity within species, diversity between species and diversity of ecosystems. The preservation and sustainable use of biological diversity are considered important foundations of human wellbeing. The destruction and fragmentation of habitats is viewed as the greatest threat to the diversity of life on earth.

**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<sub>2</sub> 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<sub>2</sub> 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<sub>2</sub>. 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.

**Cross compliance system:** Agricultural policy mechanism in the EU that ties the payment of subsidies to compliance with defined environmental standards.

**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.

**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 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.

**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

**GMO:** Genetically modified organisms are organisms whose genetic material has been altered through genetic engineering.

**Gross value added:** Gross value added, a measure used in national accounts, is the total value of the goods and services generated in the production process (known as gross output), less the value of goods and services consumed, processed or converted in the production process (referred to as intermediate consumption). Expressed differently, gross value added represents the amount available to spend on the production factors of labour (wages and salaries) and capital (profit, interest on borrowed capital, and depreciation).

**Direct effects:** Direct effects represent the amount of gross value-added or of employment generated within a given company or economic entity.

**Indirect effects:** Indirect effects arise through purchasing linkages between the entity and the sectors that supply it (for example, a hospital requires inputs such as medicines, electricity, etc., which stimulates final demand in the pharmaceutical and electric power sectors; these companies in turn require their own intermediate inputs, and so on).

**Induced effects:** The jobs created or safeguarded through the direct and indirect effects generate incomes that are returned to the economy by the employed, particularly through consumer spending. This likewise boosts final demand in the respective sectors (especially the retail industry).

**Value-added multiplier:** The value-added multiplier is the factor by which the total effect exceeds the original, direct effect. The higher the multiplier, the greater the regional economic impact. The multiplier is calculated as the total gross value-added effect divided by the direct gross value-added effect.

## 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.

**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 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.

**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.

**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.

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G4	Description	Reported on page(s)
<b>General Standard Disclosures</b>		
G4-1	Statement from the organisation’s most senior decision-maker about the significance of sustainability to the organisation	12f
<b>Organisational Profile</b>		
G4-3	Name of the organisation	36f
G4-4	Primary brands, products and/or services	36f
G4-5	Location of the organisation’s headquarters	174
G4-6	Number of countries where the organisation operates, and names of countries where either the organisation has significant operations or that are specifically relevant to the sustainability issues covered in the report	28f
G4-7	Nature of ownership and legal form	32f
G4-8	Markets served (broken down by geography, sector and type of customer)	28f; 36f
G4-9	Scale of the organisation (total number of employees, number of operations, net sales, and quantity of products)	36f
G4-10	Total number of employees by employment type and contract type, broken down by gender	28f; 79
G4-11	Percentage of total employees covered by collective bargaining agreements	Approx. 70% worldwide
G4-12	Description of the organisation’s supply chain	36f
G4-13	Significant changes during the reporting period regarding the organisation’s size, structure, ownership or supply chain	32f
<b>Commitments to External Initiatives</b>		
G4-14	Addressing of the precautionary approach	70f; 83ff
G4-15	Externally developed economic, environmental and social charters, principles, or other initiatives to which the organisation subscribes or which it endorses	74
G4-16	Memberships in associations and national or international advocacy organisations	75
<b>Identified Material Aspects and Boundaries</b>		
G4-17	Boundaries of financial statements vs. boundaries of sustainability data	41f
G4-18	Process for defining report content	37ff
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G4-20	Material aspects and aspect boundary within the organisation	41f
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G4-23	Significant changes from previous reporting periods in the scope and aspect boundaries	42 (Change in definition of waste)
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G4-24	List of stakeholder groups engaged by the organisation	38
G4-25	Basis for identification and selection of stakeholders	37f
G4-26	Organisation’s approach to and frequency of stakeholder engagement	37f
G4-27	Key issues that have been raised through stakeholder engagement	40f



G4	Description	Reported on page(s)
<b>Report Profile</b>		
G4-28	Reporting period	2015 16 financial year
G4-29	Date of most recent previous report	Annual Report 2014 15; published May 2015
G4-30	Reporting cycle	Annual
G4-31	Contact point for questions	174
<b>GRI Content Index</b>		
G4-32	Choice of the “In accordance” option and the main aspects	40f
G4-33	External assurance	No substantive verification
<b>Governance Structure and Composition</b>		
G4-34	Governance structure of the organisation, including committees of the highest governance body which is responsible for functions such as setting strategy and supervising the organisation	18ff
<b>Ethics and Integrity</b>		
G4-56	Values, principles, standards and norms of behaviour, such as codes of conduct and codes of ethics	25ff; 40f
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EN6	Reduction of energy consumption	55; 62; 68
<b>Aspect: Water</b>		
EN8	Water withdrawal	56; 62; 68
<b>Aspect: Biodiversity</b>		
EN13	Habitats protected or restored	57; 61

G4	Description	Reported on page(s)
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EN19	Reduction of greenhouse gas emissions	55f; 62; 68
<b>Aspect: Effluents and Waste</b>		
EN22	Water discharge	56; 62; 68
EN23	Total weight of waste by type and disposal method	56; 63; 68
<b>Aspect: Supplier Environmental Assessment</b>		
EN32	Percentage of new suppliers that were screened using environmental criteria	53ff; 61; 66
<b>Aspect: Environmental Grievance Mechanism</b>		
EN34	Number of grievances about environmental impacts filed, addressed and resolved through formal grievance mechanisms	27 <sup>1</sup>
<b>Category: Social: Labour Practices and Decent Work</b>		
<b>Aspect: Occupational Health and Safety</b>		
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<b>Aspect: Training and Education</b>		
LA9	Average hours of training per employee by gender	80
<b>Aspect: Diversity and Equal Opportunity</b>		
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<b>Aspect: Freedom of Association and Collective Bargaining</b>		
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HR5	Measures taken to contribute to the abolition of child labour	81
<b>Aspect: Forced or Compulsory Labour</b>		
HR6	Measures taken to contribute to the elimination of all forms of forced or compulsory labour	81

<sup>1</sup> In the 2015/16 financial year, the AGRANA sugar and starch plants received 27 complaints about odours, noise and dust.

G4	Description	Reported on page
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**Aspect: Assessment**

HR9	Total number and percentage of operations that have been subject to human rights reviews or impact assessments	73
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**Aspect: Supplier Human Rights Assessment**

HR10	Percentage of new suppliers that were screened using human rights criteria	53ff; 61; 66f
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**Social: Society**
**Aspect: Anti-Corruption**

SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	25ff
SO4	Communication and training on anti-corruption policies and procedures	25ff
SO5	Confirmed incidents of corruption and actions taken	25ff; 87

**Aspect: Anti-Competitive Behaviour**

SO7	Total number of legal actions for anti-competitive behaviour, anti-trust and monopoly practices and their outcomes	86
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**Social: Product Responsibility**
**Aspect: Product and Service Labelling**

PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes	— <sup>1</sup>
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling	— <sup>1</sup>
PR5	Results of surveys measuring customer satisfaction	73f

<sup>1</sup> In the 2015|16 financial year, no relevant non-compliances occurred.

# Performance indicators and their meaning

AGRANA Group (under IFRS)

Abbreviation if any	Indicator Definition		2015 16	2014 15
	Borrowings = Bank loans and overdrafts, and other loans from non-Group entities + borrowings from affiliated companies + lease liabilities	€000	533,848	629,026
CE	Capital employed = (PP&E + intangibles including goodwill) + working capital I	€000	1,614,355	1,515,561
	Dividend yield = Dividend per share ÷ closing share price × 100	%	5.0	4.5
EBIT	Operating profit = Earnings before interest and tax and after exceptional items and results of equity-accounted joint ventures	€000	128,955	121,719
EBITDA	= Operating profit before exceptional items, results of equity-accounted joint ventures, and operating depreciation and amortisation	€000	191,957	181,916
EBITDA margin	= EBITDA ÷ revenue × 100	%	7.7	7.3
EPS	Earnings per share = Profit or (loss) for the period ÷ number of shares outstanding	€	5.82	5.70
	Equity ratio = Equity ÷ total assets × 100	%	53.5	49.6
EVS	Equity value per share = Equity attributable to shareholders of the parent ÷ number of shares outstanding	€	80.6	79.5
FCF	Free cash flow = Net cash flow from/used in operating activities + net cash from/used in investing activities	€000	81,989	142,992
	Gearing ratio = Net debt ÷ total equity × 100	%	33.8	27.7
	Intangible assets including goodwill	€000	241,961	241,475
	Net debt = Borrowings less (cash + cheques + other bank deposits + current securities + non-current securities)	€000	405,806	330,283
	Operating margin = Operating profit before exceptional items ÷ revenue × 100	%	4.3	4.1
	Operating profit before exceptional items = Earnings before interest, tax and exceptional items	€000	107,486	102,017
P/E	Price/earnings ratio = Closing share price at financial year end ÷ earnings per share		13.8	14.1
PP&E	Property, plant and equipment	€000	679,592	661,537
ROCE	Return on capital employed = Operating profit before exceptional items ÷ capital employed × 100	%	6.7	6.7
ROS	Return on sales = Profit or (loss) before tax ÷ revenue × 100	%	4.2	4.7
WC I	Working capital I = Inventories + trade receivables + other assets – current provisions – current prepayments received – trade payables – other payables	€000	692,802	612,549

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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.

In the interest of readability, this document may occasionally use language that is not gender-neutral. Any gender-specific references should be understood to include masculine, feminine and neuter as the context permits.

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.





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