2011|12
ANNUAL REPORT

SOUND GROWTH

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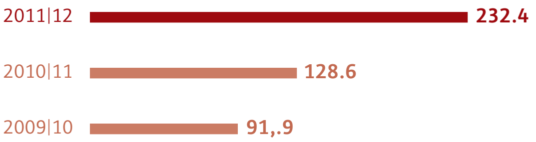
REVENUE
€m

OPERATING PROFIT BEFORE EXCEPTIONAL ITEMS
€m



EQUITY
€m

NET DEBT
€m

FINANCIAL CALENDAR FOR 2012|13

15 May 2012	Press conference on annual results for 2011|12
2 July 2012	Annual General Meeting for 2011|12
5 July 2012	Dividend payment and ex-dividend date
12 July 2012	Results for first quarter of 2012|13
11 October 2012	Results for first half of 2012|13
10 January 2013	Results for first three quarters of 2012|13

KEY FINANCIALS
(BASED ON IFRS)

		2011|12	2010|11[1]	2009|10[1]	2008|09	2007|08
FINANCIAL PERFORMANCE[2]						
Revenue	€m	2,577.6	2,165.9	1,989.2	2,026.3	1,892.3
EBITDA[3,4]	€m	309.0	207.8	176.2	119.2	184.5
EBITDA margin	%	12.0	9.6	8.9	5.9	9.8
Operating profit before exceptional items[4]	€m	232.4	128.6	91.9	37.8	111.4
Operating margin before exceptional items	%	9.0	5.9	4.6	1.9	5.9
Operating profit after exceptional items[5] [EBIT]	€m	231.0	128.6	86.9	34.6	101.5
Profit/(loss) before tax	€m	206.3	109.7	87.4	(32.4)	73.1
Profit/(loss) for the period	€m	155.7	87.1	72.7	(15.9)	63.8
Attributable to shareholders of the parent		*152.4*	*84.9*	*72.2*	*(11.6)*	*64.3*
Attributable to non-controlling interests		*3.3*	*2.2*	*0.5*	*(4.3)*	*(0.5)*
Operating cash flow before changes in working capital	€m	250.1	169.0	149.6	97.2	140.8
Purchases of property, plant and equipment and intangibles[6]	€m	97.1	55.9	48.4	73.8	207.7
Purchases of non-current financial assets	€m	1.7	0.1	0.9	1.7	3.4
Staff count[7]		7,982	8,243	7,927	8,244	8,140
Return on sales[8]	%	8.0	5.1	4.4	(1.6)	3.9
Return on capital employed	%	14.4	9.3	6.9	2.8	8.2
SHARE DATA AT LAST DAY OF FEBRUARY						
Closing price	€	83.95	79.20	71.56	47.50	72.09
Earnings per share	€	10.73	5.98	5.08	(0.82)	4.53
Dividend per share	€	3.60[9]	2.40	1.95	1.95	1.95
Dividend yield	%	4.3[9]	3.0	2.7	4.1	2.7
Dividend payout ratio	%	33.6[9]	40.1	38.4	Neg.	43.1
Price/earnings ratio		7.8	13.2	14.1	Neg.	15.9
Market capitalisation	€m	1,192.3	1,124.8	1,016.3	674.6	1,023.8
FINANCIAL STRENGTH						
Total assets	€m	2,362.1	1,992.7	1,888.4	1,996.2	2,203.9
Share capital	€m	103.2	103.2	103.2	103.2	103.2
Core non-current assets[10]	€m	956.5	937.0	962.2	978.0	1,018.4
Equity	€m	1,073.0	964.2	898.5	825.9	922.1
Equity ratio	%	45.4	48.4	47.6	41.4	41.8
Net debt	€m	469.2	382.4	376.6	470.1	567.7
Gearing (net debt to total equity)	%	43.7	39.7	41.9	56.9	61.6

[1] Prior year (and 2009|10 opening balance sheet) has been restated to reflect a retrospective change in accounting policy related to IAS 19 (Employee Benefits). Details are given in the notes to the consolidated financial statements from page 96.
[2] Detailed information on the calculation of individual performance indicators can be found on page 156.
[3] Before exceptional items.
[4] Before restructuring.
[5] After restructuring.
[6] Excluding goodwill.
[7] In the entire report, any references to staff, employees and other synonyms for these terms refer equally to female and male employees. The staff count represents the average number of employees over the financial year.
[8] Profit before tax, divided by revenue.
[9] Dividend proposal to the Annual General Meeting on 2 July 2012.
[10] Non-current assets excluding deferred tax assets and the item “receivables and other assets”.

ANNUAL REPORT 2011|12

YEAR ENDED 29 FEBRUARY 2012
AGRANA BETEILIGUNGS-AG

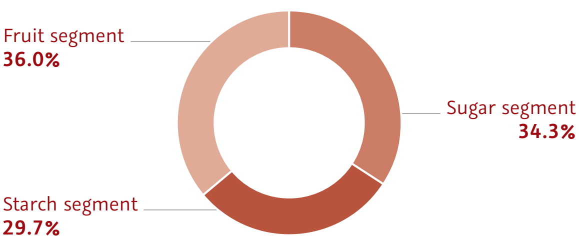
HIGHLIGHTS OF 2011|12 RESULTS

- New historic highs in revenue and in pre-exceptionals operating profit
- Revenue growth of 19.0% to € 2,577.6 million (prior year: € 2,165.9 million)
- Rise of 80.7% in operating profit before exceptional items, to € 232.4 million (prior year: € 128.6 million)
- Increase in operating margin to 9.0% (prior year: 5.9%)
- Return on capital employed of 14.4% (prior year: 9.3%)
- Growth of 78.8% in profit for the period, to € 155.7 million (prior year: € 87.1 million)
- Earnings per share of € 10.73 (prior year: € 5.98)
- Equity ratio of 45.4% (prior year: 48.4%)
- Net debt of € 469.2 million, up from prior year (€ 382.4 million)
- Gearing of 43.7% (28 February 2011: 39.7%)
- Dividend proposal to AGM: Increase to € 3.60 per share (prior year: € 2.40)

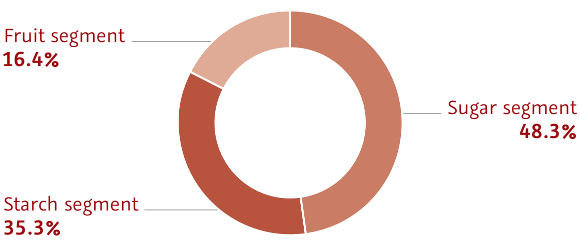
QUICK FACTS ABOUT AGRANA

- 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 and Hungary
- World market leader in the production of fruit preparations
- One of the largest manufacturers of fruit juice concentrates in Europe
- About 8,000 employees worldwide
- 53 production sites in 26 countries around the world

REVENUE BY SEGMENT IN 2011|12



OPERATING PROFIT BEFORE EXCEPTIONAL ITEMS BY SEGMENT IN 2011|12



AGRANA PROFILE

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 8,000 employees at 53 production sites on five continents, the Group generated revenue of approximately € 2.6 billion in the 2011|12 financial year. AGRANA was established in 1988 and has been quoted on the Vienna Stock Exchange since 1991. Its financial year is 1 March to 28 or 29 February.

Many AGRANA products are an integral part of daily life for people everywhere. The diverse portfolio extends from sugar, to starch for food and industrial uses, to bioethanol as a sustainable, climate-friendly fuel, to fruit juice concentrates and fruit preparations for yoghurts.

AGRANA BETEILIGUNGS-AG
Revenue in 2011|12: € 2,577.6m

SUGAR SEGMENT Revenue in 2011|12: € 884.4m	STARCH SEGMENT Revenue in 2011|12: € 764.3m	FRUIT SEGMENT Revenue in 2011|12: € 928.9m
AGRANA Zucker GmbH	AGRANA Stärke GmbH	AGRANA Fruit S.A.S.
		AGRANA Juice Holding GmbH

53 production sites in 26 countries

10 production sites	5 production sites	38 production sites

7,982 employees in total

2,249 employees	911 employees	4,822 employees

BUSINESSES

AGRANA's three business segments – Sugar, Starch (including bioethanol) and Fruit – supply local manufacturers as well as major international groups in the food industry. The Sugar segment also markets products directly to consumers through food retailers. In organic products, AGRANA is the largest European manufacturer in all three business segments.

The products of the **Sugar** segment are marketed both directly to consumers through food retailers, and to the sugar-using industry (for sweets, non-alcoholic beverages and other end products). With country-specific sugar consumer brands, AGRANA offers a wide range of sugars and sugar specialty products for consumers.

In the **Starch** segment, AGRANA processes and refines mainly corn (maize) and potatoes into a great variety of starch products. These are sold to the food and beverage industry and into non-food industries (for example, the paper, textile, cosmetics and building materials sectors). The co-products of starch manufacturing are marketed as feedstuffs. The bioethanol business, producing climate-friendly fuel, is part of the Starch segment.

The **Fruit** segment custom-designs and produces fruit preparations (fruit ingredients) and fruit juice concentrates. AGRANA is the world's leading manufacturer of fruit preparations for the dairy, bakery and ice-cream industries. In addition to fruit juice concentrates, the juice activities also manufacture not-from-concentrate juices and purees, especially in Europe, for the highly specialised fruit juice industry.

VISION AND STRATEGY

AGRANA's vision: Quality leadership in turning agricultural raw materials into value-added sugar and starch products and in the processing of fruit.

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

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

DIFFERENTIATION FROM COMPETITORS

For AGRANA, high quality and exceptional service are key differentiating features that create competitive advantage. The company is creative, flexible, dedicated and always seeking new markets for its products. The Group's innovative strength and research and development work, together with the tailoring of new products to customer requirements, drive AGRANA's leadership in the marketplace.

AGRANA IN THE STOCK MARKET

AGRANA went public in 1991 in Vienna. Since 2002 the company has been listed in the Prime Market segment. Südzucker AG Mannheim/Ochsenfurt, based in Mannheim, Germany, and Zucker-Beteiligungsgesellschaft m.b.H., based in Vienna, together hold 75.5% of the share capital (through Z&S Zucker und Stärke Holding AG, Vienna). Of the free float of 24.5%, Prudential plc, the financial services provider based in London, United Kingdom, held more than 60% at 29 February 2012.

AGRANA is committed to a long-term policy of sustained dividends. Specifically, the aim is to annually distribute about one-third of profit for the period.

CORPORATE GOVERNANCE

AGRANA regards corporate governance to international standards as a key element of its corporate culture and is voluntarily committed to the Austrian Code of Corporate Governance.

The members of the Management Board of AGRANA are:
- Johann Marihart, Chief Executive Officer since 1992
- Fritz Gattermayer, Member of the Management Board since 2009
- Walter Grausam, Member of the Management Board and Chief Financial Officer since 1995
- Thomas Kölbl, Member of the Management Board since 2005

The Supervisory Board has twelve members, of whom four are employee representatives from the staff council. The Chairman of the Supervisory Board is Christian Konrad.

ENVIRONMENT, SUSTAINABILITY AND PEOPLE

AGRANA strives to honour its obligations to society in all business areas and in every respect. Harmony between business success and environmental and social responsibility is an important principle at AGRANA. In the environmental dimension, sustainability as a daily practice is an integral aspect of the Group's philosophy. AGRANA aims for the most circular flow of resources possible, by utilising by-products and leveraging the latest eco-friendly technologies.

FOOD AND PRODUCT SAFETY

Stringent, certified manufacturing standards guarantee the safety of AGRANA's products. The Group considers it highly important to continually raise standards of hygiene and quality. As a commitment to customers, AGRANA also provides full traceability of its products back to their natural sources.

Dear Investor,

I am pleased to review the good results of the past financial year. In a challenging environment in 2011|12 we succeeded in growing revenue by 19.0% to € 2,577.6 million. Operating profit before exceptional items was expanded vigorously to € 232.4 million, an increase of about 81% from the year before. This earnings success was driven both by efficiency measures and favourable market trends in some business areas.

For more than two decades now, we have achieved sustained, sound growth. Not only in revenue and earnings, but in the efficiency and experience of our people and the quality of our internal organisation.

As in the previous financial year, our greatest challenge was the high volatility of world market prices for agricultural raw materials. We were mostly able to pass purchasing prices through in selling prices, while at the same time expanding sales volumes. We also continued to work on becoming leaner and simplifying processes to further improve the Group's efficiency. As well, we made further progress in our efforts, begun in previous years, to improve the interconnections and coordination between the various business segments and departments.

Through profound knowledge of our markets, we were able in an unsettled environment to anticipate trends and take the right steps early on. We refined our risk management and intensively trained our staff. Specifically, a permanent, precise monitoring programme was put in place to track inventory and quality and we used hedging instruments to manage our risks in the most appropriate ways.

Over the past several years of very difficult markets, AGRANA has managed to grow steadily. Not only in revenue and earnings, but in the efficiency and experience of our people and the quality of our internal organisation.

SUGAR SEGMENT

In the Sugar business the past financial year was defined by sharp price movements and high absolute world market prices. With higher world market sugar prices, the import dependence on the world market, created by the EU sugar regime in the belief that world market prices would remain permanently low, now drove prices sharply higher in the European Union. As a consequence, beet prices were also raised, not least to safeguard sustained beet production in the EU. Revenue in the Sugar segment grew by 24.0% in the 2011|12 financial year, to € 884.4 million. The segment's operating profit before exceptional items reached an impressive € 112.3 million, thanks also to good beet quality, excellent processing throughput and further cost reductions.

Following the beet acreage expansion in 2011|12, a further increase of beet contract volumes is planned for 2012|13. Sugar sales quantities from our own production are to continue to be raised, in line with the potential in AGRANA's home markets, and sugar trading is also to be expanded further. After the recent years of low capital expenditure brought on by the sugar market reform, our investment in strategic projects is on the rise again. Thus, we will build additional silo capacity and invest in boosting operational performance, particularly energy efficiency.

STARCH SEGMENT

In 2011|12, for only the second time in 20 years, we were able to use our full quota for potato starch. In addition, all corn starch plants ran at capacity. Revenue in the Starch segment grew by 31.1% to € 764.3 million and operating profit before exceptional items rose by 69.9% to € 81.9 million.

In the bioethanol business, production was further optimised. The amount produced – half of which must currently be exported – would be enough to supply the requirements of the entire Austrian market if the planned introduction of E10 fuel were to push up demand.

In financial 2012|13, a major project in the starch activities will be the construction of a wheat starch factory, and we will also make focused other investments to eliminate capacity bottlenecks at existing starch plants and thus raise production.

FRUIT SEGMENT

In the past financial year, Fruit segment revenue rose by 6.8% to € 928.9 million, but operating profit before exceptional items decreased by 18.2% to € 38.2 million. While profit in fruit juice concentrates went up, fruit preparations saw a market- and cost-induced decline in earnings.

We are now redoubling the extensive measures to make the fruit preparations business more efficient through process improvements, especially in Europe, and to optimise utilisation of the production infrastructure through higher volumes. The focus in non-European countries remains on growth and the expansion of our world-leading market position.

OUTLOOK

We are expecting market prices to be stable at their current levels in all segments, although low inventories (among other factors) will keep market volatility strong. We believe price visibility for the first half of 2012|13 is high, while the trajectories in the second half are very difficult to predict. In the Sugar segment, the crop yields in Brazil and India will be critical for the ultimate trend in world market prices. In the Fruit and Starch segments, the price and volume trends are also very much dependent on the success of the harvests of the relevant raw materials.

To ensure our continuing steady growth, our capital expenditure of about € 140 million in the new, 2012|13 financial year will again significantly exceed the rate of depreciation. As our production capacity throughout the Starch segment is fully utilised, we are building a wheat starch plant in Pischelsdorf, Austria, that will send the residues from its raw materials to the bioethanol plant on the same site. With this new biorefinery, raw material utilisation is expected to closely approach one hundred percent. We will also continue to raise our energy self-sufficiency through investment in beet pulp dryers in the Sugar segment and a straw-fired biomass boiler at HUNGRANA in Hungary.

On the marketing side this financial year, we are bringing out various innovative product solutions as well as new services for our customers. In product development, we are always researching new recipes and analysing and catering for a vast range of trends and requirements. We guarantee our customers absolute security of supply and are permanently engaged in further improving our logistics chain.

In 2012|13 it will be a real challenge to match the results of this past financial year. In the record year 2011|12 our own performance was supported by external factors, such as very helpful market developments. I cannot assume the same for the new year. We are nonetheless expecting a sound revenue and profit situation and a reduction in debt-equity gearing. We are aiming for a gearing (ratio of net debt to total equity) of under 40%, a level that provides enough flexibility for possible acquisitions. On the strength of the very good earnings, the Management Board and Supervisory Board will propose a dividend of € 3.60 per share (an increase of 50%) at the Annual General Meeting on 2 July 2012.

The financial year behind us has continued the long-term trend of sound growth. Speaking for the whole Management Board, I would like to thank everyone who has made this possible, and most of all our employees for their loyalty and hard work, and our commercial partners and shareholders for their confidence and trust.

Sincerely

Johann Marihart
Chief Executive Officer

AGRANA

2011|12

SOUND GROWTH: OUR NATURAL VALUE-ADDED

At AGRANA we have a shared vision: Generating value-added and financial success, naturally. To achieve this, we need to think of growth as an organic process with a long time horizon. For us, the two concepts of natural value-added and sustainable, sound growth are therefore inseparably linked and to a large extent define our idea of business efficiency and financial success.

This philosophy has made us one of the world's quality leaders in turning agricultural raw materials into value-added sugar and starch products and in the processing of fruit. Through our special quality- and efficiency-consciousness based on sound values including sustainability, naturalness and comprehensive responsibility, with our 53 sites around the world, we are today a preferred partner worldwide to companies in the food industry and for non-food applications.

These lasting values, however, are not only decisive strategic and success factors for us but also underpin our respectful and responsible treatment of everyone and everything that makes our growth possible: people, partners, customers and employees as much as our natural environment, and precious natural resources as much as our financial means.

In this way, we have grown solidly and sustainably over two decades – following the example of Nature itself, that essential source of our success.

SOUND GROWTH: OUR SUGAR SEGMENT

The Sugar segment represents both tradition and high-tech for us and is an important core business of AGRANA's. AGRANA Zucker GmbH acts as the parent company for all subsidiaries in the Sugar segment and is also responsible for their coordination and operational management. In addition to our Austrian locations in Tulln and Leopoldsdorf, AGRANA as an international company operates seven other sites in Hungary, Slovakia, the Czech Republic, Romania and Bosnia-Herzegovina and is one of the largest vendors of sugar in Central, Eastern and Southeastern Europe. The Sugar segment also includes Instantina Nahrungsmittel Entwicklungs- und Produktionsgesellschaft m.b.H. with a plant in Dürnkrut, Austria.

Sugar packaging at AGRANA's facility in Tulln, Austria.

With its high quality and an attractive packaging design, the umbrella brand “Wiener Zucker” has a long tradition in Austria dating back to 1987. Today its portfolio of 34 sugar varieties spans a wide range of sugars and sugar specialty products, including organics since 2008. Unique in the sugar industry, this brand concept has also been successfully extended to Slovakia, the Czech Republic, Hungary, Romania and Bulgaria.

SUGAR: PURE, SWEET AND NATURAL

In a balanced diet, sugar plays an important role in maintaining our physical and mental function and our wellbeing. Its valuable properties are most evident when sugar is enjoyed as a pure, unadulterated natural product.

RESPONSIBLE PLEASURE

Sugar from AGRANA is a purely natural food and demonstrates eloquently that pleasure and responsible, healthy nutrition can in fact be very compatible. When consumed in reasonable quantities as part of a balanced diet, sugar is a valuable source of energy that supports both physical and mental functioning. While muscles and organs can also burn lipids and protein, our central nervous system requires very little other fuel than pure sugar. This underlines the fact that, when enjoyed with awareness and in the right amounts, sugar plays a highly beneficial role in our nutrition, performance and sense of wellbeing.

The benefits of sugar are greatest when it is very carefully prepared as a genuine, unadulterated natural product, whether added to food at the table or used as an ingredient in countless delicious food products.

The organic sugar products from AGRANA are widely recognised as setting a standard of uncompromising quality accountability – which is one of the reasons why AGRANA, as the market leader in Austria and top supplier in Central Europe, is one of the leading sugar specialists in the region. This assurance of quality is not limited to the sugar production stage but extends all the way back to the product's natural origins: Starting with the discriminating selection of the seed to be used, AGRANA goes on to ensure, together with growers, that the fields and crops are treated in strict accordance with the principles of organic agriculture, such as by not using any pesticides.

DELICIOUS AND PRECIOUS

Another essential quality factor of AGRANA's sugar products is their absolute naturalness and authenticity: As the largest producer of organic sugar in Europe, AGRANA vouches for the fact that its sugar products are made only from high-quality varieties of sugar beet and without any additives. That makes the beet sugar from AGRANA's mills the purest form of carbohydrate, consisting almost entirely of pure sucrose (table sugar). Also known as saccharose, sucrose is a so-called disaccharide consisting of fructose and glucose. The body converts sucrose into glucose, an important energy source.

"The quality of AGRANA's sugar products starts with the right seed."

Yet sugar is not just a pure, natural fuel for body and mind, but is also essential to our wellbeing as part of a healthy, balanced diet. This is because of a special messenger substance in our metabolism: serotonin. When ample serotonin is available to our brain cells, we feel cheerful, content and happy. However, the release of sufficient serotonin is critically dependent on the presence of two factors: sunlight and sugar. By sweetening both our mood and our food, sugar is thus as precious as it is delicious.

SECOND LARGEST SUGAR SILO IN EUROPE

On 13 October 2011 AGRANA inaugurated its new granulated-sugar silo at the sugar plant in Tulln, Austria. The silo can store 70,000 tonnes of sugar and is one of the most advanced facilities of its kind in Europe, thanks to structural and environmental-technology features. Including five other silos at the site, Tulln now has a total storage capacity of 180,000 tonnes of granulated sugar.

NEW CAPACITY, LASTING ADVANTAGE

Made of reinforced concrete, the silo was erected using the slip form method of construction. With an overall height of 52 metres and an interior diameter of 49 metres, it is the second largest sugar silo in Europe. Construction began in November 2010 and used about 7,500 cubic metres of concrete and 550 tonnes of construction steel. A 200-metre long conveyor bridge at a height of 18 metres allows 125 tonnes of sugar to be moved in or out per hour. "At an average sugar production of around 2,300 tonnes per day, we were able to fill the silo completely within just thirty days," says Johann Marihart, CEO of AGRANA Beteiligungs-AG. In terms of environmental soundness as well, the EUR 11 million sugar silo is a new landmark. "The new storage capacity eliminates most sugar transport to external storage facilities and thus significantly reduces annual carbon dioxide emissions. As well, previously unutilised waste heat from sugar production is now used to heat and condition the silo, another saving in CO_2 emissions. To minimise any build-up of particulate matter, filtering systems with a total surface area of around 430 square metres were also installed," points out Johann Marihart regarding the environmental and safety aspects of the new facility.

Impressive even from a distance: AGRANA's new granulated-sugar silo in Tulln.

RECORD SUGAR BEET CAMPAIGN

With a production record, AGRANA completed the sugar beet campaign on 23 January 2012 at its sugar plant in Tulln, Lower Austria, thus bringing to a successful close the 2011|12 processing season at all of its facilities. This year's sugar production period (the so-called beet campaign), with a duration of up to 135 days, was the longest in the history of AGRANA. Over an average processing period of 123 days, our seven beet sugar facilities in Austria, Hungary, the Czech Republic, Slovakia and Romania produced approximately 935,000 tonnes of sugar from 5.9 million tonnes of beet. At the sugar plant in Tulln, production for the first time exceeded 300,000 tonnes – the largest quantity of sugar ever produced at a single AGRANA facility and a marked increase from the plant's prior-year output of about 260,000 tonnes.


High season for the sugar operations: the beet campaign from September to January.

The annual beet campaign is critical not only to the business success of AGRANA but also to the health of the labour markets in the regions involved. In Austria alone, during the beet campaign about 350 employees per shift work around the clock at each of the two sites (Tulln and Leopoldsdorf). During the rest of the year – outside the autumn and winter beet processing season – each plant employs around 200 people. More than an economic engine, AGRANA is thus also an important employer in Lower Austria.

AGRANA'S BEET CAMPAIGN IN NUMBERS

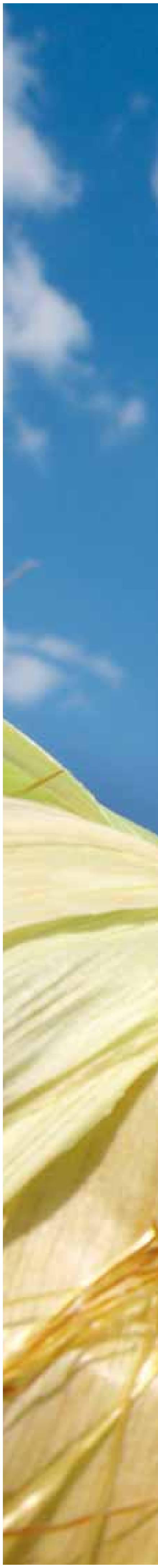
	2011|12	2010|11
Length of processing season	123 days	114 days
Total production of sugar beet, in tonnes	5.9 million	5.4 million
Total sugar production, in tonnes	935,000	803,000
Sugar production in Tulln, in tonnes, approx.	300,000	260,000
Beet sugar content (sugar content of processed beet), total	17.7%	16.5%
Beet sugar content (sugar content of processed beet), Austria	17.8%	17.2%

SUSTAINABILITY IN SELECTED NUMBERS

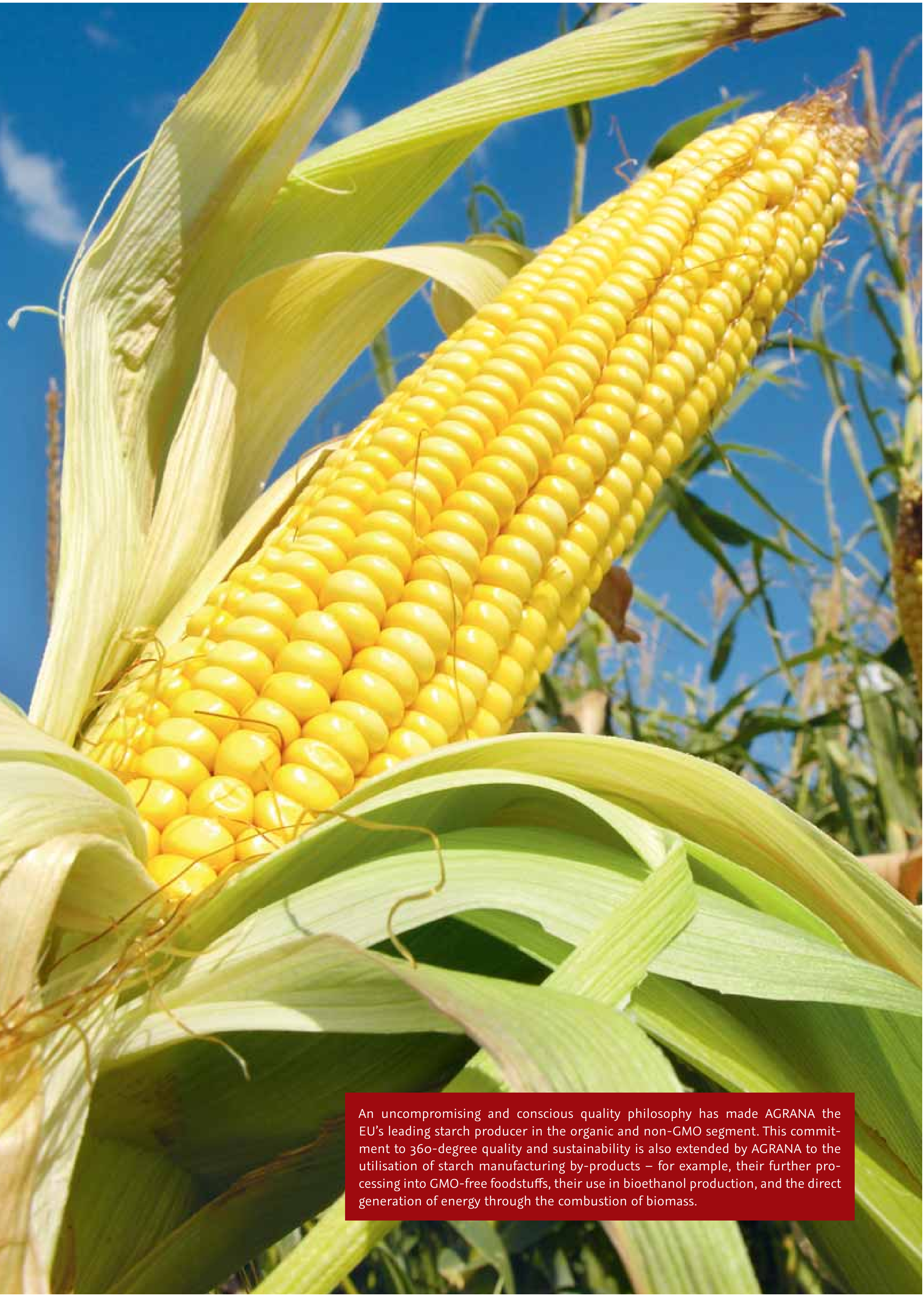
Rail transport as a share of overall total, approx.	40%
Rail transport as a share of Austrian total, approx.	55%
Reduction in energy consumption from 2010|11	8%
Share of primary energy needs met from own biogas in Hungary	Over 50%

SOUND GROWTH: OUR STARCH SEGMENT

As the largest producer of organic starch in the European Union, AGRANA sells only starches not derived from genetically modified organisms (non-GMO). Our range includes numerous organic starch products. AGRANA Stärke GmbH and its subsidiaries process agricultural raw materials – primarily corn (maize) and potatoes – into high-quality starches and specialty starch products custom-designed for a wide range of specific customer requirements. These are sold both to the food and beverage industry and into non-food industries (for example, the paper, textile and building materials sectors).
In line with the principle of sustainable, circular flows of resources, an important role is also played by valuable co-products of starch production at AGRANA, used for instance in the production of bio-ethanol, animal feed and fertilizer.



Corn field in Lower Austria – the crop is a major raw material for AGRANA.



An uncompromising and conscious quality philosophy has made AGRANA the EU's leading starch producer in the organic and non-GMO segment. This commitment to 360-degree quality and sustainability is also extended by AGRANA to the utilisation of starch manufacturing by-products – for example, their further processing into GMO-free foodstuffs, their use in bioethanol production, and the direct generation of energy through the combustion of biomass.

STARCH: A MULTITASKING MARVEL

Chemically, starch is simply an extremely common polysaccharide that occurs in grains and field crops. In its applications, however, starch is a wonder of versatility and, as a sustainable premium product from AGRANA – available also in organic grades – it is highly valuable, and indeed indispensable, to many areas of industry and of life.

SUSTAINABILITY MADE TO MEASURE

Starch is a supremely adaptable product. It is contained in baked goods, ready-to-heat meals and baby food, in adhesives and coatings for the paper industry, in drywall (plasterboard), mortar and emulsion paints for the building industry, in textiles and textile paints, as well as in medicines and cosmetics. For this diversity of uses, AGRANA Stärke processes agricultural raw materials such as corn and potatoes (and soon also wheat) into premium starch and starch specialty products that are tailored to the exact requirements of individual customers.

AGRANA IS THE EU'S BIGGEST ORGANIC STARCH PRODUCER

In the food industry, the type of starch most widely required is native starch. This product of the first stage of raw material processing, in the form of a white powder, is used, for instance, as a thickener and stabiliser. Also employed in foods, but even more commonly in non-food applications, are modified starches, which are obtained by physical, enzymatic or chemical treatment of native starches. Starch saccharification products, which are used primarily in the food industry as a sweetener, are produced by splitting starch into its constituent sugars. In this way, sugar can be obtained not only from sugar beet or cane but also from starch-rich plants such as corn.

As the largest organic producer of starch in the European Union, AGRANA sells only non-GMO starches, including a broad range of organic starch products. The pronounced sustainability potential of starch is also demonstrated by AGRANA's utilisation of process residues, which, in the interest of increasingly closed energy and material cycles, are used for bioethanol production and to produce feedstuffs and fertilisers.

Starch from AGRANA: an essential additive for premium paper products.

STARCH PROTECTS LOCAL JOBS

One in every three potatoes grown in Austria is processed into starch at the AGRANA potato starch plant in Gmünd, in the Waldviertel region of Lower Austria. More than 50% of the potatoes processed here come from the surrounding countryside. Particularly in the economically disadvantaged Waldviertel, starch potatoes are thus both an important crop for farmers themselves and a very significant link in the value chains between the upstream and downstream industries. The European market regime for potato starch expires in 2012. AGRANA therefore fully supports demands for the European Commission to help the industry through appropriate support measures, as the safeguarding of a strong European potato starch market both protects important jobs and ensures that value is added locally. In the medium term, AGRANA is concerned with preserving the competitiveness of starch potatoes compared to corn or wheat, not least in order to assure the full utilisation of the potato starch factory in Gmünd. In recent years, the Group has invested vigorously in starch value-added processing to manufacture highly specialised products. Today this makes AGRANA Stärke a leading provider of specialty products for the construction, textile and paper industries, as well as the European market leader in organic potato starches.

Circular flows of resources: The bioethanol plant in Pischelsdorf, Austria, will soon be expanded by a wheat starch factory.

A PROMISING FUTURE FOR WHEAT STARCH

By 2013, with an investment of some EUR 65 million, AGRANA Bioethanol GmbH will begin operating a new plant for the production of wheat starch and wheat gluten on the site of the bioethanol plant in Pischelsdorf in Lower Austria. Building on its existing strength in corn and potato starch, the production of wheat starch will expand the company's offering by an additional group of starch products, rounding out the range of the Starch segment. The wheat starch from the new plant is to be marketed largely to the non-food sector, such as the paper industry. The other outputs also have ready markets: wheat gluten is used primarily in the bakery and animal feed industries, and wheat bran serves as feedstuff for animals.

Together with the carbon dioxide recovery plant of AIR LIQUIDE located at the Pischelsdorf site for the capture, cleaning and liquefaction of biogenic carbon dioxide for the beverage industry, the new wheat starch factory will take the multi-stage processing of agricultural raw materials by AGRANA even further and thus put into practice the guiding principle of closed-loop, no-waste energetic and material cycles and of biorefineries.

GMO-free feed for dairy cattle.

ACTIPROT® – THE BENCHMARK OF QUALITY

ActiProt® is an extremely high-quality non-GMO dry feed produced as a co-product in the processing of grain and corn into bioethanol at the AGRANA bioethanol plant in Pischelsdorf near Tulln. With its high protein content of at least 30%, the energy-rich ActiProt® is a successful product for livestock, particularly dairy cattle.

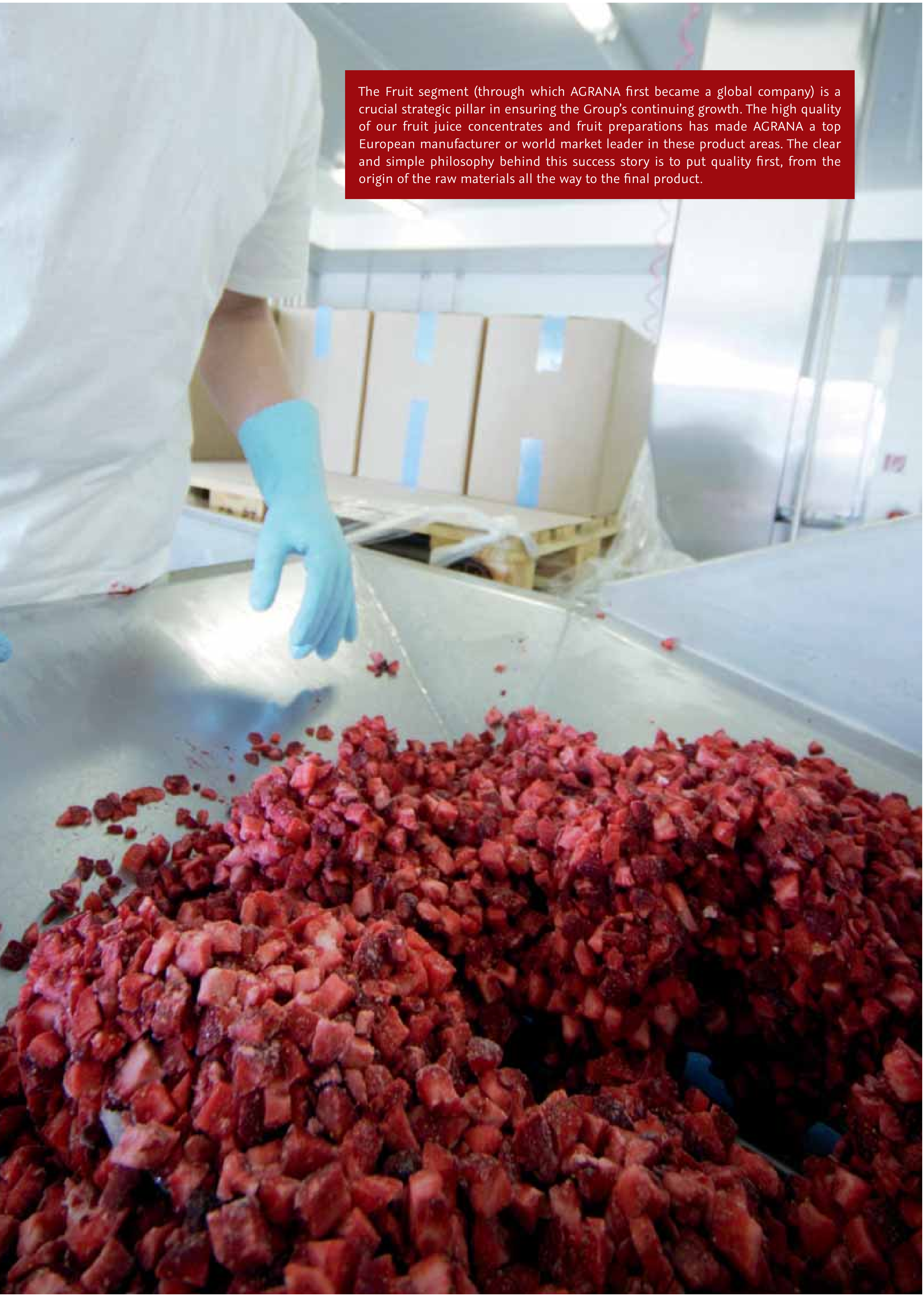
ActiProt®
EIWEISSFUTTER !

SOUND GROWTH: OUR FRUIT SEGMENT

AGRANA's Fruit segment is constantly developing and growing amid the geographic diversification into new growth markets. With 38 production sites in Europe, Asia, North and South America, Africa and Australia, AGRANA's two Fruit businesses – fruit preparations and fruit juice concentrates – supply the world's food industry with premium products from nature and raise synergies on a global basis.

Strawberries being processed into fruit preparations.

The Fruit segment (through which AGRANA first became a global company) is a crucial strategic pillar in ensuring the Group's continuing growth. The high quality of our fruit juice concentrates and fruit preparations has made AGRANA a top European manufacturer or world market leader in these product areas. The clear and simple philosophy behind this success story is to put quality first, from the origin of the raw materials all the way to the final product.



FRUIT: GROWING THE FUTURE

AGRANA Fruit is the world market leader in fruit preparations for the dairy industry, a position that owes much to the innovative development of international growth markets in this business area. One of the most compelling examples of recent years was the construction of the new plant for fruit ingredients in Cabreúva in the Brazilian state of São Paulo.

Both for sales and sourcing, AGRANA's presence in Brazil has high strategic significance.

SYNERGIES IN ACTION

Since 2007, AGRANA has a production presence in Brazil through the new fruit preparations plant in Cabreúva, São Paulo. Could you briefly explain how this important step in AGRANA's international expansion came about?

Bianca Lepri: We kicked off the preparations for the new facility as early as the end of 2005, probing the market on the customer side while searching for potential venture partners with the right expertise and industry experience. By the middle of 2006 we were able to forge a mutually beneficial partnership with the Ricaeli company, a producer of frozen fruit in São Paulo state. Our new production facility opened in May 2007, built in the record time of just seven months at an investment of about EUR 7 million.

What particular advantages does the Cabreúva site offer for AGRANA?

Bianca Lepri: First, Cabreúva's location has multiple geographic advantages, especially its proximity to our main customers, as well as to the industrial centre Jundiaí and the city of São Paulo with its ten million people. Second, the collaboration with our local partner, Ricaeli, creates a wide range of synergies – from raw material purchasing, to the use of existing infrastructure such as a water treatment plant, cold storage facilities and plant security. Further, our partnership has also proved invaluable in communicating and working with the community and local authorities and has done much to facilitate the rapid execution of the project.

How does Cabreúva relate to new market opportunities for AGRANA in Brazil?

Bianca Lepri: By locating in Cabreúva, we have tapped a market of outstanding importance for AGRANA. Brazil is a country with a rapidly growing population and economy, and as the country's living standards have risen, so has nutritional awareness. Significantly, for instance, Brazil has one of South America's highest growth rates in per-capita consumption of fruit yoghurts. The dairy industry's resulting strongly growing demand for high-quality fruit preparations has opened up a critical growth market for us, especially in the premium product segment. Thus, to name one example, we are the principal partner to a well-known premium food manufacturer in Brazil in all its major new product developments and launches.

***BIANCA LEPRI,** as Sales Manager of AGRANA Fruit Brasil, has been one of the key contributors to the success of the fruit preparations plant opened in 2007 in Cabreúva, São Paulo.*

Alongside Argentina and Mexico, Brazil is AGRANA's third manufacturing location in Latin America, as our clear tribute to the strategic importance of this market both for sales and sourcing.

INNOVATIVE APPLE PRODUCTION IN HUNGARY

A key raw material for AGRANA, apples play a special role in the production of fruit juice concentrates. Hungary, like Poland, is one of AGRANA's main sources of apples. While Hungary's climate lends itself to apple production, crop quantities had been declining since the 1990s. As a result of economic structural weaknesses, the country grew mainly varieties of apples that were less competitive and marketable and not very profitable for farmers. Since 2000, however, a special contract farming programme operated by AGRANA is not only driving a vigorous commercial revitalisation of apple growing in eastern Hungary but is also ensuring a stable supply of high-quality, sustainably produced apples to our juice concentrate plants.

AGRANA's complete quality philosophy starts with the fruit on the tree.

VARIETIES CUSTOM-BRED FOR SUCCESS

Together with the contract apple production programme, an advanced tracing system was implemented that allows the complete tracking of every apple's path from the tree to the processing facility. As well, in cooperation with the department for breeding research at Germany's Julius Kühn-Institut in Dresden-Pillnitz, new resistant cultivars of apple were developed that are specifically suited to growing conditions in the production regions, with attractive characteristics regarding quality, yield, pest control reduction and an optimum sugar/acid balance. The result is good for everyone: an important economic impetus for the region's farmers, and a valuable, sustainable raw material base for AGRANA.

GLOBAL SOURCING

An intensely international focus and the consistent reaping of global synergies have been the core strategic thrusts of AGRANA Fruit Services GmbH for five years now. In 2007, to better utilise and control procurement synergies within the worldwide AGRANA network, the fruit purchasing function was transferred from the local production sites to become the centralised responsibility of AGRANA Fruit Services. Today, this company is the global procurement and logistics organisation for AGRANA's Fruit segment and operates in about 48 countries in all major fruit growing regions worldwide. The global presence goes hand in hand with a rigorous quality philosophy: AGRANA's special competitive advantage lies in the procurement of frozen fruit directly from packing houses or under grower contracts, which continue to gain in importance in the Fruit segment. In the production of fruit preparations, AGRANA processes only frozen and aseptic fruit and is thus independent of the respective harvest seasons. As well, fruit growers are provided with extension services; this enhances food safety by facilitating quality control and complete traceability along the production chain. Nowhere is this more vital than in the organics segment, as the practice of sustainability at AGRANA begins right in the field and orchard.

CONSISTENT CONTROL OF QUALITY

In many countries, for maximum quality assurance and traceability, AGRANA operates its own processing plants. There, freshly harvested fruit is sorted, cleaned and frozen. About 40% of the fruit used in AGRANA's products comes from our own packing houses or from exclusive contract partners.

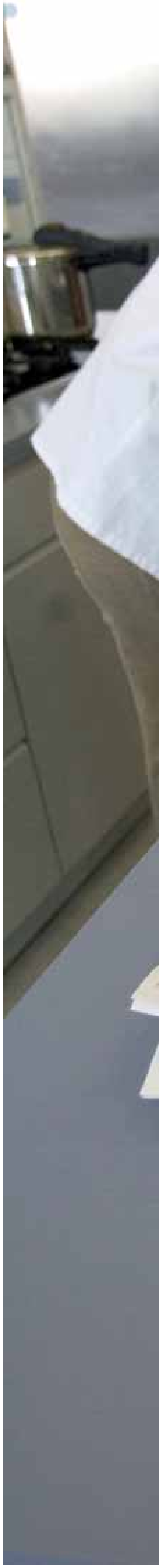
FRUIT EXPERTISE ADDS VALUE

Whether in liquid form or in chunks: Fruit preparations from AGRANA (naturally also available as organics) represent custom-designed recipes for the food industry that reflect exhaustive development work, always done in close partnership with our global customers.

Fruit preparations (shown: mango processing) reflect fresh ideas developed in close collaboration with our customers.

SOUND GROWTH: OUR RESEARCH

To ensure lasting success in a highly competitive market environment, AGRANA differentiates itself from other vendors through continual innovation in its technologies and products. The research and development facilities we maintain for the Sugar, Starch and Fruit segments allow us to execute a long-term, bold innovation strategy and expand our ever-growing development expertise.



Employee in the research laboratory of AGRANA Fruit in Gleisdorf, Austria.

The focus of AGRANA's research is the development of made-to-measure product innovations in close collaboration with customers, and the ongoing research-based creation of new recipes, specialty products, and novel applications for existing products. Another important mandate of AGRANA's researchers is to optimise today's and tomorrow's production technologies in terms of sustainability criteria.

RESEARCH: SUCCESS THROUGH SPECIALISATION

Profound changes in the market situation and in industrial uses pose new challenges for potato starch as a product. Dr. Marnik Wastyn, Managing Director of Zuckerforschung Tulln GmbH, the AGRANA Group's innovation centre for sugar and starch, reviews AGRANA's successful product developments and strategies in the sector of specialised non-food applications.

STARCH SECTOR IN TRANSFORMATION

The applications for potato starch, especially in the non-food area, have seen rapid transformation in recent years. On top of this, the expiration of the EU market regime for starch potatoes may unleash powerful change in the raw material market. In its product research, how does AGRANA react to this transformative scenario?

Dr. Marnik Wastyn: In its traditional non-food uses – for example, as an additive in the paper industry or as a sizing agent for textiles – potato starch has come under heavy competitive pressure over the past several years in the simpler applications. Although potato starch generally has the best quality characteristics, both the paper sector and the textile industry (which has shifted almost all its manufacturing to Asia) are increasingly moving towards lower-cost substitute products. The future opportunities for potato starch thus lie progressively less in the manufacturing sector's conventional high-volume applications and more in its premium specialised applications, where the superior quality attributes for solving specific technical challenges are paramount. It is in this area that we are concentrating our research and development efforts at AGRANA.

> "We are leading in specialty applications."

Where do you see the future trend going in non-food applications for potato starch?

Dr. Marnik Wastyn

Dr. Marnik Wastyn: To start with, one thing can be said with certainty: Potato starch will remain the premium product among starches, since it has inherently higher purity and quality than starch from other sources. Compared to other starches, potato starch boasts unique properties in terms of its particle and molecular structure as well as its gelatinisation, solubility, flow and thickening characteristics. And importantly, potato starch offers clear environmental advantages over chemically modified alternatives.

What opportunities are ahead for AGRANA in non-food applications?

Dr. Marnik Wastyn: Competing successfully in this market in the future will require a high degree of specialisation. An important area is the use of specially modified potato starches in construction materials – including, for example, as additives in plaster, cement plaster, putties, tile adhesives and concrete – to dramatically improve their workability and cured properties. I don't think you have to be a chemist to marvel at the "potency" of potato starch in these applications; adding tiny quantities of it can fundamentally alter the characteristics of a product. In the past few years AGRANA has greatly expanded the product portfolio in this area. Working closely with our customers, we have developed and patented many tailor-made products. This strategy of specialisation has proved wise: from a smaller-scale beginning, AGRANA today has grown into the product leader in this market segment.

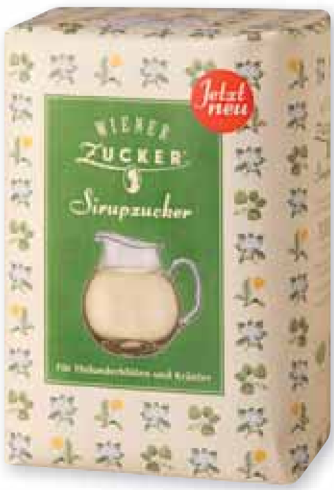
BAGS MADE OF STARCH

Italy made non-biodegradable plastic bags illegal in 2011, and other EU countries are considering imposing similar bans. The alternative: eco-friendly bags based on potato and corn starch. These are increasingly popular with retailers and consumers. As a major player in the European starch market, AGRANA supplies the key raw materials for this sustainable innovation.

Natural tastes best: The consumer trend towards superior-quality foods has made AGRANA the market and quality leader in many areas.

TREND TOWARDS GREATER NATURALNESS

The consumer trend towards healthful nutrition and natural, unadulterated products continued to be a focus of research activities at AGRANA in 2011|12. Particularly in the saturated market regions, such as Western and Central Europe, this consumer preference is a critical factor: “Qualities such as clean label, organic and local production are becoming ever more important to consumers,” says Armin Zehner, coordinator of the Naturality programme at AGRANA’s Centre for Innovation and Excellence in Gleisdorf, Austria. “This is why, as the global market leader in fruit preparations, the growing worldwide trend towards greater nutrition consciousness offers us particularly valuable scope for setting ourselves apart from competitors.” Among the current advances achieved by AGRANA’s R&D is the development of extremely gentle manufacturing processes using the most natural ingredients, aromas and stabilisers, with the aim of continually optimising the value chain and ensuring that the Group can respond swiftly and effectively to present and future market trends.



Wiener Zucker: the top innovator of 2011.

NOVEL PRODUCT IDEAS

For the twelfth year now, CASH, the leading Austrian trade magazine, presented the previous year’s top innovations of the branded goods industry in its January 2012 edition. In the Staple Foods category, AGRANA garnered two of the three top spots: first place for a **“Wiener Zucker” brand specialty sugar for consumers making berry and stone fruit syrups,** and third place for the corresponding sugar for elderberry flower and herb syrups. Both new products are completely free of added preservatives, dyes, or flavourings and exemplify AGRANA’s creative responses to the trend towards greater naturalness and more home-preserved fruit. Right from the product launch in May 2011, they enjoyed brisk take-up by the top food retail chains in Austria. Another new product embracing the naturalness trend comes from the product research of AGRANA Juice GmbH in Gleisdorf, Austria. The investigation of alternative uses for residues from apple juice production led to the development of a new process technology that decisively improves the quality of apple pomace, the spent fruit pulp left over after juice extraction.

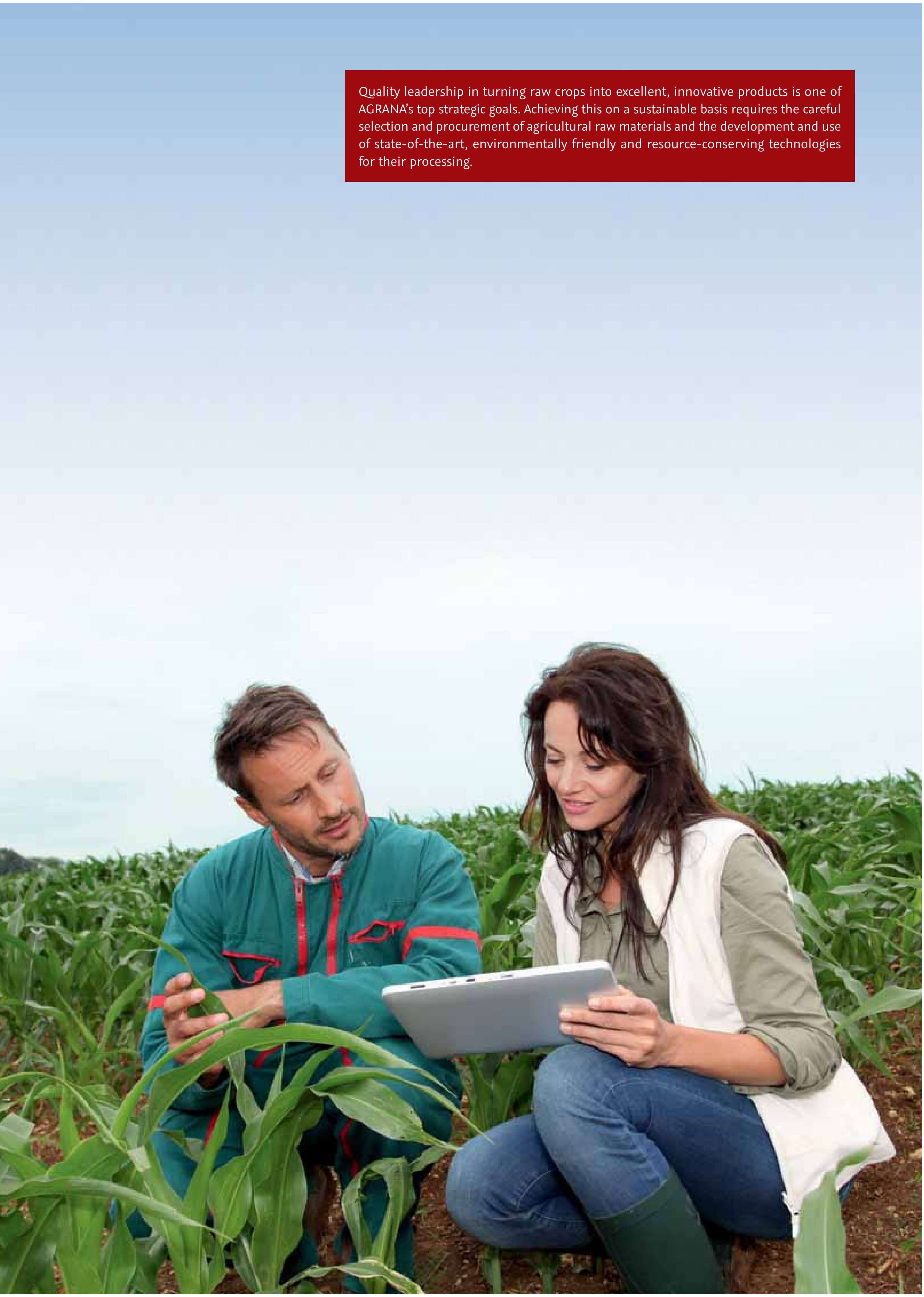
The apple fibres obtained from the pomace can be used to enhance any number of different foods. For instance, as a valuable gluten-free substitute for flour in baked goods, or as a low-calorie, high-fibre ingredient in products such as cereals, fruit bars and fruit preparations. This is another prime example of the intelligent and sustainable utilisation of raw materials at AGRANA for the optimal generation of value added.

SOUND GROWTH: OUR COMMITMENT TO SUSTAINABILITY

AGRANA strives to uphold and expand its commitment to sustainability, both in the processing of agricultural raw materials and generally in the areas of economic, environmental and social corporate responsibility. For example, for AGRANA as a partner to the food industry, food safety is not just a legal obligation but also a key dimension of social responsibility and sustainable business management.

Quality control in the field.

Quality leadership in turning raw crops into excellent, innovative products is one of AGRANA's top strategic goals. Achieving this on a sustainable basis requires the careful selection and procurement of agricultural raw materials and the development and use of state-of-the-art, environmentally friendly and resource-conserving technologies for their processing.



SUSTAINABILITY: GOOD COMMON SENSE

In the current debate around bioethanol, the criticism has been raised that this non-fossil fuel is a destroyer of precious food and animal feed resources. Josef Eisenschenk, manager of the AGRANA bioethanol plant in Pischelsdorf, Austria, explains why this is not the case. Among other reasons, at AGRANA, the production of bioethanol also involves the synergistic manufacturing of high-quality feedstuffs.

Bioethanol from AGRANA: sustaining the future.

BIOETHANOL – ENERGY FROM SYNERGY

In the ongoing bioethanol debate, a commonly heard argument is that agricultural products belong on the dinner table and in the feed trough rather than in the fuel tank. How do you answer this criticism?

Josef Eisenschenk: At our plant in Pischelsdorf we process corn and wheat from Austria and the neighbouring countries into ethanol and animal feed. The corn contains 70% starch, which is turned into ethanol fuel. The other 30% is the basis for high-protein animal feed, used especially for cattle. This co-product replaces 130,000 tonnes of soybean meal per year which would otherwise be imported from South America. It is also important to note that the yield per unit area is much higher for corn than for soy. One hectare will grow ten tonnes of corn, while a hectare in, say, Argentina produces only four tonnes of soybeans. From ten tonnes of corn we produce about three tonnes of protein feed, while four tonnes of soy will yield around 2.5 tonnes of soybean meal. Also, by no means do we process agricultural raw materials that ought to be used for human consumption; instead, we are only utilising our own domestic carbohydrate surplus.

Josef Eisenschenk

A further point of criticism is the clearing of forests to grow crops for fuel production.

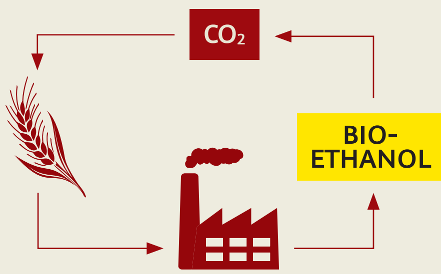
Josef Eisenschenk: What many forget is that in Europe, bioethanol is produced from surplus crops, and only in accordance with strict sustainability criteria. No rain forest is cleared for Austrian bioethanol. Rather, the inputs are grown in Europe on existing cropland or previously fallowed fields. In fact, through the substitution for soy imports and the higher yield of corn fields explained above, we actually indirectly help save South American rain forest.

Are there plans to further boost these synergies?

Josef Eisenschenk: Our aim is the efficient value-added processing of raw materials in increasingly closed loops of material and energy flows. With our new wheat starch manufacturing plant here in Pischelsdorf that will begin operation in 2013, and with the synergistic integration of the production of bioethanol, premium protein feed, liquefied carbon dioxide and, soon, wheat starch and gluten, we will move much closer to this ideal.

CARBON DIOXIDE CYCLE

BIOETHANOL combustion is largely CO_2-neutral, as plants bind as much carbon dioxide while they grow as is released in their utilisation for energy production. What is more, bioethanol burns with a soot-free flame and contains no sulphur.



ENERGY SELF-SUFFICIENCY THROUGH BIOGAS

The use of biogas in Hungary substantially improves environmental performance.

Since 2007, at the site of the Kaposvár sugar factory in Hungary, AGRANA operates a large-scale biogas plant that to date is unique in the European sugar industry. Installed with an investment of EUR 6.8 million, the biogas facility is fed directly with the organic by-products of sugar beet processing (mainly the spent beet pulp as well as beet syrup) and supplies 50% of the sugar plant's primary energy requirement. The production of biogas creates a similar degree of energy self-sufficiency for the Kaposvár site as does biomass combustion at sugar cane mills in Brazil.

The replacement of fossil fuel with biogas from plant residues also substantially improves the CO_2 balance of sugar production at Kaposvár. About 860 tonnes of beet pulp per day – approximately half of the factory's daily total output – is fed into the plant's fermentation process, producing 200,000 cubic metres of biogas per day. In the sugar plant's existing boilers, this biogas is burned to generate thermal energy during the beet campaign, thus reducing CO_2 emissions by about 20,000 tonnes per year compared to the use of natural gas. In future expansion stages at Kaposvár, it is planned to eliminate natural gas use altogether and thus achieve 100% energy self-sufficiency for the facility.

Solar energy makes an AGRANA subsidiary a model of environmentally sound operation.

ADVANCED SUSTAINABILITY IN BELGIUM

Since 2004, the year it became part of the AGRANA Group, the Belgian frozen-fruit producer Dirafrost in Herk-de-Stad has been a model of comprehensive sustainability in practice: Its own solar power plant on the company premises, together with an extensive array of innovative environmental technologies (such as high-efficiency thermal insulation, rain water capture and treatment to reduce consumption of drinking water, waste product management, recycling of cardboard and plastics, and recovery of bioenergy from production residues) ensure not only lasting gains in operating efficiency but also a sustainable, strong reduction in the company's carbon footprint and a very positive ecobalance.

SOCIAL RESPONSIBILITY IS A DAILY PRACTICE

AGRANA: globally active for society and charity.

As a company that practices social responsibility comprehensively, AGRANA has a long-standing commitment to active engagement in social issues and makes valuable contributions to social and charitable initiatives in Austria and abroad. Thus, AGRANA has for years been a loyal supporter of, among others, Caritas in Vienna; the SOS Kinderdorf organisation; the Vienna branch of Hilfswerk; and the child protection organization "die möwe" and its "MYKI" Austrian Child Protection Award inaugurated in 2011. To raise the Austrian public's awareness of preventive healthcare, we support the Vorsorgepreis 2012, an annual healthcare award. In addition, in keeping with AGRANA's role as a corporate citizen, nearly all our international operations also support cultural or charity projects in their local communities with donations in cash or in kind. In 2011|12, for example, AGRANA's international social engagement included special knowledge transfer projects in Mexico and Ukraine. 2011 also saw us support a project to transfer specialist expertise in Brazil: As part of our CSR partnership with ICEP, an Austrian development organisation that works to relieve poverty, a Brazilian cooperative of small farmers (cooper-CUC) received professional support in its development as a fruit production and processing business. The project's goal is long-term security of income for more than 300 families of small farmers in northeastern Brazil, one of the country's poorest regions.

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"At AGRANA we have a shared vision: quality leadership in turning agricultural raw materials into value-added sugar and starch products, and in the processing of fruit. With our attention to quality and efficiency and our 53 locations around the world, we are the preferred supplier for companies worldwide in the food industry and for non-food applications."

The balance and diversification between the three business segments creates strategic advantage.

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

AGRANA controls and manages the value chain from the purchase of agricultural raw materials to the production of the resulting intermediate goods for industrial customers (and end products for consumers in the case of the Sugar segment). AGRANA utilises the Group's strategic know-how across segment boundaries. This pertains especially to agricultural grower contract management and raw material procurement, the knowledge of customer requirements and markets, the opportunities for the development of inter-segment products, and synergies in logistics, purchasing, sales and finance. These commonalities form the basis for AGRANA's good market position in relation to competitors in all product groups, and underpin its innovative strength and lean cost position.

SUGAR SEGMENT STRATEGY

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

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

STARCH SEGMENT STRATEGY

The strategic goals: Organic (i.e., 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 relentless cost optimisation, are the key to the segment's success. Examples are the leading position in organic and in GMO-free[1] starches for the food industry and, in the non-food sector, the

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

leadership role in specialty starches for the paper, textile, cosmetics, pharmaceutical and building materials industries. AGRANA's essential core competence – processing agricultural raw materials into industrial products – is also the basis for the bioethanol business. In Austria and Hungary, AGRANA is a leading vendor of this climate-friendly fuel.

FRUIT SEGMENT STRATEGY

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

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

- AGRANA Fruit, acting as a partner to food manufacturers, produces custom fruit preparations for the dairy, ice-cream and baking industries. With local production units close to customers, AGRANA is the world leader in this global market and intends to further expand its presence and follow its internationally operating customers into new markets.

- AGRANA Juice produces mainly juice concentrates from apples, red fruits and berries. Manufacturing locations near the fruit growing areas allow AGRANA to ensure the high quality of its products and safeguard the global sales to the beverage industry – as well as to further expand them, including in not-from-concentrate juices and in fruit wines.

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

SYNERGY STRATEGY

The strategic goal: Use synergies between business segments to position the Group optimally amid the increasingly volatile operating environment in the segments.

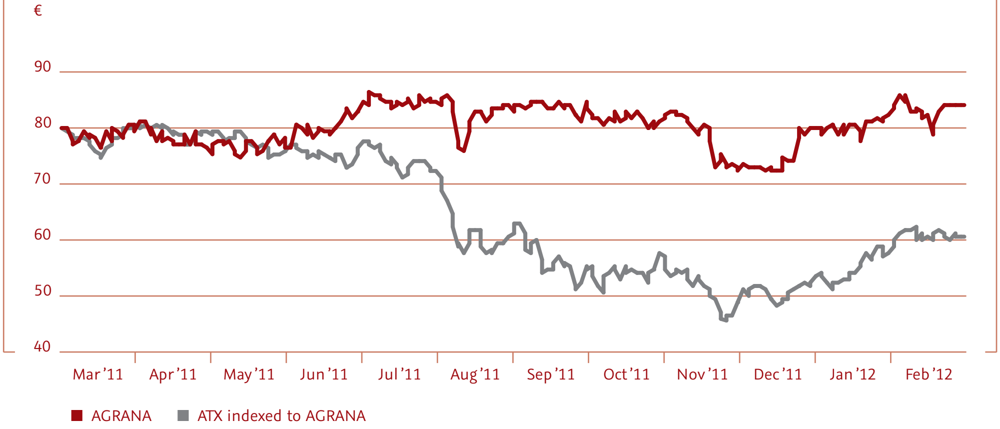
The synergy strategy encompasses the three individual segments' strategies, and also includes the sustainability dimension. For AGRANA, the environmental and the financial aspect of sustainability are inseparably linked. The Group's aim is to manage its business for the long term and avoid an excessive focus on short-term financial success. This is one of the reasons why AGRANA believes in managing natural resources sustainably.

CAPITAL MARKET STRATEGY

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

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

AGRANA SHARE PERFORMANCE IN 2011|12



Key share information

ISIN code: AT0000603709

Market segment: Prime Market on VSE

Share class: Ordinary shares

Number of shares: 14,202,040

Share capital: € 103.2m

Market capitalisation (29 February 2012): € 1,192.3m

Reuters code: AGRV.VI

Bloomberg code: AGR AV

Ticker symbol: AGR

International equity markets declined on balance in the calendar year 2011. At the beginning of the year, negative news about the uncertain political situation in North Africa and the Middle East dampened market sentiment. A natural disaster and the resulting reactor accident in Japan led the markets to correct sharply in the middle of March. Subsequently, this slump was at first overcome, but in the second half of the year (especially in November), the widening of the European sovereign debt crisis and the fear of an economic downswing – despite the continued good corporate earnings – caused renewed steep falls in share prices. In this adverse environment, the Vienna Stock Exchange too fell substantially.

AGRANA started the 2011|12 financial year at a share price of € 80.00. On an average trading volume of slightly more than 2,000 shares per day (based on double counting, as published by the Vienna Stock Exchange), the value of AGRANA's shares proved solid and crisis-resistant, reaching € 83.95 at the balance sheet date. In the year under review, AGRANA's share price thus gained 4.9% even as the Austrian blue-chip ATX index lost 24.0%.

The market capitalisation at 29 February 2012 was € 1,192.3 million, with an unchanged 14.2 million shares outstanding (prior year: € 1,124.8 million)

Since 1 September 2011 the Vienna Stock Exchange calculates and publishes four new sector indices that are designed as tradable indices and used as underlyings for structured products and standardised derivatives. AGRANA is quoted in the ATX Consumer Products & Services index (ATX CPS). From the inception of the index (30 December 2009) to AGRANA's year-end reporting date of 29 February 2012, the ATX CPS rose by 92.1%, strongly outperforming all three other new sector indices (ATX Basic Industries: +7.1%, ATX Financials: –12.4%, ATX Industrial Goods & Services: +27.9%) and clearly beating the ATX Prime (–7.5%).

AGRANA is committed to a long-term policy of sustained dividends.

AGRANA is listed in the Prime Market segment of the Vienna Stock Exchange.

ACTIVE CAPITAL MARKET COMMUNICATION

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

At several road shows and investor conferences held in Austria and abroad, the Management Board of AGRANA provided Austrian and international institutional investors and analysts with information on the performance and prospects of the AGRANA Group. This dialogue was supplemented by numerous individual conversations and conference calls on quarterly and full-year results. Private shareholders had the opportunity to learn about new developments in AGRANA's current business performance directly from the Management Board at the GEWINN trade fair.

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

The following national and international investment houses published research on AGRANA in the 2011|12 financial year: Raiffeisen Centrobank, Erste Bank, Berenberg Bank and Goldman Sachs. Erste Bank suspended coverage in January 2012 for the time being. An overview of the current analyst ratings can be found on the Internet at www.agrana.com > Investor Relations > The AGRANA Share > Research.

STEADY DIVIDEND POLICY

€	2011|12	2010|11[1]	2009|10
Dividend per share	3.60[2]	2.40	1.95
Earnings per share	10.73	5.98	5.08

AGRANA is committed to a long-term policy of sustained dividends. At the Annual General Meeting on 2 July 2012, in view of the very good financial results in the year completed, the Management Board will propose payment of an increased dividend of € 3.60 per share, consistent with the Group's long-term policy of maintaining a dividend payout ratio of approximately one-third. Based on 14.2 million shares, the proposal represents a total dividend payout of € 51.1 million; the corresponding dividend yield, based on the share price of € 83.95 at the end of February 2012, is 4.29% (prior year: 3.03%). Shareholders with dividend rights will be paid the dividend on 5 July 2012 by their custodian.

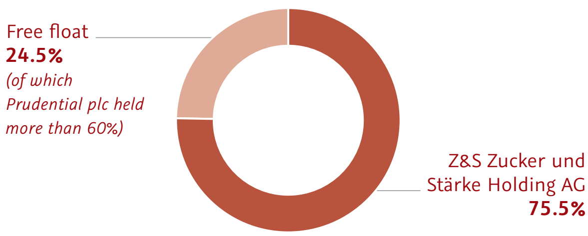
STABLE SHAREHOLDER STRUCTURE

AGRANA has a stable core shareholder structure. In the 2011|12 financial year, Z&S Zucker und Stärke Holding AG ("Z&S"), based in Vienna, held an unchanged 75.5% of the share capital of AGRANA Beteiligungs-AG. The majority shareholder, Z&S, is a wholly owned subsidiary of Vienna-based AGRANA Zucker, Stärke und Frucht Holding AG, which, in turn, is 50% owned by Südzucker AG Mannheim/Ochsenfurt ("Südzucker"), Mannheim, Germany and 50% owned by Zucker-Beteiligungsgesellschaft m.b.H. ("ZBG"), Vienna. The following five Vienna-based entities are shareholders of ZBG: „ALMARA" Holding GmbH (a subsidiary of Raiffeisen-Holding Niederösterreich-Wien registrierte Genossenschaft mit beschränkter Haftung); Marchfelder Zuckerfabriken Gesellschaft m.b.H.; Estezet Beteiligungsgesellschaft m.b.H.; Rübenproduzenten Beteiligungs GesmbH; and Leipnik-Lundenburger Invest Beteiligungs AG.

Under a syndicate agreement between Südzucker and ZBG, the partners in the syndicate have mutual rights to appoint members of each other's management board and supervisory board. Johann Marihart has therefore been appointed by ZBG as a management board member of Südzucker, and Thomas Kölbl has been appointed by Südzucker as a management board member of AGRANA Beteiligungs-AG. Neither individual receives compensation for serving in this respective capacity.

The other 24.5% of the share capital is free float. Since February 2011, the London-based British financial group Prudential plc and some of its subsidiaries own more than 15% of AGRANA's share capital.

SHAREHOLDER STRUCTURE AT 29 FEBRUARY 2012



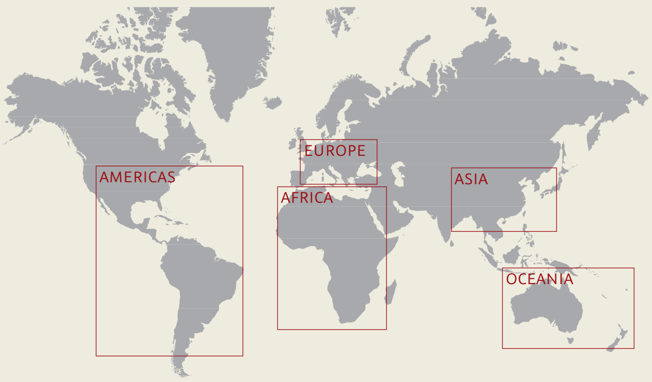
[1] Prior year has been restated to reflect a retrospective change in accounting policy related to IAS 19 (Employee Benefits). Details are given in the notes to the consolidated financial statements from page 96.
[2] Proposal to the Annual General Meeting.

AGRANA PRODUCTION SITES

EUROPE

From second quarter of 2012/13:
56 production sites in 26 countries:

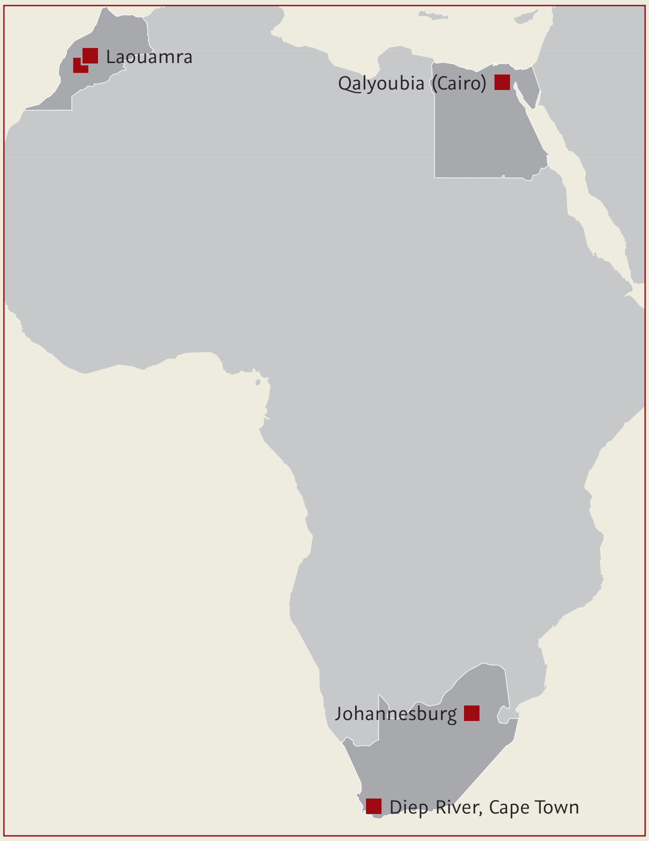
This already includes a new fruit juice concentrate location in Austria and two new juice plants in Poland being added through the joint venture with Ybbstaler Fruit Austria GmbH, Kröllendorf, Austria (also see page 51).



● Sugar
▲ Starch
■ Fruit

AMERICAS

AFRICA



ASIA

OCEANIA

CORPORATE GOVERNANCE REPORT

AGRANA'S MANAGEMENT BOARD

JOHANN MARIHART
Chief Executive Officer

Chief Executive Officer since 1992
First appointed: 19 September 1988
End of current term: 30 September 2013

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

FRITZ GATTERMAYER
Member of the Management Board

Management Board member since 2009
First appointed: 1 January 2009
End of current term: 31 December 2013

Born 1957. Studied agricultural economics at University of Natural Resources and Applied Life Sciences, Vienna, and history and political science at University of Vienna. Joined AGRANA in 1992. Head of the Group-level "Business Strategy and Raw Materials" department at AGRANA Beteiligungs-AG since 1995. Before joining the Management Board, was a member of senior management of Sugar and Starch segments in AGRANA Group for eight years. Present responsibilities on AGRANA Management Board: Sales, Raw Materials, Purchasing, and Sugar Segment.

WALTER GRAUSAM
Member of the Management Board

Management Board member since 1995
First appointed: 1 January 1995
End of current term: 31 December 2014

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

THOMAS KÖLBL
Member of the Management Board

Management Board member since 2005
First appointed: 8 July 2005
End of current term: 7 July 2015

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

AGRANA is committed to the fundamental principles of the Austrian Code of Corporate Governance (the Code), a comprehensive set of best practices that stipulates equal treatment of all shareholders and transparency of governance. The Code can be viewed on the website of the Austrian Working Group for Corporate Governance at www.corporate-governance.at.

In the 2011|12 financial year this Code, which is a voluntary self-regulatory initiative of private industry, was applied by AGRANA in the version of January 2010. At its meeting on 16 February 2012 the Supervisory Board of AGRANA Beteiligungs-AG unanimously adopted the statement of compliance with the 2010 Code for the 2011|12 financial year.

In 2011|12 AGRANA complied with all binding so-called “L rules” of the Code; these are based on legal requirements. By providing the following explanations, the Group is also in conformity with all of the Code’s C rules (comply-or-explain rules):

Commitment to the Austrian Code of Corporate Governance.

Rule 31 and 51 (disclosure of compensation of the individual members of the Management Board and Supervisory Board)

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

Rule 49 (contracts requiring approval)

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

Rule 54 (appointment of an independent Supervisory Board member)

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

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

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

External evaluation

In accordance with rule 62 of the Austrian Code of Corporate Governance, AGRANA commissioned an external evaluation of compliance with the Code, which was performed by Univ. Prof. DDr. Waldemar Jud Corporate Governance Forschung CGF GmbH. The evaluation was conducted using the questionnaire issued for this purpose by the Austrian Working Group for Corporate Governance and is available to the public on the AGRANA website at www.agrana.com. The report confirms that, in 2011|12, AGRANA adhered to all rules of the Austrian Code of Corporate Governance.

AGRANA'S BOARDS

Management Board

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

Name	Year of birth	Date first appointed	End of current term
Johann Marihart Chief Executive Officer since 1992	1950	19 Sep 1988	30 Sep 2013
Fritz Gattermayer Management Board member since 2009	1957	1 Jan 2009	31 Dec 2013
Walter Grausam Management Board member since 1995	1954	1 Jan 1995	31 Dec 2014
Thomas Kölbl Management Board member since 2005	1962	8 Jul 2005	7 Jul 2015

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

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

  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 BBG Bundesbeschaffung GmbH, Vienna, and Österreichische Forschungsförderungsgesellschaft m.b.H., Vienna; member of the supervisory board of Ottakringer Getränke AG, Vienna, and member of the General Council (the supervisory board) of Oesterreichische Nationalbank, Vienna. Until 27 October 2011 he was a member of the supervisory board of Leipnik-Lundenburger Invest Beteiligungs AG, Vienna.

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

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

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

The remits of the Management Board members are as follows:

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

The total compensation of the Management Board in the 2011|12 financial year was € 2,584 thousand (prior year: € 2,395 thousand). The performance-based pay component (2011|12: € 1,030 thousand; prior year: € 920 thousand) is contractually linked to the amount of the dividend payment. The Management Board member of AGRANA Beteiligungs-AG appointed on the basis of the syndicate agreement between Südzucker AG Mannheim/Ochsenfurt, Mannheim, Germany, and Zucker-Beteiligungsgesellschaft m.b.H, Vienna, does not receive compensation for serving in this capacity.

Post-employment benefits granted to the Management Board under the company plan are pension, disability insurance and survivor benefits. The pension becomes available when the pension eligibility criteria of the Austrian public pension scheme (ASVG) are met. The amount of the pension is calculated as a percentage of a contractually agreed assessment base. For the 2011|12 financial year, pension fund contributions of € 690 thousand (prior year: € 695 thousand) were paid, while € 783 thousand (prior year: € 86 thousand) was added to provisions for pension obligations within the balance sheet item "other provisions".

In the event of early retirement within ASVG rules, the amount of the pension is reduced. The retirement benefit obligations in respect of the Management Board are administered by an external pension fund. An amount of € 2,437 thousand (prior year: € 1,654 thousand) was recognised in the balance sheet at 29 February 2012, with the method of calculation having changed from the corridor method to the new OCI method in accordance with IAS 19 (Employee Benefits). In the event that a Management Board appointment is withdrawn, severance pay has been agreed consistent with the Employees Act.

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

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

Securities transactions of members of the Management Board are notified to the Financial Market Authority (FMA) in accordance with section 48d (4) Stock Exchange Act and published on the website of the FMA. During the reporting period there were no such securities transactions.

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. Upon the retirement of Ludwig Eidmann, the Annual General Meeting on 1 July 2011 elected Jochen Fenner as a new member of the Supervisory Board.

Name, and supervisory board positions in listed domestic and foreign companies	Year of birth	Date first appointed	End of current term
Christian Konrad, Vienna, independent			
Chairman of the Supervisory Board	1943	19 Dec 1990	25th AGM (2012)
– Chairman of the Supervisory Board of UNIQA Versicherungen AG, Vienna – Vice-Chairman of the Supervisory Board of Südzucker AG Mannheim/Ochsenfurt, Mannheim, Germany – Vice-Chairman of the Supervisory Board of BAYWA AG, Munich, Germany – Member of the Supervisory Board of DO & CO Restaurants & Catering AG, Vienna			
Wolfgang Heer, Ludwigshafen, Germany, independent			
First Vice-Chairman of the Supervisory Board	1956	10 Jul 2009	25th AGM (2012)
Erwin Hameseder, Mühldorf, independent			
Second Vice-Chairman of the Supervisory Board	1956	23 Mar 1994	25th AGM (2012)
– 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 – Member of the Supervisory Board of Südzucker AG Mannheim/Ochsenfurt, Mannheim, Germany – Member of the Supervisory Board of UNIQA Versicherungen AG, Vienna			
Jochen Fenner, Gelchsheim, Germany, independent			
Member of the Supervisory Board	1952	1 Jul 2011	25th AGM (2012)
– Member of the Supervisory Board of Südzucker AG Mannheim/Ochsenfurt, Mannheim, Germany			
Hans-Jörg Gebhard, Eppingen, Germany, independent			
Member of the Supervisory Board	1955	9 Jul 1997	25th AGM (2012)
– Chairman of the Supervisory Board of Südzucker AG Mannheim/Ochsenfurt, Mannheim, Germany – Member of the Supervisory Board of VK Mühlen AG, Hamburg, Germany – Member of the Supervisory Board of Crop Energies AG, Mannheim, Germany			

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

In the 2011|12 financial year the following person retired from the Supervisory Board:

Ludwig Eidmann, Groß-Umstadt, Germany, independent
Appointed 2 July 2004; retired 1 July 2011
– Member of the Supervisory Board of Südzucker AG Mannheim/Ochsenfurt, Mannheim, Germany, until 21 July 2011

Supervisory Board independence

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

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

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

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

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

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

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

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

Committees and their members

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

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

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

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

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

	Position on committee
Audit Committee	
Erwin Hameseder	Chairman (and expert advisor on finance)
Wolfgang Heer	Member
Thomas Buder	Employee representative

In the reporting period the Supervisory Board convened for four meetings. No Supervisory Board member attended fewer than half of the Board's meetings in the 2011|12 financial year. The Audit Committee met three times. Its meetings focused particularly on the audit of the 2010|11 financial statements, the preparation of the audit of the 2011|12 financial statements, and the supervision of the risk management system.

On 1 July 2011 the Annual General Meeting approved an annual aggregate remuneration for the Supervisory Board of € 200,000 (prior year: € 165,000) and delegated to the Supervisory Board 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.

Measures to promote equity for women

Equality of opportunity in the workplace and equal treatment of employees without regard to gender are second nature to AGRANA. Any form of discrimination is resolutely confronted. Through the greater representation of women in internal training and development programmes and in the staffing of management positions, AGRANA promotes the development of women in management.

In many areas, women have attained the qualifications for management functions; the compatibility of career and family is supported by offering flexible work schedules.

Vienna, 30 April 2012

Johann Marihart Chief Executive Officer	Fritz Gattermayer Member of the Management Board
Walter Grausam Member of the Management Board	Thomas Kölbl Member of the Management Board

The 2011|12 financial year was both a challenging and highly successful year for AGRANA. The Supervisory Board supported and was actively involved in this performance. In the year under review, in a total of four meetings, it fulfilled its responsibilities and exercised its powers under the law and the Articles of Association while observing the 2010 Austrian Code of Corporate Governance. All members of the Supervisory Board attended at least half of its meetings. In accordance with the provisions of the Austrian Code of Corporate Governance, the Supervisory Board commissioned an external evaluation of its activities, the findings of which it thoroughly discussed.

The deliberations of the Supervisory Board dealt especially with the strategic direction and further development of the Group, the business performance in all segments (which continued to be driven by the volatility in raw material and energy prices), and the optimisation of corporate financing. Through regular reports from the Management Board and detailed written information, the Supervisory Board informed itself about the company's business situation and financial position, about all relevant matters concerning the business performance, about the financial situation, investment plans and exceptional business transactions as well as the corporate strategy, and discussed these subjects with the Management Board. The thorough deliberations in the meetings of the Supervisory Board and its committees centred on the corporate strategy and opportunities for the further development of the Group, as well as the current challenges of the general economic environment. In addition, the Chairman of the Supervisory Board was in regular contact with the Chief Executive Officer to discuss strategy adjustments, business performance and risk management.

The Audit Committee met three times in the 2011|12 financial year; its chairman regularly reported to the Supervisory Board on the work of the committee.

Ludwig Eidmann retired from the Supervisory Board with effect from the end of the Annual General Meeting (AGM) on 1 July 2011. The same AGM elected Jochen Fenner to the Supervisory Board of the Company for a term ending at the conclusion of the general meeting which decides on board members' discharge from liability for the 2011|12 financial year. The Supervisory Board sincerely thanks Mr. Eidmann for his many years of valuable service to the company.

Parent company and consolidated financial statements

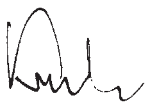
The consolidated financial statements, group management report, parent company financial statements and parent company management report of AGRANA Beteiligungs-AG for the 2011|12 financial year presented by the Management Board, as well as the accounting records, were audited by and received an unqualified audit opinion from the independent auditor appointed by the Annual General Meeting, KPMG Austria AG, Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Vienna. The compliance review of the corporate governance report under section 243b Austrian Commercial Code and the review of AGRANA's compliance in the 2011|12 financial year with the Austrian Code of Corporate Governance (the Code) were performed by Univ. Prof. DDr. Waldemar Jud Corporate Governance Forschung CGF GmbH and found that AGRANA complied with the provisions of the Code in 2011|12, to the extent that the provisions were covered by the declaration of compliance. The Supervisory Board endorses the results of the audit and of the compliance reviews.

The Audit Committee has reviewed the parent company financial statements and reported to the Supervisory Board in the presence of the independent auditor. The Supervisory Board has reviewed the consolidated financial statements, group management report, parent company financial statements and the parent company management report and corporate governance report of AGRANA Beteiligungs-AG for the 2011|12 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 2011|12 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 2011|12 financial year and is in agreement with the proposed appropriation of profit.

The Supervisory Board extends its sincere appreciation and thanks to the Management Board and all employees for their commitment and the work so successfully accomplished.

Vienna, May 2012



Christian Konrad
Chairman of the Supervisory Board

GROUP MANAGEMENT REPORT 2011|12

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AGRANA GROUP FINANCIAL PERFORMANCE	2011|12	2010|11[1]	Change
	€000	€000	%
Revenue	2,577,631	2,165,902	+19.0
EBITDA[2]	309,032	207,804	+48.7
Operating profit before exceptional items	232,424	128,623	+80.7
Operating margin before exceptional items	9.0%	5.9%	
Exceptional items	(1,433)	0	–
Operating profit after exceptional items [EBIT]	230,991	128,623	+79.6
Net financial items	(24,735)	(18,959)	−30.5
Profit before tax	206,256	109,664	+88.1
Profit for the period	155,673	87,061	+78.8
Purchases of property, plant and equipment and intangibles[3]	97,093	55,859	+73.8
Purchases of non-current financial assets	1,718	118	+1,355.9
Staff count	7,982	8,243	−3.2

[1] Prior year has been restated to reflect a retrospective change in accounting policy concerning IAS 19 (Employee Benefits). Details are given in the notes to the consolidated financial statements from page 96.
[2] Before exceptional items.
[3] Excluding goodwill.

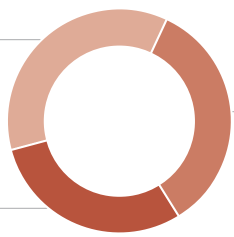
The consolidated financial statements for the 2011|12 financial year (the twelve months to the end of February 2012) were prepared in accordance with International Financial Reporting Standards (IFRS).

CHANGES IN THE SCOPE OF CONSOLIDATION

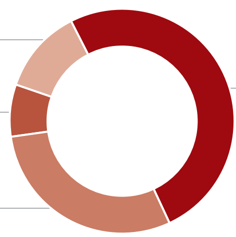
From 31 July 2011, three previously non-consolidated Romanian companies were included in the financial statements for the first time, by full consolidation: AGRANA AGRO SRL, located in Roman (principal business activity: grain production and processing of grain legumes); AGRANA BUZAU SRL, in Buzău (principal activity: sugar production); and AGRANA TANDAREI SRL, in Ţăndărei (principal activity: sugar production).

From the end of the first half of financial 2011|12, the Ukrainian company AGRANA Juice Ukraine TOV, in Vinnytsia, Ukraine, has been consolidated for the first time. This new company, which is wholly owned by AGRANA, is fully consolidated in the Group financial statements. The Group had already previously been producing fruit juice concentrates in Ukraine, but the operations had been part of AGRANA Fruit Ukraine TOV, Vinnytsia.

REVENUE BY SEGMENT



REVENUE BY REGION



In 2006, AGRANA had entered into a collaboration with Yantai North Andre (YNA). With this partner, AGRANA operated two apple juice concentrate plants as 50%-owned joint ventures in China. Negotiations with YNA were held since the 2010|11 financial year in order for AGRANA to assume full ownership of one plant and transfer its 50% interest in the other plant to the partner. These negotiations were completed in summer 2011. With effect from 1 August 2011 the Yongji Andre Juice Co., Ltd. joint venture in Yongji City, China, was deconsolidated and the former joint venture Xianyang Andre Juice Co., Ltd. in Xianyang City, China, was for the first time fully consolidated in the Group financial statements, under the new name AGRANA JUICE (XIANGYANG) CO., LTD.

In January 2012, AGRANA Juice Romania Carei SRL, based in Carei, Romania, was merged into AGRANA Juice Romania Vaslui, based in Vaslui, Romania.

REVENUE AND EARNINGS

Revenue of the AGRANA Group rose in 2011|12 by € 411.7 million or 19.0% to € 2,577.6 million (prior year: € 2,165.9 million). The revenue growth in all three segments was driven by favourable market and price trends in Sugar and Starch and was achieved despite slightly lower sales volumes in the Fruit segment. In the Sugar segment, the total revenue of € 884.4 million (prior year: € 713.1 million) reflected revenue growth in quota as well as in non-quota sugar, resulting both from higher sales volumes and higher selling prices. Revenue in the Starch segment expanded to € 764.3 million (prior year: € 583.2 million), buoyed especially by rising sales prices. AGRANA also achieved revenue growth in the Fruit segment, to € 928.9 million (prior year: € 869.6 million), thanks mainly to price gains as a result of the commodity boom for fruits. At the same time, sales volumes decreased both in fruit preparations and fruit juice concentrates.

Consolidated operating profit of € 232.4 million before exceptional items was much higher than the previous year's result of € 128.6 million. The main contributions to this excellent earnings trend came from the Sugar and Starch segments. Helped also by the optimisation measures initiated in the previous years, the Group benefited from the good market conditions in 2011|12. Only in the Fruit segment did operating profit ease.

As a result of the unwinding of the Chinese fruit juice concentrate joint ventures between AGRANA and Yantai North Andre, a **net exceptional items expense** of approximately € 1.4 million (prior year: € 0) was recorded in 2011|12 (in the second quarter). AGRANA's **operating profit after exceptional items** in 2011|12 was € 231.0 million (prior year: € 128.6 million).

The **net financial items expense** increased to € 24.7 million (prior year: € 19.0 million) as a result of a greater net interest expense (which rose by € 6.3 million). The main driver was the higher financing requirement for the working capital increase, which was made necessary in part by the very good harvest. The unrealised currency translation losses recognised intra-year were recouped by the year-end thanks to the rally in Central and Eastern European currencies, leaving a net positive foreign exchange effect at the balance sheet date of € 1.7 million year-on-year.

Profit before tax increased from € 109.7 million in the prior year to € 206.3 million. After an income tax expense of € 50.6 million, based on a tax rate of 24.5% (prior year: 20.6%), the **Group's profit for the period** was € 155.7 million (prior year: € 87.1 million). **Profit for the period attributable to shareholders of AGRANA** grew to € 152.4 million (prior year: € 84.9 million); earnings per share were thus € 10.73 (prior year: € 5.98).

INVESTMENT

In the 2011|12 financial year a total of € 97.1 million was invested in purchases of property, plant and equipment and intangible assets (prior year: € 55.9 million), considerably exceeding the rate of depreciation after three years of restrained capital spending. The Sugar segment's € 25.3 million share of this (compared with € 16.0 million in the prior year) was primarily for the construction of the 70,000 tonne capacity sugar silo in Tulln, Austria, and the newly erected third fermenter for the biogas plant in Kaposvár, Hungary. In the Starch segment, AGRANA invested € 29.3 million (prior year: € 9.0 million), especially for the implementation of the biomass boiler and the expansion of corn processing capacity in Szabadegyháza, Hungary. In the Fruit segment, € 42.5 million (prior year: € 30.8 million) was spent primarily to expand processing capacity in Russia, China and South Africa and for quality improvement measures in the USA and France.

FINANCIAL POSITION

Total assets at 29 February 2012 amounted to € 2,362.1 million, an increase of € 369.4 million from the year-earlier level of € 1,992.7 million. There was an increase of € 10.5 million in non-current assets, as a result mainly of the fact that investment exceeded depreciation. Current assets rose by € 359.0 million. The marked increase in inventories was due largely to the higher raw material prices, but also to growth in quantities (given the very good sugar beet harvest and greater buying-in of raw materials as well as of merchandise); this trend, through the adjustment of selling prices, was also reflected in higher trade receivables.

With total assets up by almost 19% compared with 28 February 2011, AGRANA's equity ratio eased from 48.4% to 45.4% despite an absolute improvement in equity. Net debt on 29 February 2012, at € 469.2 million, was up from the prior-year-end level of € 382.4 million, and the debt-equity gearing at the end of the financial year increased to 43.7% (prior year: 39.7%) as a result of the higher financing requirement for working capital. Non-current liabilities rose on higher long-term borrowings. Current liabilities were up, as a consequence primarily of an increase in trade and other payables driven by raw material prices.

CASH FLOW

In 2011|12, operating cash flow before changes in working capital grew by 48.0% to € 250.1 million (prior year: € 169.0 million), in step with the rise in operating profitability. With an increase (driven by raw material prices and buying-in) of € 206.3 million in working capital in the year to 29 February 2012 (prior year: increase of € 93.7 million), net cash from operating activities amounted to € 43.2 million (prior year: € 75.4 million). Net cash used in investing activities was € 97.9 million (prior year: net cash used of € 51.6 million) on higher outflows for investment in property, plant and equipment and intangible assets. After the dividend payment and a net increase of € 113.4 million in borrowings (prior year: net increase of € 3.2 million), net cash from financing activities was € 82,7 million (prior year: net cash used of € 25.0 million). The AGRANA Group recorded negative free cash flow of € 54.7 million in the financial year (prior year: positive free cash flow of € 23.8 million).

SEGMENT FINANCIAL RESULTS

Sugar segment

€000	2011|12	2010|11[1]
Total revenue	967,229	770,587
Inter-segment revenue	(82,812)	(57,500)
Revenue	884,417	713,087
EBITDA[2]	129,126	51,955
Operating profit[2]	112,268	33,758
Operating margin[2]	12.7%	4.7%
Exceptional items	0	0
Operating profit after exceptional items	112,268	33,758
Purchases of property, plant and equipment and intangibles[3]	25,328	16,031
Purchases of non-current financial assets	490	3
Staff count	2,249	2,245

Revenue in the Sugar segment grew by 24.0% in the 2011|12 financial year, to € 884.4 million (prior year: € 713.1 million). High sales of quota sugar were achieved both with resellers and the sugar-using industry. In view of the general challenging supply situation in the deficit markets, this was accomplished only through timely buying-in and imports of world market sugar. The significant rise in world market prices in the first four months of the year led to higher sugar prices in all sales segments, particularly in Eastern Europe. Despite the difficult environment, AGRANA was able to meet all existing commitments to customers for volumes and prices. The in some cases very tight supply in deficit markets such as Hungary and Romania stimulated additional interest from customers in medium-term contracts. The Sugar segment accounted for 34.3% of Group revenue (prior year: 32.9%).

The Sugar segment recorded an operating profit of € 112.3 million before exceptional items, dramatically higher than the prior-year level of € 33.8 million. Notable contributing factors were the availability of non-quota sugar and timely sugar sourcing in the world market, vigorous marketing and the flexibility to seize opportunities created by changing market conditions, such as the additional import room and the sales of non-quota sugar (reclassified as quota sugar) into the EU food market upon approval by the European Commission. The 2011|12 beet campaign was also very successful, with high beet quality and quantities. In addition to the beet sugar business, the refining and reselling activities also yielded significantly higher margins than before.

Starch segment

€000	2011|12	2010|11
Total revenue	773,217	617,300
Inter-segment revenue	(8,941)	(34,097)
Revenue	764,276	583,203
EBITDA[2]	106,080	73,876
Operating profit[2]	81,948	48,181
Operating margin[2]	10.7%	8.3%
Exceptional items	0	0
Operating profit after exceptional items	81,948	48,181
Purchases of property, plant and equipment and intangibles[3]	29,303	8,996
Purchases of non-current financial assets	0	0
Staff count	911	880

[1] Prior year has been restated to reflect a retrospective change in accounting policy concerning IAS 19 (Employee Benefits). Details are given in the notes to the consolidated financial statements from page 96.
[2] Before exceptional items.
[3] Excluding goodwill.

The revenue growth of 31.1% in the Starch segment in 2011|12 to € 764.3 million (prior year: € 583.2 million) resulted mostly from higher sales prices in all major groups of core and by-products. The prior year's performance was also narrowly surpassed in volume terms, thanks in particular to higher sales of by-products. In bioethanol, both sales prices and volumes exceeded the year-earlier level. As well, the price rise in the sugar market led to stronger sales of starch saccharification products. The contribution of the Starch segment to Group revenue reached 29.7%, compared with 26.9% in the prior year.

The operating profit of € 81.9 million represented a significant improvement of € 33.7 million from the year before. The higher sales prices for all core products outweighed the effect of the risen raw material prices and, along with efficiency gains, were the key reason for the EBIT growth. Both AGRANA Stärke GmbH and the starch plants in Hungary and Romania generated very good earnings.

Fruit segment

€000	2011|12	2010|11[1]
Total revenue	930,265	873,787
Inter-segment revenue	(1,327)	(4,175)
Revenue	928,938	869,612
EBITDA[2]	73,826	81,973
Operating profit[2]	38,208	46,684
Operating margin[2]	4.1%	5.4%
Exceptional items	(1,433)	0
Operating profit after exceptional items	36,775	46,684
Purchases of property, plant and equipment and intangibles[3]	42,462	30,832
Purchases of non-current financial assets	1,228	115
Staff count	4,822	5,118

Revenue in the Fruit segment rose by € 59.3 million or 6.8% in 2011|12, to € 928.9 million (prior year: € 869.6 million). In the fruit preparations activities, sales volume declined in a challenging market setting. Aside from the partially contracting markets, the reasons were the entry of a new competitor in Russia and market share losses in Western Europe and North America that resulted partly from shifts in market share between the manufacturers of the consumer products. In the particularly competitive Central European market and in South America, AGRANA held its own well, maintaining its market share. A small increase in market share was recorded in Asia. A reduction in absolute revenue in China caused by lower prices and new yoghurt products without fruit ingredients was balanced by revenue gains in Australia and South Africa. The new factories in Egypt and South Africa successfully began production and started to supply the local markets. In the fruit juice concentrate business, the price for European apple juice concentrate eased slightly over the financial year amid an average European harvest. By contrast, the price for Chinese apple juice concentrate climbed to a historic high as the strong demand for dessert apples also sharply drove up the price of juice apples in China. On balance, the selling prices for juice concentrates remained stable at a high absolute level, while sales quantities declined somewhat, especially in the last few months of the year. The share of the Fruit segment in Group revenue was 36.0% (prior year: 40.2%).

The operating profit of € 38.2 million before exceptional items in the 2011|12 financial year did not reach the prior-year level of € 46.7 million. While the result in fruit juice concentrates was very positive, the volume reductions and (owing to raw material prices) lower margins in fruit preparations led to the decrease in segment operating profit.

EVENTS AFTER THE BALANCE SHEET DATE

On 4 April 2012 the European Commission issued the approval for AGRANA Beteiligungs-AG and Vienna-based RWA Raiffeisen Ware Austria AG to merge their fruit juice concentrate subsidiaries AGRANA Juice Holding GmbH, of Gleisdorf, Austria, and Ybbstaler Fruit Austria GmbH, of Kröllendorf, Austria, by forming a joint venture. The competition-law requirements for finalising this undertaking are thus satisfied. The transaction is scheduled to close at the beginning of June 2012.

The new joint venture, YBBSTALER AGRANA JUICE GmbH, will have its registered office in Kröllendorf, Austria, with 14 production sites in Austria, Denmark, Hungary, Poland, Romania, Ukraine and China. In addition to fruit juice concentrates, the product portfolio will include fruit purees and natural aromas as well as not-from-concentrate juices for the beverage industry. The joint venture, with revenue of about € 350 million, will be fully consolidated by AGRANA.

No other significant events occurred after the balance sheet date of 29 February 2012 that had a material effect on AGRANA's financial position, results of operations or cash flows.

[1] Prior year has been restated to reflect a retrospective change in accounting policy concerning IAS 19 (Employee Benefits). Details are given in the notes to the consolidated financial statements from page 96.
[2] Before exceptional items.
[3] Excluding goodwill.

SUGAR SEGMENT RESULTS	2011|12	2010|11[1]	Change
	€m	€m	%
Revenue	884.4	713.1	+24.0
Operating profit before exceptional items	112.3	33.8	+232.2
Operating margin before exceptional items	12.7%	4.7%	
Purchases of property, plant and equipment and intangibles[2]	25.3	16.0	+58.1

[1] Prior year has been restated to reflect a retrospective change in accounting policy concerning IAS 19 (Employee Benefits). Details are given in the notes to the consolidated financial statements from page 96.
[2] Excluding goodwill.

AGRANA as the leading sugar producer in Central, Eastern and South-eastern Europe has been setting standards for over two decades.

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

MARKET ENVIRONMENT

World sugar market

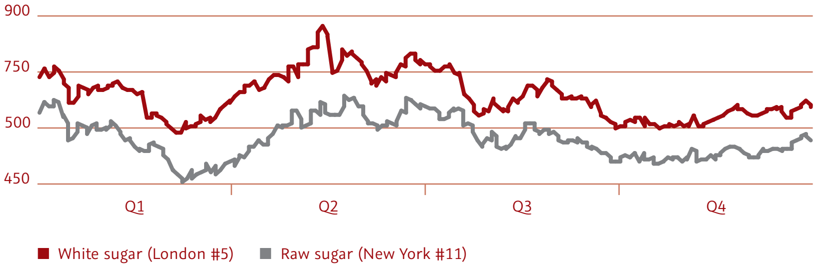
For the 2011|12 sugar marketing year (SMY, October 2011 to September 2012), F.O. Licht's second, revised estimate from March 2012 of world sugar supply and demand puts production at 176.9 million tonnes (SMY 2010|11: 165.4 million tonnes) and consumption at 164.9 million tonnes (SMY 2010|11: 160.4 million tonnes). As a result, world sugar stocks would remain low overall and, at € 70.5 million tonnes (SMY 2010|11: 62.8 million tonnes), would amount to 42.8% of annual consumption (SMY 2010|11: 39.1%).

WORLD SUGAR BALANCE	2011|12	2010|11	2009|10
	million tonnes	million tonnes	million tonnes
Opening stocks	**62.8**	**61.0**	**63.5**
Production	176.9	165.4	159.0
Consumption	164.9	160.4	159.8
Corrections	(4.3)	(3.2)	(1.7)
Closing stocks	**70.5**	**62.8**	**61.0**
In % of consumption	42.8	39.1	38.2

Source: F.O. Licht, Second Estimate of the World Sugar Balance 2011|12, dated 7 March 2012.

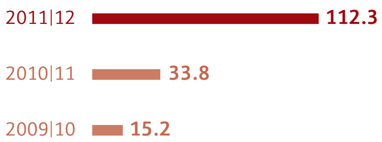
The pronounced price volatility in the world sugar market continued in the 2011|12 financial year. After reaching a new all-time high of € 623 per tonne of white sugar in July 2011, quotations eased amid sharp swings. At the end of February 2012 the world market price for white sugar was € 485 per tonne.

INTERNATIONAL SUGAR PRICES IN AGRANA'S 2011|12 FINANCIAL YEAR
US$ per tonne

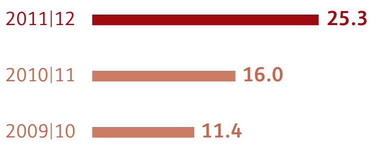


REVENUE
€m

OPERATING PROFIT BEFORE EXCEPTIONAL ITEMS
€m



PURCHASES OF PP&E AND INTANGIBLES
€m



EU sugar market

Sugar production in the EU-27 for the 2011|12 season will increase by about 2.9 million tonnes from the prior year, to 18.3 million tonnes. Besides beet volumes, sugar content will also be above average to average.

To increase sugar supply in the EU market in the 2011|12 sugar marketing year, the European Commission took two measures. In December 2011 it authorised the sale of 400,000 tonnes of non-quota sugar for the EU food market, which was followed in April 2012 by the approval of an additional 250,000 tonnes of non-quota sugar for this purpose. For these two reclassification tranches, the sugar producers had to pay a levy of € 85 and € 211 per tonne, respectively. In addition to this measure, the Commission issued a standing invitation to bid for sugar imports at reduced tariffs for the periods from December 2011 to February 2012 and from June to July 2012. By January 2012 about 200,000 tonnes of raw sugar were approved for tariff-reduced import. After the first January tender, the Commission cancelled the remaining tenders scheduled for January and February 2012.

As a result of the high sugar production inside the EU, the European Commission created scope for exports of European non-quota sugar. For the completed 2010|11 sugar marketing year (SMY), two tranches totalling 1.35 million tonnes of sugar were approved for export, including 700,000 tonnes in the period from September to December 2011. For the current SMY 2011|12, it was already decided in March 2011 to allocate export licences for 650,000 tonnes, for delivery from January 2012; in November 2011 an additional 700,000 tonnes of out-of-quota sugar exports were approved. For the coming SMY 2012|13, it was decided in April 2012 to permit non-quota exports of 650,000 tonnes.

On 12 October 2011 the European Commission submitted proposed legislation to the Council of Agriculture Ministers and the European Parliament not to extend the existing quota and price arrangements past 30 September 2015. By contrast, in June 2011 the European Parliament had advocated rolling over the existing rules unchanged until at least 2020. A decision by the European Parliament and the Council of Ministers is expected in the second half of 2012.

Sugar exports

The WTO-II negotiations (the "Doha Round") that have been running since 2001 have not yet been brought to a conclusion. The upcoming US presidential elections make it unlikely that an agreement will be reached in 2012.

RAW MATERIALS, CROPS AND PRODUCTION

For the 2011|12 SMY the amount of area planted to sugar beet for the AGRANA Group was expanded to approximately 92,000 hectares (prior year: 86,150 hectares). Approximately 8,100 beet farmers (prior year: about 8,400) harvested more than 5.9 million tonnes of beet in the 2011|12 financial year (prior year: 5.4 million tonnes). As a consequence of difficult crop emergence and weather conditions, about 2,000 hectares of beet fields were lost from production in Hungary and Romania. Beet yields (amounts of beet harvested per hectare) were very satisfactory, especially in Austria, the Czech Republic and Slovakia. Comparatively low precipitation in Hungary and Romania, particularly during August and September, entailed yield reductions and crop losses, and the average yields in these two countries thus remained at normal levels. The AGRANA Group's overall mean beet yield per hectare rose to approximately 66 tonnes (prior year: about 63 tonnes). In all regions, the prevailing weather during the growing season and harvest period led to an average sucrose content of more than 17.6%, a relatively high value (prior year: 16.5%).

The seven beet-using sugar factories processed a total of about 48,200 tonnes of beet per day (prior year: 47,900 tonnes). Over an average campaign length of 124 days (prior year: 113 days), this raw material was processed into approximately 945,000 tonnes of sugar (prior year: 803,000 tonnes). Sugar production thus significantly exceeded AGRANA's EU beet sugar quota of 618,000 tonnes. The quantities in excess of the quota are marketed as out-of-quota sugar to the chemical industry, sold in the EU food market within the limits approved by the European Union, or exported to the world market. In Kaposvár, Hungary, to supply the Hungarian deficit market, for the first time a raw sugar campaign was conducted before and after the beet campaign. From this raw sugar, about 50,100 tonnes of white sugar were refined. In total in the 2011|12 financial year (including Bosnia-Herzegovina and Romania) the Group refined about 402,000 tonnes of white sugar from raw sugar (prior year: 204,000 tonnes). This output growth stemmed from the utilisation of the additional capacity in Hungary, the year-on-year increase in raw sugar processing in Brčko, Bosnia-Herzegovina (up 128%), and improved capacity utilisation in Romania (up 77%).

For the Austrian plant in Tulln, the bumper crop of beet translated into the longest sugar campaign in its history. The Group's energy consumption per tonne of sugar produced was cut by more than 8%. In Hungary, about 52% of the primary energy requirement during the campaign was met from biogas produced in-house (prior year: 48%). AGRANA boosted the production of organic beet sugar from certified organic beet to 6,900 tonnes in the 2011|12 financial year (prior year: 4,100 tonnes).

INVESTMENT

In the Sugar segment, capital expenditure in 2011|12 was € 25.1 million (prior year: € 16.0 million) for new assets and asset replacement. In Tulln, Austria, AGRANA invested in the construction of the new 70,000 tonne capacity silo for granulated sugar that was inaugurated in the middle of October 2011, and in a packaging facility for jam sugar. In Kaposvár, Hungary, a third fermenter was built for the biogas plant, and an additional beet pulp press was installed in Opava in the Czech Republic. At the sugar plant in Sereď, Slovakia, the centrifuge control system was upgraded. At the Buzău site in Romania, the installation of a new 1 kg packaging facility was begun in order to do justice to the rise in market requirements. This project will be completed at the start of the 2012|13 financial year.

TOP-LINE PERFORMANCE

In Austria in the 2011|12 financial year, AGRANA Zucker GmbH sold 28.9% more sugar than one year earlier. Most of this growth was achieved through higher sales of non-quota sugar. High quota sugar sales were also made to supply the deficit markets, such as Hungary, Romania and Bulgaria. The main reason for the rise in sales to retailers lay in stockpiling by largely Hungarian consumers and merchants near the Austria-Hungary border in summer 2011. A strong performance was also achieved in the sales volume of organics (up 20.8%).

In the past financial year, Magyar Cukorgyártó és Forgalmazó Zrt. sold 21.4% more sugar than in 2010|11. This volume growth was driven mostly by shipments to other EU countries. In the reporting period, sales with the retailer channel remained strongly affected by the large number of small and low-price vendors. Many small importers neglected to charge or pay the high value-added tax, thus gaining a competitive advantage over AGRANA and hurting prices and sales volumes. To supply the Hungarian market as well as possible, raw sugar was refined in Hungary for the first time.

Within the Czech Republic, sugar sales in the financial year were constant at the prior-year level on balance. A positive trend in sales to food retailers reflected AGRANA's focus on this sector, particularly through relationships with international chains. Sales to the sugar processing industry, by contrast, were not able to match the previous year's extraordinary high and decreased by 7.2%. Prices showed a very good overall trend compared to the prior year.

S.C. AGRANA Romania S.A. increased its sugar sales volume in 2011|12 by 1.7% on balance, a gain that was made primarily with food retailers. As a result of the high world market prices, Romanian prices were significantly above the year-earlier level.

In the Western Balkans region, sales quantities were pushed up considerably (by 14%). In all countries of this region, the market shares were expanded and selling prices raised.

STARCH SEGMENT RESULTS	2011|12 €m	2010|11 €m	Change %
Revenue	764.3	583.2	+31.1
Operating profit before exceptional items	81.9	48.2	+69.9
Operating margin before exceptional items	10.7%	8.3%	
Purchases of property, plant and equipment and intangibles[1]	29.3	9.0	+225.6

[1] Excluding goodwill.

AGRANA is the largest organic starch producer in Europe.

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

MARKET ENVIRONMENT

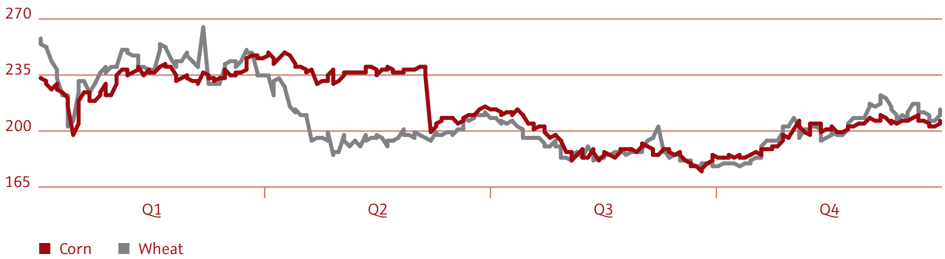
World grain supply and demand for the 2011|12 grain marketing year, based on forecasts of the International Grains Council, shows significantly higher production than in the prior year, accompanied by growth in demand. World corn production, at 864 million tonnes, is expected to fall slightly short of consumption of 874 million tonnes. In contrast, global wheat production of 696 million tonnes is forecast to exceed demand of 681 million tonnes.[1] Global stocks of wheat are therefore expected to rise a little, while corn inventories should continue to ease.

Driven by the tight supply on international commodity markets, futures prices remain high. Following a steady decline in commodity prices for corn and wheat during summer and until autumn 2011 to around € 180 per tonne, quotations rose again towards the end of the 2011 calendar year. At the beginning of March 2012 both corn and wheat quoted at significantly above € 200 per tonne on the Euronext LIFFE commodity derivatives exchange in Paris.

The EU regime for potato starch expires at the end of the grain marketing year on 30 June 2012. At that time the production quotas and minimum raw material prices will be eliminated. Moreover, the existing coupled aid to producers will be paid them in decoupled form for 2012 and 2013. The new rules will apply from the 2012 harvest onwards.

COMMODITY PRICES IN AGRANA'S 2011|12 FINANCIAL YEAR

€ per tonne (Euronext LIFFE commodity derivatives exchange in Paris)



[1] Source: IGC forecasts of 2 April 2012.

The total EU-27 quota for isoglucose in the 2011|12 marketing year is approximately 690,000 tonnes. HUNGRANA, at 220,000 tonnes, holds Europe's largest isoglucose quota.

RAW MATERIALS, CROPS AND PRODUCTION

Corn starch

Total corn processing volume (excluding corn for bioethanol) in the AGRANA starch plants in Austria, Hungary (at the Group's 50% share in HUNGRANA's volume) and Romania increased in the 2011|12 financial year to about 747,000 tonnes (prior year: 724,000 tonnes). Within this total, processing of freshly harvested, so-called wet corn accounted for approximately 161,000 tonnes (prior year: 150,000 tonnes). The amount of specialty corn processed (waxy corn, organic corn, and Guaranteed Non-GMO corn) increased to about 57,000 tonnes (prior year: 44,000) tonnes.

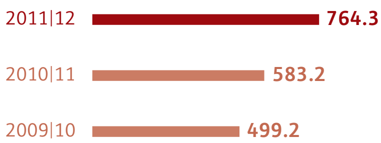
Potato starch

In the 2011|12 campaign the Austrian starch plant in Gmünd, in a campaign lasting 145 days (prior year: 114 days), processed about 235,500 tonnes of starch potatoes (prior year: 186,300 tonnes) with an average starch content of 19.2% into 52,100 tonnes of potato starch (prior year: 40,100 tonnes). The Austrian potato starch quota of 47,691 tonnes was exceeded by 9%. The organic portion of this amounted to approximately 6% (prior year: about 3%), measured by input volume. For the 2012 campaign year, the existing EU market regime will no longer apply. AGRANA intends to use the ending of the quota to increase the contract volume by 20% compared with the prior year. As in the previous year, about 25,000 tonnes of food potatoes (including around 25% organic potatoes) were processed into approximately 4,600 tonnes of long-life potato products.

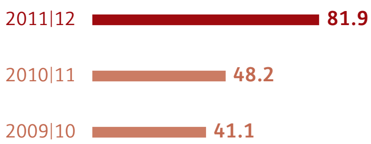
INVESTMENT

€ 29.3 million (prior year: € 9.0 million) was invested in the Starch segment during the 2011|12 financial year. At the site in Pischelsdorf, Austria, preparations began for the new wheat starch plant (a biorefinery), and the evaporator capacity for stillage concentration was expanded. The evaporator expansion will further improve energy efficiency and also increase throughput in the subsequent drying stage. At the Hungarian subsidiary HUNGRANA, capital expenditure focused largely on a straw-fired boiler which will soon burn biomass to generate process heat energy. Investment in Hungary also went towards increasing daily processing capacity to 3,500 tonnes. At the plant in Gmünd, Austria, the potato washing station and the steamer were replaced in the production facility for long-life potato products, thus reducing energy consumption and increasing raw material yield. The Austrian starch factory in Aschach completed a project for the recovery of waste heat from the feedstuff dryer to improve energy efficiency. Additional land for expansion was also acquired at this site. At the Romanian plant in Ţăndărei, the main investment was in an increase in raw material processing capacity to 150 tonnes per day.

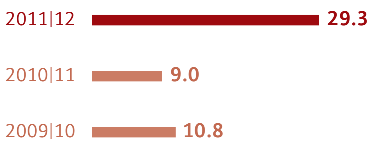
REVENUE
€m



OPERATING PROFIT BEFORE EXCEPTIONAL ITEMS
€m



PURCHASES OF PP&E AND INTANGIBLES
€m



TOP-LINE PERFORMANCE

In the financial year 2011|12, revenue of the Austrian company AGRANA Stärke GmbH grew by about 24%, buoyed by higher selling prices of core and by-products. Total sales volume (including by-products) decreased slightly, from 1,179,300 tonnes in the prior year to 1,170,300 tonnes. Intact market demand and effective marketing allowed the selling prices of core products to be raised from the prior year; those for by-products (corn gluten feed, corn germ and potato proteins) also surpassed the previous year's prices. In food starches, sales volume was further expanded from the prior-year level. In non-food starches, larger quantities than before were sold into the textile and building industries while the volume of sales to the paper and corrugated board industries was down somewhat. Sales of co-products (including feedstuffs purchased for resale) eased mildly to 705,000 tonnes (prior year: 708,600 tonnes), primarily because of lower volumes of feed resold.

Revenue in Hungary was boosted by about 23% in 2011|12. The reason for the revenue increase was that sales prices were higher, both for core products (where they rose by 26%) and for by-products (up 21%). Sales volume, on the other hand (counted in proportion to AGRANA's 50% ownership interest in HUNGRANA) was down slightly year-on-year at a total of 500,100 tonnes (prior year: 503,800 tonnes). The significantly higher selling prices more than offset the higher raw material prices and somewhat lower sales prices and led to a significant improvement in operating profit.

In Romania, AGRANA posted revenue growth, thanks to higher selling prices for all core products (up 39%). Sales volume totalled 41,300 tonnes and was thus down 3,800 tonnes from the prior year, owing to lower sales in the trading business (including raw materials). The improvement in selling prices for core products, which more than made up for the higher raw material prices, resulted in a considerable increase in operating profit.

BIOETHANOL

Economic policy environment

On 25 November 2011 the European Commission initiated anti-dumping and anti-subsidy proceedings against bioethanol imports from the USA. The investigations were urged by the European Renewable Ethanol Association, ePURE, as the surging bioethanol imports from the USA have negatively affected prices and created substantial economic disadvantages for the European bioethanol industry. The cause of this rise in bioethanol imports from the USA, according to ePURE, are US government measures at federal level and in several US states. These government subsidies were originally intended to support the use of bioethanol as a fuel in the USA. However, as supply now exceeds US demand, these measures are increasingly distorting trade. The European Commission is currently probing whether these practices have caused significant harm to the European bioethanol industry. The Commission is due to decide by 26 August 2012 on the introduction of temporary countervailing duties.

AGRANA's bioethanol activities in 2011|12

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

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

The bioethanol operation in Austria uses mainly wheat, corn and triticale as raw materials. In addition to bioethanol, it produces up to 190,000 tonnes of high-quality ActiProt® animal feed annually. Total processing throughput in the 2011|12 financial year was approximately 554,000 tonnes of grain (prior year: 537,000 tonnes), with a ratio of wheat and triticale to corn of about 1 to 1. Of the 2011 crop, about 28,000 tonnes of ethanol wheat and triticale were secured in advance through delivery contracts with growers. For the 2012 crop as well, growers were offered cultivation contracts for ethanol grains.

The ethanol production in Hungary is integrated in a starch factory that processes corn into starch, isoglucose and bioethanol. In the year, HUNGRANA used approximately 206,000 tonnes of corn for processing into bioethanol (this figure represents only AGRANA's 50% share of the company total).

Sales of bioethanol (on a consolidated basis including Austria and AGRANA's 50% share of results in Hungary) grew by about 24,400 cubic metres to 331,300 cubic metres. The sales prices of bioethanol and ActiProt® were raised further from the prior-year levels.

FRUIT SEGMENT RESULTS	2011|12	2010|11[1]	Change
	€m	€m	%
Revenue	928.9	869.6	+6.8
Operating profit before exceptional items	38.2	46.7	−18.2
Operating margin before exceptional items	4.1%	5.4%	
Purchases of property, plant and equipment and intangibles[2]	42.5	30.8	+38.0

[1] Prior year has been restated to reflect a retrospective change in accounting policy concerning IAS 19 (Employee Benefits). Details are given in the notes to the consolidated financial statements from page 96.
2 Excluding goodwill.

AGRANA processes fruits for customers worldwide.

All subsidiaries in the Fruit segment in Austria and abroad are directly or indirectly held by AGRANA J&F Holding GmbH. 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 holding company is AGRANA Juice Holding GmbH, based in Gleisdorf, Austria.

MARKET ENVIRONMENT

In contrast to earlier years, the worldwide market for fruit yoghurts stagnated in the 2011|12 financial year. While the market in Western and Central Europe contracted by between 1% and 2.5%, the average growth rate in non-European markets was slightly above 2%. The causes of this market stagnation were the strong price rise for dairy products that resulted from higher milk prices, and the lower consumer confidence brought about by the macroeconomic environment. At the same time, manufacturers of fruit yogurts responded to the higher production costs with extensive cost-saving measures, resulting in significantly reduced advertising spend, postponed new product launches and changes in fruit content. The difficult market setting was equally a factor in developed markets with high per-capita consumption and in emerging markets with low consumption.

In the fruit juice concentrate business, the trend continued towards fruit juice beverages with low juice content and calorie-reduced beverages, which inherently contain less fruit juice. This trend was further accelerated by the rising prices for concentrates. The market was also shaped by the price pressure in store brands, which made it harder for bottlers to pass concentrate price increases through to retail chains.

As a result of lower crop production in Poland, increased raw material costs in China and worldwide low inventories, world market prices for all concentrates rose substantially from the 2010 harvest onwards and did not fall significantly even during the 2011 harvest. In China in the last four years, the fresh market for all fruits has grown disproportionately strongly. Grade II and III fruit too is now successfully marketed in urban centres, diverting significant volumes of fruit away from concentrate production. This led to a low supply in the world market and thus to higher prices.

The sales volumes in the CIS countries have recovered after the economic crisis, but market growth to date remains below expectations. The trend towards lower-cost drinks with less juice content made itself felt in these countries as well.

Production sites

AGRANA is the world's leading manufacturer of **fruit preparations** for the dairy, bakery and ice-cream industries, with a global market share of about one-third. The Group at the balance sheet date had a total of 27 production sites for fruit preparations in 20 countries. In the 2011|12 financial year, two new plants in the Africa region went into operation: In June 2011 AGRANA opened a small facility in Egypt and at the beginning of November the Group expanded its South African presence with a plant in Johannesburg.

With its ten European manufacturing locations, AGRANA is one of the leading producers of **apple and berry juice concentrates** in Europe. From 2006 to summer 2011 the Group maintained a strategic alliance with Yantai North Andre (YNA) for the production of apple juice concentrate in China. AGRANA and its 50% joint venture partner together operated one plant in Xianyang City, Shaanxi province, and, since 2008, one plant in Yongji City, Shanxi province. At 1 August 2011, AGRANA transferred its share in the then joint venture Yongji Andre Juice Co., Ltd., to YNA and deconsolidated it. Simultaneously, AGRANA assumed full ownership of the then joint venture Xianyang Andre Juice Co., Ltd., and fully consolidated it for the first time, under the name AGRANA JUICE (XIANYANG) CO., LTD. This single Chinese juice production site of the Group is located in the world's largest apple growing region and thus enjoys access to a generally good supply of raw materials for making "sweet" (low-acid) Chinese apple juice concentrate.

Most of the apple juice concentrate produced by the European concentrate facilities has a higher acid content and is used to make pure apple juices and non-alcoholic apple spritzers. Besides apples, AGRANA also processes berries into berry juice concentrates for the European and international market.

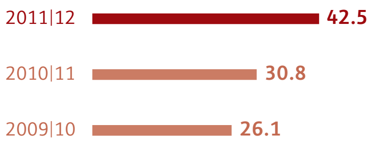
INVESTMENT

The capital expenditure of € 42.5 million in the Fruit segment (prior year: € 30.8 million) largely represented maintenance investment and capacity expansion projects. The new warehouse for finished product in Serpuchov, Russia, began operation in June 2011. In China the first construction phase of the new fruit preparations plant in Dachang was completed (production will be relocated to the new facility). Investment in South Africa flowed to the new production site in Johannesburg. AGRANA also invested in numerous asset replacement projects, such as in Poland (production line replacement and a new cooker) and France (frozen storage renovation in Mitry-Mory and replacement of the cool storage warehouse in Valence). A sizeable investment was made in the purchase of stainless steel containers for transporting fruit preparations, and in the USA a new ERP software tool was implemented. Productivity improvement was a focus of investment in Gleisdorf, Austria. In the concentrate activities, investment prioritised the optimisation of operations in Poland and Hungary.

REVENUE
€m

OPERATING PROFIT BEFORE EXCEPTIONAL ITEMS
€m

PURCHASES OF PP&E AND INTANGIBLES
€m



RAW MATERIALS AND CROPS

The past financial year was marked by significant price increases for basic commodities such as sugar, starch and liquid sugar, and a tight supply situation in fruits. At the same time, demand for raw materials was up in all relevant procurement markets.

Beginning with the 2011 winter harvest in Mexico, South America, Morocco and Egypt, the strong demand caused very high prices to become established in all fruit production regions. Even after the summer harvests in Europe and North America, this situation changed little and marked price hikes were evident especially in berry fruits, but also in a few cases for stone fruits and pomes (pomes include, for example, apples and pears). For tropical fruits there was a similar movement in prices, due particularly to the strong demand in emerging markets. Certainly, AGRANA was able to reduce the price risk through a policy of securing specific percentages of raw material requirements in advance, and by diversification of procurement via the global purchasing organisation. Parts of the powerful price increases, however, could not be passed through in the highly competitive market environment and weighed on the result.

Yet, AGRANA's fruit preparations activities have a dense worldwide network of highly qualified suppliers, which is very helpful in overcoming raw material crises like that of the past marketing year. Current signs are that the year 2011|12 marked a high in the price curves for fruit and that the market can now be expected to see some relief, although at comparatively high absolute price levels. Regional erratic growing conditions and harvests remain a risk that can strongly affect prices in individual regions.

In the juice concentrate business, the European 2011|12 harvest for some pome and berry fruits was as much as 25% below an average year's production. This significantly pushed up raw material prices, notably for the production of strawberry, black currant and sour cherry concentrate. AGRANA Juice was able to pass the raw material cost increases on to the concentrate customers. In Hungary, an important production region for process apples, 70% of the crop was destroyed in early May 2011 by frost during the flowering period. Through timely and focused adjustment of purchasing strategies for primary raw materials and apple juice concentrate in the respective production countries, AGRANA succeeded in securing the quantities of inputs absolutely required to meet customer needs.

The organic apple processing in Hungary into concentrate and not-from-concentrate juice was further expanded.

Despite a good harvest of about 30 million tonnes of apples in China, the country's supply of processing apples for industrial use was reduced by strong demand from the fresh market. According to estimates, the total Chinese production volume of apple juice concentrate in 2011 was about 50% less than in the record year 2007.

For 2012, based on normal weather conditions, an improvement is expected in raw material markets for fruit juice concentrate manufacturers.

TOP-LINE PERFORMANCE

In fruit preparations, sales volume eased. This decrease occurred in the first half of the financial year and resulted partly from the market entry of a new competitor in Russia and the use of some volume for in-house production in Austria. The flat market as well as lower demand from some customers prevented these reductions from being offset elsewhere. Likewise, demand declines were felt during the acquisitions of the two largest Russian customers by global groups. From September 2011 onwards, however, the volume reduction was stopped and sales quantities returned to the prior-year levels by the end of the financial year.

Prices for fruit preparations rose somewhat on average. The bulk of the price increases occurred in the second half of the year. Besides these gains, there were also adverse shifts in the sales mix towards lower-priced products, as well as growing customer concentration.

Europe saw a continuing trend towards natural fruit yoghurts with little or no chemicals added. The organic share in countries like Austria, Germany and England grew further (to currently about 12%). Both in these areas and in GMO-free recipes, AGRANA created much new impetus with fresh ideas.

In the USA, so-called Greek yoghurts – which are essentially yoghurts with a fresher, "European" flavour – generated the most stimulus for growth. AGRANA began supplying US customers with recipes for use in Greek yoghurt in the second half of the financial year. In the emerging economies such as Russia, Mexico, Brazil, China and South Africa, per capita consumption continues to rise steadily, although the growth rate in 2011|12 was less than in the previous years.

As a result of the volume reductions and the lower margins due to raw material costs, fruit preparations' pre-exceptionals operating profit fell short of the prior-year figure. Particularly in Western and Central Europe, the results did not match year-earlier levels.

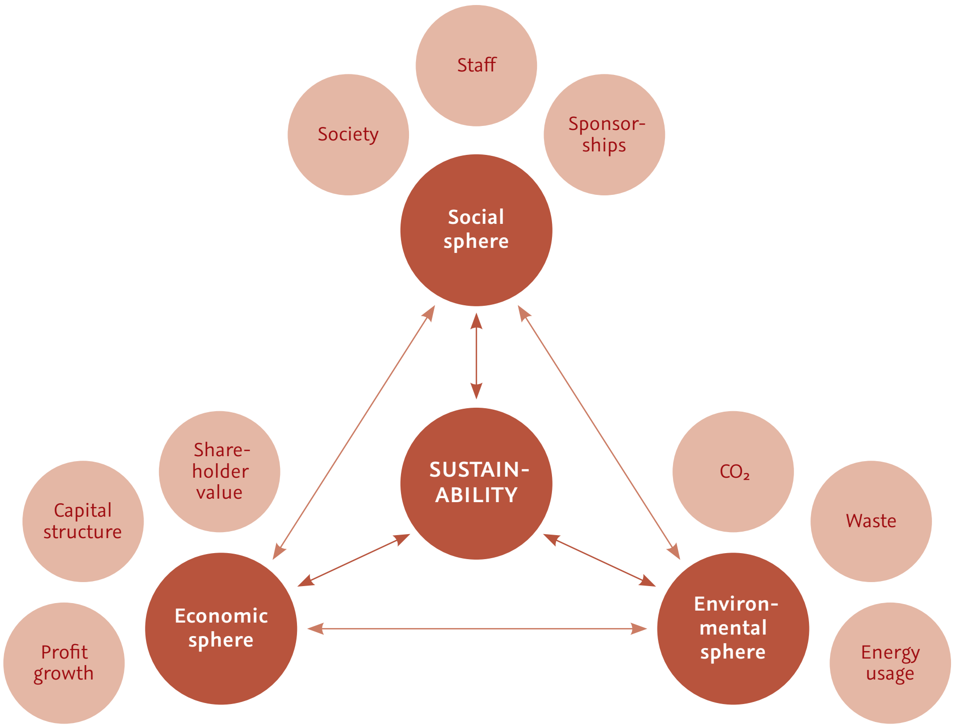
The sales volume target for fruit juice concentrates was not quite reached, as a consequence of lower crop production and despite buying-in of cloudy, semi-finished concentrates. The higher raw material prices allowed higher selling prices to be asserted in the market and significant revenue growth was thus achieved. In the large Western European markets for fruit juice concentrates (Germany and the United Kingdom), AGRANA succeeded in holding volumes stable. Through one-year contracts with major fruit juice bottlers, sales of most of the production from the 2011 harvest were already contractually secured during the campaign. Deliveries under the contracts will run until the start of the third quarter of 2012|13.

In the 2011|12 financial year AGRANA successfully continued on the path taken in the prior years of broadening the customer base and opening up new sales regions, and thus lessened its dependence on the highly competitive Central and Western European markets; this also helped to better absorb price fluctuations.

ENVIRONMENT AND SUSTAINABILITY (CORPORATE SOCIAL RESPONSIBILITY)

As a major industrial group with a global presence in the food and non-food sectors, AGRANA strives to practice corporate social responsibility and to do justice to the regionally diverse CSR requirements to the greatest extent possible. It is AGRANA's declared goal to achieve and perpetuate the best possible balance between ecological, economic and social responsibility. CSR at AGRANA is therefore not a project with a specific end point but a continuous process with a long-term horizon, a process that is practiced and improved on a daily basis.

AGRANA is committed to the principles of sustainable business management and practices economic, environmental and social responsibility.



Sustainability for AGRANA's purposes begins at the very start of the supply chain, with the procurement of agricultural raw materials, which are then processed in the Group's own plants using the most efficient, environmentally friendly and energy-conserving production processes achievable.

With this in mind, AGRANA's key priorities in the environmental dimension last year included both energy efficiency and the recovery and further utilisation of valuable by-products to achieve resource cycles that are as closed as possible. The co-products of food manufacturing are processed further by the food and non-food industries, are marketed as feedstuffs and fertilisers or used for energy generation. The result is the nearly complete utilisation of AGRANA's agricultural inputs and, thanks to the associated reduction in waste, environmental impacts are minimised.

An impressive example of AGRANA's comprehensive pursuit of circular resource flows is the bioethanol plant in Pischelsdorf, Austria, part of the Group's **Starch segment**. Since coming on stream in June 2008 the facility has evolved towards full integration as a biorefinery with nearly 100% utilisation of raw materials, making it a state-of-the-art showcase for the efficient use of by-products.

Already, the grain processed in Pischelsdorf is turned not only into climate-friendly bioethanol certified to the rigorous sustainability criteria of the ISCC[1] standards, but also into ActiProt®, the high-quality protein feed for livestock. Under the Austrian Food Code, an important quality attribute of this co-product is its freedom from genetic engineering, allowing it to be labelled as suitable for use in GMO-free food production. The manufacture of ActiProt® reduces imports of soy feedstuffs whose GMO-free status is not assured and thus frees up land for human food production in the soy-growing countries.

A further important step towards the complete utilisation of raw materials in Pischelsdorf is being taken by AGRANA's investment of € 65 million in a wheat starch plant (inserted into the manufacturing process upstream of the bioethanol production stage). Construction of the starch plant began in the first quarter of the current 2012|13 financial year. The plant will first use all major components of its raw materials to manufacture wheat starch and gluten for the food and feed industries, and then send all agri-residues on to the fuel production stage. In numbers, the new facility will soon process 250,000 tonnes of wheat per year into 107,000 tonnes of wheat starch, 23,500 tonnes of wheat gluten and 55,000 tonnes of wheat bran. The wheat starch produced here will be destined largely for non-food industrial applications (such as in the paper industry). Wheat gluten is used by the bakery industry and also in pet food for cats and dogs. The bran serves as a feedstuff for livestock.

To complete the integrated concept of the Pischelsdorf complex, in future the site will also harness for industrial use the biogenic carbon dioxide bound in plant material and released during bioethanol production, thus achieving a further sustainable improvement in the natural carbon dioxide cycle. CO_2 is a valued input for the food and beverage industry.

While CO_2 from other sources, such as fossil fuels, must first be cleaned in complex processes before being suitable for human consumption, the CO_2 from ethanol production can be captured and liquefied with limited effort for subsequent use in various industrial applications, particularly in carbonated drinks. The largest European producer of liquefied carbon dioxide, AIR LIQUIDE, is therefore building Austria's biggest and most advanced liquefaction plant for biogenic CO_2 in Pischelsdorf, which will start operation at the beginning of the second quarter of 2012|13.

Annually, the plant will clean and liquefy more than 100,000 tonnes of biogenic CO_2 produced from renewable resources during yeast fermentation of alcohol. The resulting CO_2 has numerous applications, such as in the carbonation of beverages, preservation and cooling of foods, aroma extraction, in the transport sector and in water treatment. Among the benefits are the full use of biomass and a significant saving in fossil CO_2.

With this multi-stage processing of agricultural raw materials, AGRANA continues to advance further towards the ideal of no-waste, circular flows of resources.

In the **Fruit segment** as well, AGRANA was engaged last year in a number of different measures in various aspects of CSR. Like the many small parts of a mosaic, these add up to a meaningful whole and highlight AGRANA's all-encompassing approach to sustainability:

Utilisation of apple pomace as a food additive

In the pursuit of closed resource cycles, AGRANA has found an additional use for apple pomace (the fruit pulp left after apples are pressed for juice production). The apple fibres recovered from the pomace are used, for example, as a gluten-free substitute for flour in baked goods and as a low-calorie, high-fibre ingredient in products such as cereals, fruit bars and fruit preparations.

Solar panels in Herk-de-Stad, Belgium

Through the installation of 7,500 square metres of solar panels at the Belgian plant in Herk-de-Stad, 630 MWh of electricity are produced annually from solar energy, with a saving of 409 tonnes of CO_2 equivalent.

[1] ISCC: International Sustainability & Carbon Certification.

Heat pumps in Gleisdorf, Austria

The installation of geothermal heat pumps at the Gleisdorf plant means a further important step towards greater energy efficiency. This project translates into a saving of about 7,000 MWh of natural gas per year, corresponding to a reduction of 1,400 tonnes of CO_2 equivalent.

Solar prisms in Jacona, Mexico

The packaging plant at the facility in Jacona was equipped with solar prisms last year that focus and direct the available natural light to permit interior lighting without the use of electricity.

Energy efficiency along with the reduction of CO_2 emissions were the key thrusts of AGRANA's sustainable environmental management in the **Sugar segment**:

High degree of energy self-sufficiency at the Kaposvár site in Hungary

AGRANA's biogas plant at the Kaposvár sugar factory is a prominent current project revolving around energy efficiency. Using the spent beet pulp from sugar beet processing as a feedstock, during the beet campaign completed in 2011|12 about 50% of the sugar factory's primary energy needs were supplied by its own biogas. AGRANA is currently working on expanding the facility to achieve 80% energy self-sufficiency. Ultimately, through further measures in the sugar plant (including heating the lime kiln with biogas instead of coke), the plant's entire primary energy requirement for sugar production will be generated on site.

Low-temperature dryers in Tulln and Leopoldsdorf, Austria

The installation of low-temperature dryers at the sites in Tulln and Leopoldsdorf will achieve a considerable future reduction both in energy consumption and in dust and odour emissions from the beet pulp drying operation.

Sustainability features of the new sugar silo in Tulln, Austria

The sugar silo inaugurated in autumn 2011 in Tulln, used for the additional storage of 70,000 tonnes of granulated sugar, substantially reduces annual CO_2 emissions by saving sugar transport to external storage facilities. As well, previously unutilised waste heat from sugar production is now used to heat and condition the silo, another saving in CO_2 emissions. At the same time, filtering systems with a combined surface area of about 430 square metres further minimise any build-up of dust.

Next to projects to boost energy efficiency, reduce resource consumption and cut carbon dioxide emissions, all of which contribute strongly to climate and environmental protection, AGRANA's ongoing practice of sustainability also means realising its **economic responsibility** and living up to it every day. Far from being limited to AGRANA's financial management, this responsibility also extends to fairness in dealing with competitors, integrity in business relations and proper, transparent financial reporting that affords equal treatment to all stakeholders. In this spirit, AGRANA has formulated Corporate Compliance Principles that apply to every employee. Under these principles, AGRANA is committed, for instance, to competing fairly, and especially to strict compliance with antitrust law. Similarly, AGRANA takes a stand against corruption and is committed to full adherence to all related national and international legal requirements. In addition to ensuring proper accounting to applicable standards and seeking cooperative relations with public authorities, the fair and respectful treatment of colleagues and others is also a central plank of AGRANA's corporate compliance principles.

Complete CSR also has the dimension of **social responsibility**. One of the ways in which AGRANA practices this is by emphasising sales of fair trade products. Also, the company supports charitable and other social projects around the globe and has been an active sponsor of civil society initiatives for many years.

Alongside its traditional cultural engagement, in 2011|12 the Group made financial donations to a number of social and charitable institutions. In the run-up to Christmas 2011, for example, AGRANA helped smallholder families in the impoverished northeastern region of Brazil to improve the marketing of their crops. Specifically, through AGRANA's donation and cooperation with Austrian development organisation ICEP[1], the project advanced the professionalisation of local Brazilian cooperative cooperCUC[2]. This cooperative of small farmers has created an income base for itself with the processing and marketing of domestic fruits as fruit spreads, particularly the fruit of the umbu tree, also known as Brazil plum. In addition to consulting that focused on professional bookkeeping, the cooperative was supported in the development of a marketing concept for the coming years, thus contributing to long-term security of income for more than 300 smallholder families. To assure the local use of the money for its intended purpose, AGRANA receives complete documentation from ICEP on the progress of the project.

[1] Institute for Cooperation on Development Projects.
[2] Cooperativa Agropecuária Familiar de Canudos, Uauá e Curaçá.

In autumn 2011, AGRANA mounted a joint campaign with its own staff to help relieve the famine in East Africa. The company matched the donations from employees and sent the resulting funds to Caritas' Vienna office for its East Africa aid work.

Other charities and initiatives supported by AGRANA in the past financial year were, for instance, „die möwe" child protection centres, the provincial "Healthy Lower Austria" preventive health care award, and the "idance" company, which fosters the capacity for artistic expression of people with Down syndrome.

CSR AS A STRUCTURED MANAGEMENT APPROACH

AGRANA aims for the continual broadening and deepening of its approach to CSR. This is shown by a look at the numerous projects that centre on CSR and its further integration into the Group's business processes.

Thus, in the financial year behind us, the "CaeSaR – Corporate Social Responsibility" project was carried out as part of AGRANA's "ACT[1] II" in-house talent development programme. Outputs of this project, which was inspired partly by the sustainability approach of the Fruit segment, were an overview of the Group's stakeholder structure and the identification of relevant core themes around AGRANA's corporate social citizenship. These central themes were then compared with the Group's current business practices in a performance analysis to pinpoint potential further areas for action. The analysis found that, with few exceptions, the top themes are already covered in the AGRANA Code of Conduct, the Corporate Compliance Principles and AGRANA's corporate and quality policies. For further structured work on the individual core themes, AGRANA will continue to leverage the tools and information of the SEDEX database[2]. The overall project was based on ISO 26000. This voluntary standard encompasses seven principles (accountability, transparency, ethical behaviour, and respect for stakeholder interests, for the rule of law, for international norms of behaviour and for human rights) and seven core subjects (organisational governance, human rights, labour practices, fair operating and business practices, consumer issues, the environment, and community involvement and development.

At the end of 2011, an overarching process was started which, based on the implementation of a CSR concept in the AGRANA Group, has the goals of both balancing the three pillars of sustainability – the financial, environmental and social dimensions – and ensuring that the values and requirements of the AGRANA Code of Conduct are understood and respected at all Group locations and by all suppliers and contracting parties. Parts of the CSR action plan are an expanded analysis of core themes and their constituent issues, as well as the description of an AGRANA CSR management process. The identification of scope for improvement, and the implementation of resulting enhancement measures, occur as part of a continuous improvement process.

On balance, for AGRANA, CSR is both a market opportunity and a way of combining business objectives with social ideals. Resource-saving production methods, responsible supply and value chains, continual innovation in products and processes, as well as fair trade products, all not only give AGRANA access to new markets but also safeguard existing partnerships.

[1] ACT: AGRANA Competencies Training.
[2] SEDEX: Supplier Ethical Data Exchange.

Operating in a highly competitive market environment, AGRANA's strategic objective is to set market trends and differentiate itself from the competition through product innovations. Working closely with customers, AGRANA continually develops new recipes, specialty products and novel applications for existing products. The research and development (R&D) activities are thus vital to the Group's strategy of sustainable long-term performance.

Sustainable growth requires high innovativeness.

AGRANA maintains several R&D facilities. The spectrum of work undertaken by Zuckerforschung Tulln Ges.m.b.H. (ZFT) in Austria ranges from agricultural R&D, to food, sugar, starch and bioethanol technology, all the way to microbiology and biotechnology projects.

The Centre of Innovation and Excellence in Gleisdorf, Austria conducts the centralised research and development for the fruit preparations business. This facility is responsible for the development of novel products and production methods, in addition to conducting longer-term R&D projects to provide AGRANA's international customers with innovative solutions in direct response to the needs of the market.

In the 2011|12 financial year AGRANA invested approximately € 15.1 million (prior year: € 14.5 million) in research and development, for an R&D-to-sales ratio of 0.59% (prior year: 0.67%). In the AGRANA Group, an average total of 199 employees (prior year: 194) were working in research and product development.

SUGAR SEGMENT

In a project supported by Austria's Research Promotion Agency (Forschungsforderungsgesellschaft) to evaluate the technological quality of sugar beet, very good predictive power was achieved with a newly developed so-called refractometer formula. This new calculation method employs easily analysed parameters and delivers reliable results even for stored beet; previously this had only been possible using formulas that required very extensive analytical effort and whose application could not be automated. These insights are now being verified using the beet material from the 2011|12 campaign. The new refractometer formula is expected to provide AGRANA with a more powerful predictive model both for the evaluation of new beet varieties and the calculation of quality premiums.

Although beet quality was good virtually for the whole duration of the campaign, further insights were gained into the processing of extended-storage beets. Through the detection of certain volatile organic compounds during transport to the factory, it is now possible to recognize deteriorated[1] beet efficiently. Depending on the particular mix of these compounds given off by the beet, technical adjustments are made to in-factory processes, such as fine-tuning the dosage of dextranase, an enzyme for the decomposition of filtration-inhibiting substances. This allows high processing volumes to be maintained with minimal use of process supplies even at the end of the beet campaign.

[1] Beet that has become less suitable for processing as a result of external causes, such as frost.

In recent years the R&D department has contributed greatly to reducing the consumption and cost of process supplies in sugar production. Particularly worthy of mention in this regard are the programmes to conserve anti-foaming agents and the methodology for reducing the use of lime and of alkalising agents. These quality assurance and process optimisation programmes have already been successfully implemented in the Austrian sugar production operations and are now being rolled out in the entire Sugar segment.

On the product development end, 2011|12 saw the market launch of an innovation under AGRANA's Wiener Zucker brand: a new line of sugar products specially formulated for consumers making syrups from specific fruits. This was the result of close collaboration between R&D and the marketing department, from recipe formulation all the way to quality control of the final product.

STARCH SEGMENT

In the **food sector**, the Starch segment's R&D focused on the development of specialised, starch-based binders and thickener systems which, without chemical modification, possess the properties required by the food industry. The equipment, techniques and technologies necessary for this were tested and/or developed, in some cases together with external partners. The scaling-up to industrial capacity is currently underway. These developments permit products to be declared organic or E-number-free.

The acquisition of a new pilot-scale spray dryer has increased the development capabilities for specialty foods in the baby food segment.

A major area of R&D in the 2011|12 financial year was the development of starch products for **non-food applications in the building, adhesives and paper sectors**.

In paper applications, the main emphasis was on new developments for paper coating[1]. A special starch product was already successfully brought to market as a latex substitute for pre- and middle coating.

In the adhesives space, the development of sustainable, biodegradable adhesives continued with good results. Ready-to-use adhesives to replace conventional petroleum-based products were successfully tested in practice. The production process was then scaled up to industrial level. The design of specialised starch products as a replacement for casein in ready-to-use adhesives for use in wet labelling of glass bottles was also completed with success. Drawing on synergies in the Group, a custom-tailored starch product was developed that meets exacting requirements in bottle labelling applications.

R&D EXPENDITURE
€m

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

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

[1] Coated paper (including art paper, for instance) is paper that has been coated with a compound to improve its technical properties.

In construction applications, the activities were centred on supporting the marketing of the products developed in the last several years by promotion at various trade shows, and on providing application support to numerous customers. An additional project was the development of a starch-based rebound reducer for shotcrete (wet sprayed concrete). Adding even minute amounts of the novel R&D products yielded significant reductions in rebound of the sprayed concrete.

Early-stage trials to improve the generation of value-added with co-products in **bioethanol production** through the extraction of a high-protein fraction were very successful. It was shown that, with the appropriate equipment, a protein fraction can be separated out. This opens up new applications in the feedstuff sector. Work to scale up the technology to production dimensions is in progress in the 2012|13 financial year. Various protein-rich secondary components were tested for use in animal feeds or as additives to organic fertilisers, and recipes were developed on this basis.

Advances were made in the project concerned with producing organic chelating agents[1]. Pilot-scale production efforts have been successful and implementation trials are scheduled to begin in the coming months.

FRUIT SEGMENT

The chief focus of research in 2011|12 was the quality of the fruit used. Under a long-term programme known as GENESIS that was started in the prior year, AGRANA Fruit primarily analysed and optimised the so-called first transformation, the processing of freshly harvested fruit into individually quick-frozen fruit pieces. The very good reception of the results by customers further highlighted the demand for optimised solutions. The programme has already identified several ways to enhance the fruit quality attained in the existing standard processes. In preparation for implementing these new measures, additional tests will be conducted during the coming fruit harvest. In parallel with this, the suitability of new technologies and processes for use in the first-transformation stage will be investigated.

Besides the technological implementation of improved and new processes, the assurance of the fruit texture achieved is also paramount. To this end, AGRANA is developing enhanced methods for the determination of fruit texture and the characterisation of fruit properties important to consumers.

To consolidate the fruit-growing and -processing knowledge available across the entire company, initiatives were launched to maximise direct communication between the individual specialists at AGRANA Fruit.

Responding to consumers' steadily growing worldwide interest in naturalness of fruit products, a dedicated programme was begun in 2011|12 to centrally coordinate clean label[2] product concepts and technological expertise.

In R&D for fruit juice concentrates, activities to optimise various purification processes significantly reduced the consumption of cleaning agents and thus cut total cost. Additionally, the purification processes now run more rapidly and efficiently. These measures are soon to be put into practice at other juice facilities as well.

New product development in 2011|12 prioritised the improved utilisation and marketing of by-products, such as apple pomace. Extensive tests were successfully carried out in autumn 2011. The first contacts were established with customers and led to their current testing of apple fibres developed by AGRANA from the pomace. A patent application was filed for the newly developed process in October 2011.

With the aim of further improving the aroma quality of apples and berry fruits, work is underway to identify the aroma compounds in the fruits and study how they change during the manufacturing process. Using the insights gained, the process can be designed specifically to produce high-quality aromas.

[1] Chelating agents (also called chelators) are substances that chemically clasp a central metal atom.
The resulting so-called chelate involves a chemical bond by which a larger molecule (the ligand) grasps the metal.
[2] Clean label: a marketing concept in the food industry for promoting products as particularly natural.

AGRANA'S STAFF

Eight thousand employees worldwide are AGRANA's most important resource.

In the 2011|12 financial year the AGRANA Group employed an average of 7,982 people (prior year: 8,243). Of this total, 1,812 worked in Austria (prior year: 1,746) and 6,170 in other countries (prior year: 6,497).

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

- Sugar segment: 2,249 employees (prior year: 2,245).
- Starch segment: 911 employees (prior year: 880)
- Fruit segment: 4,822 employees (prior year: 5,118).

The average age of permanent employees[1] as of 29 February 2012 was 41 years; 28% of them were women, and 54% of salaried staff had an academic degree.

The increase in the average staff count in the Starch segment, which gained 31 employees, was the result of business- and project-related capacity adjustments across all parts of the company. As well, staff was required for a new drum drying line commissioned in Gmünd. A reduction of about 296 positions in the average staff count of the Fruit segment was attributable mainly to a lower requirement for seasonal labour in Ukraine and Mexico.

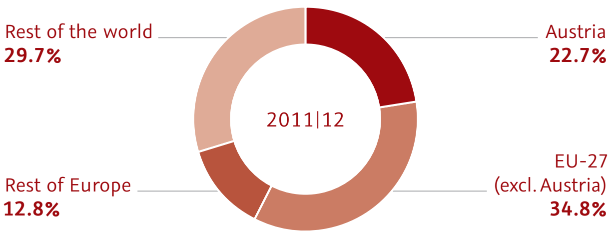
HUMAN RESOURCES STRATEGY AS A LONG-TERM OPPORTUNITY

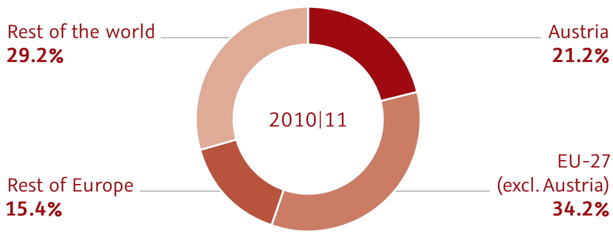
AGRANA is an international group of companies. Connected by shared integrity, dedication and social awareness, employees are supported in their development and encouraged to think and act like entrepreneurs. The style of work and leadership is marked by cooperation and mutual esteem.

In this spirit, everyone at AGRANA also takes responsibility for their own continuing development. Managers and human resources departments ensure that all employees have the opportunities and support for this, consistent with the Group's strategic objectives. This approach contributed substantially to the profitability and growth of the different businesses in the year under review.

To support the strategic goals and objectives, a Group-wide system of performance management has been implemented, which includes a performance-based compensation plan for management. In addition to targets related to the corporate financial position and earnings, the criteria for determining variable compensation include personal performance targets. In the 2011|12 financial year, 5.8% of all employees (prior year: 5.2%) were covered by this incentive-enhanced compensation scheme.

EMPLOYEES BY REGION

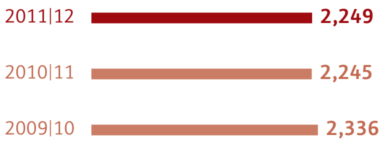




[1] Permanent staff: employees hired for an indefinite period, i.e., excluding temporary staff with a fixed term of employment.

GROUP STAFF COUNT

SUGAR SEGMENT STAFF COUNT



STARCH SEGMENT STAFF COUNT

FRUIT SEGMENT STAFF COUNT

Under the personnel strategy, the year was defined by the implementation of many human resources projects, notably IT system improvements and the establishment of an HR shared service centre (SSC) in Austria. With this organisational infrastructure in place, the focus in the 2012|13 financial year is on making the HR processes even more efficient so that the business areas can in turn be optimally supported with HR services. At the same time, the tasks and challenges for HR will include projects intended to develop the HR organisation further in its role as a strategic partner to the business functions. One example is the introduction of an electronic database for job applications.

In the Sugar segment, the strategic emphasis in 2011|12 was placed on training and development, more international cooperation, and the transfer of expertise. The Starch segment likewise saw investment of this nature, particularly in staff development. In the Fruit segment, alongside training, a major focus was succession planning, with the goal of building a sound base of new managers in middle management. Additionally, specific steps were taken in HR marketing to secure AGRANA's good position as an attractive employer. As further supporting measures, communication and staff retention activities were also intensified. As well, a worldwide employee survey was conducted in January 2012; its findings will inform the further action planning in the new financial year.

In 2011|12, AGRANA provided training to a total of 70 apprentices in Austria and Germany in preparation for careers as, among others, mechanical engineering technicians, electrical engineering technicians, plant electricians and process control technicians, chemical lab technicians, food technicians, mechatronics technicians, computer technicians and industrial sales representatives.

The human resources strategy implementation for the year 2012|13 is maintaining the ongoing intensive programme of skills upgrading and development for the Group's staff.

STAFF DEVELOPMENT AND TRAINING IN THE AGRANA GROUP

The holding company and local subsidiaries organised numerous trainings, in subject areas spanning both professional skills and personal development.

In the talent development process, for the second time a class of about 30 high-performing, high-potential staff members and managers drawn from across the entire AGRANA Group graduated very successfully from the AGRANA Competencies Training (ACT) programme.

One of the priorities of training activities in 2011|12 was management development. These trainings were expanded and refined to be able to provide a standing programme of management training and thus further improve the high calibre of AGRANA's managers. Another area of training emphasis was Group-wide project management. The portfolio of trainings available was expanded and further tailored to the Group's needs. The base course, "Foundations of Project Management", is now offered via e-learning, to make it more widely accessible.

Staff development in the Sugar segment during the year focused on setting up a trainee programme for the raw materials operations. The programme was successfully introduced and is now being implemented by all subsidiaries. The goal is to ensure the recruitment and training of good new people in this area and to further step up the exchange of knowledge across national borders. In addition, the offering of trainings in project management, software and foreign languages was expanded. In the Starch segment, the focus was on trainings for future master tradespersons in order to safeguard internal succession. Also, in-house orientation training was developed for new employees in the Starch segment to ease their entry. The other, advanced training activities stressed skills in management, languages and software. In the Fruit segment, personnel development activities in 2011|12 centred primarily on management development. Managers received intensive training on a regional basis to ensure that knowledge and skills meet a common standard. Emphasis was also placed on project management and deepening the knowledge of SAP applications.

The Group-wide expenditure for external training and development in the 2011|12 financial year amounted to approximately € 2.2 million (prior year: € 2.3 million), or about 1.1% (prior year: 1.3%) of total wages and salaries.

STAFF HEALTH

In addition to the ongoing availability of occupational health services, some locations have individual arrangements with local fitness facilities. The goal is the promotion and improvement of employees' health and wellbeing.

Besides existing sports and wellness events like ski days and back exercise classes, the annual Wien Energie Business Run again drew many staff members as participants. In September 2011 the turnout, coming from all AGRANA business areas, was an excellent 32 teams of three persons each.

In the Sugar segment, aside from the activities available under the proven AGRANA-Fit programme, the "Fruit Basket" initiative highlighted the importance of healthful nutrition high in vitamins. Meanwhile, in the "Wide-Angle" project, apprentices were trained in safety consciousness. They were asked to roam the plant and photograph safety problems; the best pictures were recognised with awards. Finally, numerous health and safety activities were carried out Group-wide, such as training in workplace accident and fire prevention and workshops on noise control.

AGRANA's Management Board is committed to fulfilling its responsibility for the early identification and mitigation of risks to the company's viability as a going concern. The aim of risk management is to anticipate risks and opportunities and develop appropriate measures to minimise negative impacts on financial results.

An integrated system for the early identification and monitoring of Group-specific risks and opportunities enables AGRANA to use its existing resources efficiently for the achievement of its strategic goals. In this process, the Management Board is supported by efficient control and reporting systems.

To manage its risks, AGRANA uses two complementary systems.

Risk management – an integral part of value-driven corporate governance.

The primary operational control tool is the enterprise-wide, uniform planning and reporting system. It is supplemented by a monthly risk report on the risk potential both for the AGRANA Group and each business segment, for the current and next financial year.

The aim of strategic risk management is to identify and control the risks and opportunities of the AGRANA business model; the time horizon is the medium to long term. Supporting the Management Board in this is a dedicated, organisationally independent risk management team. Twice every year, the economic, legal and political environment is analysed in a strategic risk review together with experts from all segments and business areas. The opportunities and threats identified are assessed for their potential significance and probability of occurrence, early warning indicators are determined and corrective measures devised. The results are compiled in a risk inventory. In this process, as supplementary information for management, a worst-case scenario is constructed for the current financial year and a Monte Carlo simulation is used to determine the maximum theoretically conceivable negative variance from the budgeted results. The results of the strategic risk review are assembled into a risk manual and reported to the Management Board and the Audit Committee of the Supervisory Board.

To mitigate adverse effects when threats arise, local designated risk management teams at every subsidiary take rapid and coordinated countermeasures as needed.

Reporting directly to the Management Board, the Group-level risk management team devotes particular attention to the continual review and updating of the risk and opportunity information and to heightening the risk awareness of all employees in the AGRANA Group.

RISK POLICY

All business activities and decisions inherently involve risks and opportunities. The aim of successful risk management is to achieve an appropriate balance of risks and potential returns.

The Group is generally prepared to accept risks related to its core competencies, but seeks to avoid risks that cannot be reduced to a reasonable level. AGRANA does not assume risks that are unrelated to core or support processes.

For the whole Group, the risk strategy set by the Management Board and the actual safeguards applied are implemented in a centralised fashion with coordination by AGRANA Beteiligungs-AG.

Derivative financial instruments are used only to hedge business transactions; their use for speculative purposes is expressly prohibited. Compliance with this principle is achieved through policies, limits, ongoing monitoring, and reports to the Management Board.

SIGNIFICANT RISKS AND UNCERTAINTIES

As a manufacturing company in the agricultural sector with global operations, AGRANA's particular business activities and regional operating conditions expose it to risks that can have material effects on the Group's financial position and results of operations.

REGULATORY RISKS

Risks from the sugar regime

The current EU sugar regime circumscribes the activities of the sugar industry in the European Union until the end of the 2014|15 sugar marketing year (30 September 2015). As well, trade agreements (international and national) can have a major influence on the Group's financial results. As part of the risk management process, potential impacts of these factors are analysed and evaluated from an early stage. Current developments and their effects are discussed in detail beginning on page 52 of this report, in the section on the Sugar segment.

EU renewable energy directive

An important factor for the business model of the bioethanol activities is the requirement in place since October 2007 for the minimum bioethanol content in petrol, which is based on the EU's renewable energy directive. If this ethanol content were eliminated or reduced, it could have a material negative effect on the results of the bioethanol operations. Public debate and legislative initiatives relating to this subject are very closely monitored and analysed and are evaluated in the risk management process.

OPERATIONAL RISKS

Procurement risks

AGRANA as an agricultural processor is subject to procurement risks in respect of its raw material supply. As a result of climatic events and conditions, the amount of raw materials available may under some circumstances be insufficient. These raw materials are also subject to price fluctuations that cannot always be fully passed through to customers.

In the Starch segment, the primary strategy for securing sufficient raw materials is to conclude physical supply contracts to the greatest possible extent. For the rest of the supply needs, futures contracts are used where financially appropriate. These hedging operations are subject to stringent safety rules. Their amounts are proposed by the management of the business segment and approved by the AGRANA Management Board. The amounts and outcomes of these hedges are conveyed to the Management Board through the monthly reporting.

With starch products, higher raw material costs can to a large extent be passed through rapidly to customers in the markets relevant to AGRANA thanks to the homogeneous cost structure. In the bioethanol production operations, a rise in commodity prices can be partly offset by higher selling prices for the co-product, Actiprot® protein feed, but there remains a residual risk that higher raw material prices cannot be fully passed through to bioethanol buyers.

In the Sugar segment, procurement risk depends on which main raw material is used: In countries where it is sugar beet, this crop competes with other field crops. In Bosnia-Herzegovina and Romania, profitability is dependent largely on the relationship between the cost of purchasing raw sugar (as the local raw material) and the market price of white sugar. For the raw sugar refineries, the procurement risk for raw sugar consists of a high raw sugar price and the market access rules for the importation of white and raw sugar into the EU. The required quantities of raw sugar are hedged in terms of volume and price through commodity derivatives where financially appropriate. These hedges are subject to the same strict policies as those for grains.

Unfavourable weather and plant diseases may cause serious crop failures in the Fruit segment, with effects both on raw material supply and prices. Thanks to the central purchasing organisation in the fruit preparations business with its worldwide presence and its knowledge of global raw material markets, supply bottlenecks can be spotted early and timely action taken in response. To provide year-round security of supply, one-year contracts with suppliers are also concluded. This ensures consistent high quality, reliable deliveries and secure production. To match contract maturities to those of purchasing contracts, one-year sales agreements are also used with customers.

Through continual investment in the improvement of energy efficiency, of production facilities and through the cost-optimised use of different forms of energy (including alternative energy sources), AGRANA reduces its energy price risk. The quantities and prices of the required energy sources are, when possible, secured in advance through short- and medium-term contracts for physical delivery.

Product quality and safety

AGRANA, as a processor of agricultural products for the food industry, complies with all relevant food and beverage legislation as a matter of course. Through extremely rigorous, certified internal quality management systems, AGRANA mitigates risks associated with processing defects or quality shortcomings, such as might arise, for example, from contaminated raw materials. Adherence to the associated quality standards is regularly monitored and certified in the entire Group. As an added precaution, the product liability insurance carried affords sufficient cover for potential payment of damages.

Market risks and competitive risks

In its global business activities, AGRANA is exposed to intense competition. A detailed monthly analysis of sales variances by customer and product enables the Group to detect changes in demand patterns quickly and take timely remedial action. AGRANA also regularly evaluates its market position in the relevant markets and, when necessary, adjusts the business strategy accordingly. This and the on-going optimisation of cost structures in every part of the Group ensures its competitiveness both in the short and long term.

LEGAL RISKS

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

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

As noted in the last annual report, in the 2009|10 financial year, antitrust investigations were initiated against AGRANA subsidiaries in Slovakia and Hungary. In the year under review and as at the time of preparation of the financial statements, there was no substantiation of the allegations by the competition authorities.

In September 2010, as noted in the prior-year annual report, the Austrian Federal Competition Authority filed an application with the Cartel Court in Vienna for a declaratory judgement against, among other parties, AGRANA's subsidiary AGRANA Zucker GmbH, Vienna, and Südzucker AG Mannheim/Ochsenfurt, Mannheim, Germany, for an alleged contravention of antitrust law. The allegation is that of participation in competition-restricting arrangements with respect to Austria. In October 2011 the Federal Competition Authority applied to the competent Cartel Court to impose a fine. The parties named in the suit (AGRANA Zucker GmbH and Südzucker AG Mannheim/Ochsenfurt) continue to regard the underlying allegation as unfounded and believe that the evidentiary hearings conducted by the Cartel Court do not substantiate the Competition Authority's October 2011 application for a fine. The evidentiary hearings are not yet concluded and a ruling by the Cartel Court is therefore still pending.

FINANCIAL RISKS

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

Interest rate risks

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

Currency risks

Currency risks arise mainly from the purchase and sale of goods in foreign currencies and from financing in foreign currencies or local financing in euros. For AGRANA, the principal relevant exchange rates are those between the euro and the US dollar, Hungarian forint, Polish zloty, Romanian leu, Ukrainian hryvnia and Russian ruble.

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

In debt financing, the exchange rate risk on foreign-currency financing is continually compared with interest costs for local-currency funding, thus supporting decisions that optimise costs.

Product price risks

Product price risks arise from price fluctuation in world markets, both for raw materials and energy. The Group companies in Romania and Bosnia-Herzegovina are subject to additional currency risk from raw sugar purchases made in US dollars, which is hedged with commodity derivatives.

Liquidity risks

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

Risks of default on receivables

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

AGGREGATE RISK

Overall, the Group's aggregate risk exposure remained the same as in the prior year. At the balance sheet date there were no risks to AGRANA's ability to continue in business as a going concern. No material changes in the Group's economic environment are expected for the 2012|13 financial year.

On balance for 2012|13, the Management Board currently sees no risks to AGRANA's ability to continue in business.

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

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

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

The financial and management accounting in most Group companies is performed using SAP. This ensures that the internal and external reporting are based on the same data. The Controlling and Group Accounting departments validate the internal and external reports monthly and quarterly, respectively, and assure the congruence of internal and external reports. The consolidated financial statements are prepared by the Group Accounting department, whose main area of responsibility is to ensure the correct and complete transfer of financial data from Group companies, carry out the financial statement consolidation and eliminations, generate analytical reports from the consolidated financial statement data, and prepare financial reports.

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, four times per year, a projection for the current financial year that incorporates the significant financial developments. In the event of substantial changes in the planning assumptions, this system is rounded out by ad-hoc forecasts.

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

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

Internal Audit monitors all operational and business processes in the Group for compliance with legal provisions and 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 management responsible. The implementation of the actions proposed by Internal Audit is assured through follow-up verifications.

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

CAPITAL, SHARES, VOTING RIGHTS AND RIGHTS OF CONTROL (DISCLOSURES UNDER SECTION 243A (1) AUSTRIAN COMMERCIAL CODE)

The share capital of AGRANA Beteiligungs-AG at the balance sheet date of 29 February 2012 was € 103.2 million, divided into 14,202,040 voting ordinary bearer shares. There are no other classes of shares.

Z&S Zucker und Stärke Holding AG ("Z&S"), based in Vienna, is the majority shareholder, holding 75.5% of the share capital of AGRANA Beteiligungs-AG. Z&S is a wholly owned subsidiary of Vienna-based AGRANA Zucker, Stärke und Frucht Holding AG, which in turn is 50% owned by Südzucker AG Mannheim/Ochsenfurt ("Südzucker") of Mannheim, Germany, and 50% owned by Zucker-Beteiligungsgesellschaft m.b.H. ("ZBG"), Vienna. 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 appointed by ZBG as a management board member of Südzucker, and Thomas Kölbl has been appointed by Südzucker as a management board member of AGRANA Beteiligungs-AG.

The London, UK-based financial services company Prudential plc together with some of its subsidiaries holds, in the form of free float, more than 15% of the share capital of AGRANA Beteiligungs-AG.

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

The Management Board does not have powers within the meaning of section 243a (7) Austrian Commercial Code to issue or repurchase shares.

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

OUTLOOK

The very profitable 2011|12 financial year represents a challenging benchmark for the Group's performance in 2012|13. However, in view of the sound balance sheet structure on 29 February 2012 and the diversified business model, AGRANA believes it is well positioned for the new financial year and expects solid earnings in all business segments.

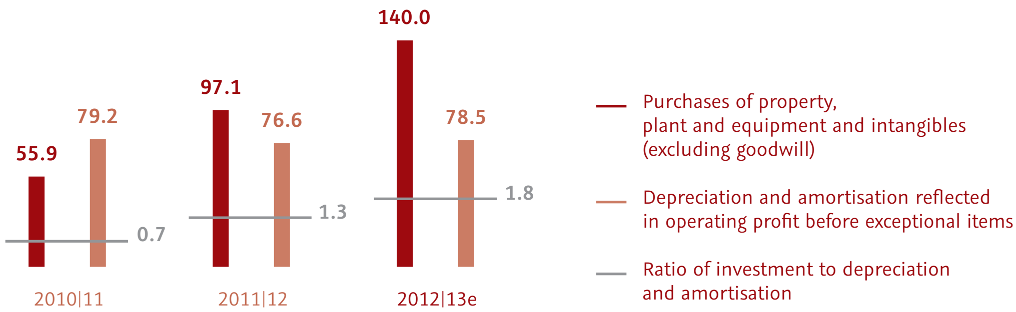
Through steadily continuing structural improvements and vigorous marketing, the Group intends to master the challenges of persistent market volatility and is optimistic that it will achieve sustainable growth. The long-term trend towards higher-quality, healthful nutrition also remains a growth-driver for AGRANA, as does the ever-increasing focus on emerging markets.

A stabilisation of pre-exceptionals operating profit at an elevated level is the objective – However, replicating last year's profit is not realistic for 2012|13.

AGRANA currently expects **Group revenue** to increase moderately in 2012|13 on overall slight volume growth and a high level of prices. As a result of the subdued macroeconomic trend and its effect on demand and prices, in 2012|13 AGRANA does not expect to be able to hold the line on last year's extraordinarily good **Group operating profit** before exceptional items. However, it is AGRANA's goal to entrench the earnings position at its present general level soon, through continual refinement of purchasing and cost management as well as focused improvements in energy consumption and in administration.

In the **Sugar segment** AGRANA plans to continue along the path taken in the last several years: maximizing capacity utilisation and strengthening the market presence in Southeastern Europe. In all countries where AGRANA contracts with growers to produce sugar beet, an average expansion of about 10% in beet acreage is planned. AGRANA is projecting a stable sugar price trend in 2012. At world market level, for the sugar marketing year 2011|12, growth in sugar stocks and a supply surplus are forecast in expectation of good harvests in Asia, despite a small decline in Brazil. In the EU the European Commission regularly takes measures to keep the market balanced and sufficiently supplied (through imports and the reclassification of non-quota to quota sugar). Prices of by-products, after their record heights of 2010|11 and subsequent decline, should now find a good level. For profit in the Sugar segment, following the outstanding performance in 2011|12, AGRANA expects a slight decrease as a result of the situation in raw material prices, but at a persistent high absolute level of earnings. Further volume growth is the goal, which should be realistic considering the existing market potential and the available product quantities from the good 2011 campaign.

INVESTMENT VERSUS DEPRECIATION €m



In the **Starch segment**, revenue is forecast to ease somewhat in 2012|13. While sales volumes should expand, selling prices are expected to trend narrowly lower than last year. The pull-back in market prices, particularly for native starch and saccharification products, is caused above all by the growing competition between vendors amid the economic weakness in the core markets. The volume trend in bioethanol sales is directly linked to the legislation on fuel share requirements. Intense political debate is in progress in Austria after Germany's experience with the introduction of the E10 ethanol blend; a decision on the timing of introduction in Austria is not yet in sight. In the Starch segment the starch potato contracts with growers will be increased in the 2012 campaign year after the elimination of the production cap. Concerning the raw material supply of the corn starch and bioethanol plants in Austria, Hungary and Romania, large percentages of the required quantities are already contractually secured until up to the new 2012 crop. With the projected expansion in areas planted to corn, the price trend is expected to be relatively stable, provided the crop develops well. Operating profit before exceptional items is expected to come in below last year's unusually strong result. This outlook is due primarily to raw material and energy costs that will on balance stabilise at a higher level than before, while the obtainable selling prices will ease somewhat compared with 2011|12.

The **Fruit segment's** operating profit before exceptional items is expected to resume a slight rising trend in 2012|13. For the fruit preparations side, AGRANA sees a continuing challenging market environment in 2012|13, similar to 2011|12. But in the European Union, further innovations in the naturalness and health space (fewer calories, less fat) should stimulate the market. Outside the EU, per-capita consumption to date is only about 25% to 50% of the European average and thus holds long-term growth opportunities. AGRANA's worldwide presence is becoming an increasingly significant competitive advantage. The Group is known for high product quality and good service. There are also many growth-driving projects in the fruit preparations business that are close to implementation or completion. A number of new developments and additional products have already been launched since the end of the 2011|12 financial year. These activities should enable revenue to be increased further in constant market conditions. The price trend for agricultural raw materials remains a challenge in the fruit preparations business. Yet a recovery in operating profit is expected, thanks to volume growth and cost reduction measures. In the fruit juice concentrate activities, the expectation is for further revenue growth propelled by small increases in sales volumes coupled with continuing quite high selling prices, especially for apple juice concentrates. One of the elements of uncertainty for the results of the concentrate business will be the success of the 2012 harvest, which will help determine the coming trend in raw material prices – and thus revenue – in the second half of 2012|13. Pre-exceptionals operating profit in fruit juice concentrates is predicted to stabilise at its approximate 2011|12 level. On balance, then, with the likely positive sales trend and stable selling prices, the Fruit segment can be expected to deliver a small increase in pre-exceptionals operating profit. Additional growth will come from the merger with Ybbstaler Fruit Austria GmbH (based in Kröllendorf, Austria), which received antitrust approval in early April 2012. The first-time consolidation of the new companies is scheduled for the second quarter of 2012|13.

PLANNED INVESTMENT

As in the prior year, capital expenditure in 2011|12 is to increase and will significantly exceed depreciation. Total investment in all three segments will reach about € 140 million in 2012|13, providing solid support for the Group's lasting growth.

Investment planned for the **Sugar segment** in the 2012|13 financial year is approximately € 55 million. Spending priorities are the optimisation of manufacturing to further reduce energy consumption, and expansion of storage and packaging capacity to improve logistics and the flexibility with which customer needs are met. The project for the construction of low-temperature dryers at the Austrian sites in Leopoldsdorf and Tulln, as the largest cost item in the segment's investment budget, will significantly reduce the amount of energy consumed for the drying of spent beet pulp. At the sugar factory in Brčko, Bosnia-Herzegovina, a 25,000 tonne capacity sugar silo is to be erected to create needed storage space and optimally condition the sugar in the silo for higher quality. Another investment focus will be Kaposvár, Hungary. To further expand this facility, a 60,000 tonne sugar silo is planned for greater storage capacity, as well as a beet thin-juice softening plant for the further improvement of sugar quality.

In the **Starch segment**, with total budgeted capital spending of about € 50 million, the biggest investment project is the construction of the new wheat starch factory in Pischelsdorf, Austria. The foundation work for the buildings began in early April and machinery installation is to start in the third quarter of the current 2012|13 financial year. In Aschach, Austria, the project to increase storage capacity for specialty corn will be completed; the expansion silo is to be commissioned in September 2012 when the wet-corn campaign begins. In the plant in Hungary, a new gas turbine is to be installed; its waste heat will be used directly to pre-warm the dryer air for corn gluten and corn starch.

The planned level of capital investment in the **Fruit segment** in 2012|13 is approximately € 35 million. Most of this will be spent to complete growth projects already underway. A third production line is being installed at the fruit preparations plant in Centerville, Tennessee, to keep up with growing sales. As part of a diversification project in Mexico, a building is being constructed to begin production of dried fruit. A second production line is being added in Egypt, to gain the capacity to produce the sales quantities expected for 2013|14. In Dachang, China, the new plant under construction is to be completed and the entire production operations moved into this new space, by installing the new lines and transferring existing ones. Numerous asset replacement projects are being carried out at AGRANA Juice, with an emphasis on measures to optimise energy consumption.

CONSOLIDATED FINANCIAL STATEMENTS 2011|12

AGRANA GROUP BASED ON IFRS

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CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 29 FEBRUARY 2012

	€000	2011|12	2010|11[1]
(1)	Revenue	2,577,631	2,165,902
(2)	Changes in inventories of finished and unfinished goods	187,035	18,428
(2)	Own work capitalised	4,208	3,115
(3)	Other operating income	36,908	31,093
(4)	Cost of materials	(1,919,755)	(1,501,561)
(5)	Staff costs	(245,197)	(225,231)
(6)	Depreciation, amortisation and impairment losses	(76,608)	(79,182)
(7)	Other operating expenses	(333,231)	(283,941)
(8)	**Operating profit after exceptional items**	**230,991**	**128,623**
(9)	Finance income	13,212	14,980
(10)	Finance expense	(37,947)	(33,939)
	Net financial items	**(24,735)**	**(18,959)**
	Profit before tax	**206,256**	**109,664**
(11)	Income tax expense	(50,583)	(22,603)
	Profit for the period	**155,673**	**87,061**
	– *Attributable to shareholders of the parent*	*152,360*	*84,890*
	– *Attributable to non-controlling interests*	*3,313*	*2,171*
(12)	Earnings per share under IFRS (basic and diluted)	€ 10.73	€ 5.98

[1] Prior year has been restated in accordance with IAS 8. Further information is provided on page 96.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 29 FEBRUARY 2012

€000	**2011|12**	**2010|11[1]**
Profit for the period	155,673	87,061
Other comprehensive (expense)/income		
Currency translation differences	(11,134)	5,737
Available-for-sale financial assets	747	(651)
Tax effect of available-for-sale financial assets	(149)	121
Cash flow hedges	(3,926)	(973)
Tax effect of cash flow hedges	931	14
Change in actuarial gains and losses on defined benefit pension obligations and similar liabilities	(3,981)	(976)
Tax effect of change in actuarial gains and losses on defined benefit pension obligations and similar liabilities	1,038	216
Other comprehensive (expense)/income for the period	(16,474)	3,488
Total comprehensive income for the period	**139,199**	**90,549**
– *Attributable to shareholders of the parent*	*137,906*	*88,390*
– *Attributable to non-controlling interests*	*1,293*	*2,159*

[1] Prior year has been restated in accordance with IAS 8. Further information is provided on page 96.

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 29 FEBRUARY 2012

	€000	2011|12	2010|11[1]
	Profit for the period	155,673	87,061
	Depreciation, amortisation and impairment of non-current assets	76,608	79,182
	Changes in non-current provisions	(2,515)	(3,978)
	Other non-cash expenses	20,349	6,784
	Operating cash flow before changes in working capital	**250,115**	**169,049**
	(Gains)/losses on disposal of non-current assets	**(627)**	**87**
	Changes in inventories	(238,956)	(59,666)
	Changes in receivables, deferred tax assets and current assets	(76,923)	(66,354)
	Changes in current provisions	(13,009)	11,195
	Changes in payables (excluding borrowings)	125,470	19,190
	Effect of movements in foreign exchange rates on non-cash items	(2,889)	1,929
	Changes in working capital	**(206,307)**	**(93,706)**
(13)	**Net cash from operating activities**	**43,181**	**75,430**
	Proceeds from disposal of non-current assets	2,680	3,978
	Purchases of property, plant and equipment and intangible assets, net of government grants	(96,942)	(55,859)
	Proceeds from disposal/(outflows from purchases) of securities	3,588	(896)
	Purchases of non-current financial assets	(1,718)	(116)
	(Outflows)/proceeds from purchases of businesses	(5,465)	1,304
(14)	**Net cash (used in) investing activities**	**(97,857)**	**(51,589)**
	Capital increase in a subsidiary through non-controlling interests	4,140	0
	Changes in non-current borrowings	65,086	58,702
	Changes in current borrowings	48,319	(55,542)
	Dividends paid	(34,839)	(28,170)
(15)	**Net cash from/(used in) financing activities**	**82,706**	**(25,010)**
	Net increase/(decrease) in cash and cash equivalents	**28,030**	**(1,169)**
	Effect of movements in foreign exchange rates on cash and cash equivalents	47	1,208
	Cash and cash equivalents at beginning of period	70,427	70,388
	Cash and cash equivalents at end of period	**98,504**	**70,427**

[1] Prior year has been restated in accordance with IAS 8. Further information is provided on page 96.

CONSOLIDATED BALANCE SHEET AT 29 FEBRUARY 2012

	€000	29 February 2012	28 February 2011[1]	28 February 2010[1]
	ASSETS			
	A. Non-current assets			
(16)	Intangible assets	248,383	248,551	252,446
(17)	Property, plant and equipment	595,924	577,709	597,788
(18)	Securities	104,909	104,598	104,977
(18)	Investments in non-consolidated subsidiaries and outside companies, and loan receivables	7,265	6,152	7,027
(19)	Receivables and other assets	6,558	13,827	10,652
(20)	Deferred tax assets	29,764	31,462	31,318
		992,803	**982,299**	**1,004,208**
	B. Current assets			
(21)	Inventories	768,569	528,241	468,576
(19)	Trade receivables and other assets	492,720	400,107	336,688
	Current tax assets	8,173	7,179	5,013
(22)	Securities	1,352	4,411	3,515
	Cash and cash equivalents	98,504	70,427	70,388
		1,369,318	**1,010,365**	**884,180**
	Total assets	**2,362,121**	**1,992,664**	**1,888,388**
	EQUITY AND LIABILITIES			
(23)	**A. Equity**			
	Share capital	103,210	103,210	103,210
	Share premium and other capital reserves	411,362	411,362	411,362
	Retained earnings	524,900	421,025	358,504
	Equity attributable to shareholders of the parent	1,039,472	935,597	873,076
	Non-controlling interests	33,516	28,558	25,425
		1,072,988	**964,155**	**898,501**
	B. Non-current liabilities			
(24a)	Retirement and termination benefit obligations	52,674	50,634	52,534
(24b)	Other provisions	12,397	12,971	14,073
(25)	Borrowings	332,090	267,004	208,301
(26)	Other payables	2,013	2,308	2,229
(27)	Deferred tax liabilities	17,253	17,412	17,724
		416,427	**350,329**	**294,861**
	C. Current liabilities			
(24b)	Other provisions	26,777	39,787	28,592
(25)	Borrowings	341,885	294,868	347,160
(26)	Trade and other payables	469,465	328,619	308,533
	Current tax liabilities	34,579	14,906	10,741
		872,706	**678,180**	**695,026**
	Total equity and liabilities	**2,362,121**	**1,992,664**	**1,888,388**

[1] Prior year has been restated in accordance with IAS 8. Further information is provided on page 96.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 29 FEBRUARY 2012

				Attributable to the shareholders	
					Retained
€000	Share capital	Share premium and other capital reserves	Available-for-sale reserve	Cash flow hedge reserve	Reserve for actuarial gains and losses
2011|12					
At 1 March 2011	**103,210**	**411,362**	**3,591**	**40**	**(6,914)**
Fair value movements under IAS 39	0	0	655	(2,142)	0
Change in actuarial gains and losses on defined benefit pension obligations and similar liabilities	0	0	0	0	(3,903)
Tax effects	0	0	(149)	494	1,018
Currency translation loss	0	0	0	0	0
Other comprehensive income/(expense) for the period	**0**	**0**	**506**	**(1,648)**	**(2,885)**
Profit for the period	0	0	0	0	0
Total comprehensive income for the period	**0**	**0**	**506**	**(1,648)**	**(2,885)**
Dividends paid	0	0	0	0	0
Transfer to reserves	0	0	0	0	0
Additional contributions from other shareholders	0	0	0	0	0
Other changes	0	0	0	0	0
At 29 February 2012	**103,210**	**411,362**	**4,097**	**(1,608)**	**(9,799)**
					524,900
2010|11[1]					
Published at 1 March 2010	**103,210**	**411,362**	**4,121**	**936**	**0**
IAS 19 restatement	0	0	0	0	(6,154)
Restated at 1 March 2010	**103,210**	**411,362**	**4,121**	**936**	**(6,154)**
Fair value movements under IAS 39	0	0	(651)	(976)	0
IAS 19 restatement	0	0	0	0	(976)
Tax effects	0	0	121	80	216
Currency translation gain	0	0	0	0	0
Other comprehensive (expense)/income for the period	**0**	**0**	**(530)**	**(896)**	**(760)**
Profit for the period	0	0	0	0	0
Total comprehensive income for the period	**0**	**0**	**(530)**	**(896)**	**(760)**
Dividends paid	0	0	0	0	0
Transfer to reserves	0	0	0	0	0
Other changes	0	0	0	0	0
At 28 February 2011	**103,210**	**411,362**	**3,591**	**40**	**(6,914)**
					421,025

[1] Prior year has been restated in accordance with IAS 8. Further information is provided on page 96.

of AGRANA Beteiligungs-AG					
earnings					
Other retained earnings	Currency translation reserve	Profit for the period	Equity attributable to share-holders of the parent	Non-controlling interests	Total
363,371	**(23,953)**	**84,890**	**935,597**	**28,558**	**964,155**
0	0	0	(1,487)	(1,692)	(3,179)
0	0	0	(3,903)	(78)	(3,981)
0	0	0	1,363	457	1,820
0	(10,427)	0	(10,427)	(707)	(11,134)
0	**(10,427)**	**0**	**(14,454)**	**(2,020)**	**(16,474)**
0	0	152,360	152,360	3,313	155,673
0	**(10,427)**	**152,360**	**137,906**	**1,293**	**139,199**
0	0	(34,085)	(34,085)	(755)	(34,840)
50,805	0	(50,805)	0	0	0
0	0	0	0	4,140	4,140
54	0	0	54	280	334
414,230	**(34,380)**	**152,360**	**1,039,472**	**33,516**	**1,072,988**
317,077	**(29,639)**	**72,162**	**879,229**	**25,425**	**904,654**
0	0	0	(6,154)	0	(6,154)
317,077	**(29,639)**	**72,162**	**873,075**	**25,425**	**898,500**
0	0	0	(1,627)	3	(1,624)
0	0	0	(976)	0	(976)
0	0	0	417	(66)	351
0	5,686	0	5,686	51	5,737
0	**5,686**	**0**	**3,500**	**(12)**	**3,488**
0	0	84,890	84,890	2,171	87,061
0	**5,686**	**84,890**	**88,390**	**2,159**	**90,549**
0	0	(27,694)	(27,694)	(477)	(28,171)
44,468	0	(44,468)	0	0	0
1,826	0	0	1,826	1,451	3,277
363,371	**(23,953)**	**84,890**	**935,597**	**28,558**	**964,155**

1. SEGMENT INFORMATION

The segment reporting, which conforms with International Financial Reporting Standard (IFRS) 8, distinguishes between three business segments – Sugar, Starch and Fruit – and thus follows the AGRANA Group's internal reporting structure.

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

For each segment, there is internal monthly reporting to the respective managing directors (the chief operating decision makers) and their management team. 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
2011|12					
Total revenue	967,229	773,217	930,265	(93,080)	2,577,631
Inter-segment revenue	(82,812)	(8,941)	(1,327)	93,080	0
Revenue	**884,417**	**764,276**	**928,938**	**0**	**2,577,631**
EBITDA	129,126	106,080	73,826	0	309,032
Depreciation, amortisation and impairment of property, plant and equipment and intangibles[1]	(16,858)	(24,132)	(35,618)	0	(76,608)
Operating profit before exceptional items	**112,268**	**81,948**	**38,208**	**0**	**232,424**
Exceptional items	0	0	(1,433)	0	(1,433)
Operating profit after exceptional items	112,268	81,948	36,775	0	230,991
Segment assets	730,167	402,660	946,162	0	2,078,989
Segment liabilities	330,161	89,317	143,848	0	563,326
Purchases of property, plant and equipment and intangibles[1]	25,328	29,303	42,462	0	97,093
Purchases of non-current financial assets	490	0	1,228	0	1,718
Total capital expenditure	25,818	29,303	43,690	0	98,811
Staff count	2,249	911	4,822	0	7,982

[1] Excluding goodwill.

€000	Sugar	Starch	Fruit	Consoli-dation	Group
2010|11					
Total revenue	770,587	617,300	873,787	(95,772)	2,165,902
Inter-segment revenue	(57,500)	(34,097)	(4,175)	95,772	0
Revenue	**713,087**	**583,203**	**869,612**	**0**	**2,165,902**
EBITDA	**51,338**	**73,876**	**82,020**	**0**	**207,234**
IAS 19 restatement[1]	617	0	(47)	0	570
EBITDA after IAS 19 restatement[1]	**51,955**	**73,876**	**81,973**	**0**	**207,804**
Depreciation, amortisation and impairment of property, plant and equipment and intangibles[2]	(18,197)	(25,695)	(35,289)	0	(79,181)
Operating profit before exceptional items	**33,141**	**48,181**	**46,731**	**0**	**128,053**
Operating profit before exceptional items after IAS 19 restatement[1]	**33,758**	**48,181**	**46,684**	**0**	**128,623**
Operating profit/(loss) after exceptional items	33,758	48,181	46,684	0	128,623
Segment assets	532,803	384,881	832,294	0	1,749,978
Segment assets after IAS 19 restatement[1]	532,803	384,881	832,294	0	1,749,978
Segment liabilities	193,075	88,365	144,203	0	425,643
IAS 19 restatement[1]	7,610	415	652	0	8,677
Segment liabilities after IAS 19 restatement[1]	200,685	88,780	144,855	0	434,320
Purchases of property, plant and equipment and intangibles[2]	16,031	8,996	30,832	0	55,859
Purchases of non-current financial assets	3	0	115	0	118
Total capital expenditure	16,034	8,996	30,947	0	55,977
Staff count	2,245	880	5,118	0	8,243

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

The sole exceptional item – an expense of € 1,433 thousand – relates to the unwinding of the joint ventures of the Juice companies in China, in the course of which AGRANA acquired the shares of AGRANA JUICE (XIANYANG) CO., LTD that it did not already own and disposed of its shares of Yongji Andre Juice Co., Ltd. This amount is reported in the consolidated income statement within other operating expenses.

The items “segment assets” and “segment liabilities” are based on total assets and liabilities, respectively, and do not include non-current financial assets, certain current financial assets, or borrowings. As well, the following items are eliminated in the segment data to the extent that they cannot be allocated: investments in outside companies, securities and loan receivables. Current and deferred tax assets/liabilities are also eliminated.

[1] Prior year has been restated in accordance with IAS 8. Further information is provided on page 96.
[2] Excluding goodwill.

Segment assets and liabilities

€000	29 Feb 2012	28 Feb 2011 restated	IAS 19 restatement	28 Feb 2011 published
Total assets	2,362,121	1,992,664	462	1,992,202
Less non-current financial assets	(112,174)	(110,750)	0	(110,750)
Less securities, cash and cash equivalents	(99,855)	(74,838)	0	(74,838)
Less tax assets and other assets	(71,103)	(57,098)	(462)	(56,636)
Segment assets	**2,078,989**	**1,749,978**	**0**	**1,749,978**
Provisions and other liabilities	1,289,133	1,028,510	7,001	1,021,509
Less borrowings	(673,975)	(561,872)	0	(561,872)
Less deferred and current tax liabilities	(51,832)	(32,318)	1,676	(33,994)
Segment liabilities	**563,326**	**434,320**	**8,677**	**425,643**

1.2. SEGMENTATION BY REGION

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

€000	2011|12	2010|11
Revenue		
Austria	1,306,761	1,044,467
Hungary	273,985	217,009
Romania	183,098	147,638
Rest of EU	366,616	329,819
EU-27	2,130,460	1,738,933
Rest of Europe (Bosnia-Herzegovina, Russia, Serbia, Turkey, Ukraine)	135,865	136,338
Other foreign countries	311,306	290,632
Total	**2,577,631**	**2,165,902**

Group revenue grew by approximately 19% from the prior year. The revenue generated by the Eastern European companies was € 763,300 thousand (prior year: € 632,592 thousand), or about 29.6% of total revenue. The countries defined as Eastern Europe are Hungary, Slovakia, Czech Republic, Romania, Bulgaria, Poland, Russia, Ukraine, Turkey, Serbia and Bosnia-Herzegovina. No single customer represented 10% or more of the consolidated revenue of the AGRANA Group.

€000	2011|12	2010|11
Segment assets		
Austria	742,492	648,345
Hungary	279,256	210,634
Romania	109,802	93,321
Rest of EU	553,189	486,383
EU-27	1,684,739	1,438,683
Rest of Europe (Bosnia-Herzegovina, Russia, Serbia, Turkey, Ukraine)	133,202	106,953
Other foreign countries	261,048	204,342
Total	**2,078,989**	**1,749,978**

€000	2011|12	2010|11
Purchases of property, plant and equipment and intangibles[1]		
Austria	39,602	17,509
Hungary	13,078	6,278
Romania	3,795	1,372
Rest of EU	15,972	14,439
EU-27	72,447	39,598
Rest of Europe (Bosnia-Herzegovina, Russia, Serbia, Turkey, Ukraine)	10,137	5,196
Other foreign countries	14,509	11,065
Total	**97,093**	**55,859**

2. BASIS OF PREPARATION

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

The consolidated financial statements of the AGRANA Group for 2011|12 were prepared in accordance with International Financial Reporting Standards (IFRS) in effect at the balance sheet date and with International Financial Reporting Interpretations Committee (IFRIC) interpretations, as adopted by the European Union.

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

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

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

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

Beginning in the 2011|12 financial year, the following new or revised standards and interpretations issued by the IASB were effective, i.e., their application became mandatory for AGRANA; they have no, or no material, effects on AGRANA's consolidated financial statements:

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

[1] Excluding goodwill.

In May 2010 the IASB published the third collection of amendments in its annual improvement project, Improvements to IFRSs (2010). The amendments address details of the recognition, measurement and disclosure of business events, standardise terminology and consist mainly of editorial changes to existing standards.

The following standards and interpretations either are effective from the 2012|13 financial year, or have been issued by the IASB but not yet adopted by the European Union. In the latter case, the effective year given in the table represents the expected time of adoption:

Standard/Interpretation	Issued by the IASB	Effective for AGRANA from FY	Adopted by the EU
IFRS 7: Financial Instruments: Disclosures (Amended)	07/10/2010	2012|13	22/11/2011
IAS 1: Presentation of Financial Statements (Amended)	16/06/2011	2013|14	No
IAS 12: Income Taxes (Amended)	20/12/2010	2012|13	No
IAS 19: Employee Benefits (Revised)	16/06/2011	2013|14	No
IAS 27: Separate Financial Statements (Revised)	12/05/2011	2013|14	No
IAS 28: Investments in Associates and Joint Ventures (Revised)	12/05/2011	2013|14	No
IAS 32: Financial instruments: Presentation (Amended)	16/12/2011	2014|15	No
IFRS 1: First-time Adoption of International Financial Reporting Standards (Amended)	20/12/2010	2012|13	No
IFRS 9: Financial Instruments	16/12/2011	2015|16	No
IFRS 10: Consolidated Financial Statements	12/05/2011	2013|14	No
IFRS 11: Joint Arrangements	12/05/2011	2013|14	No
IFRS 12: Disclosure of Interests in Other Entities	12/05/2011	2013|14	No
IFRS 13: Fair Value Measurement	12/05/2011	2013|14	No
IFRIC 20: Stripping Costs in the Production Phase of a Surface Mine	19/10/2011	2013|14	No

In November 2011 the EU adopted IFRS 7 (Financial Instruments: Disclosures – 2010) into European law. This amendment to IFRS 7 relates to disclosures on derecognition of transferred financial assets. The changed standard is effective for AGRANA beginning with the 2012|13 financial year; the amendment is not relevant to AGRANA.

The following standards, interpretations, amendments and revisions have been published by the IASB, but not yet adopted by the EU into European law. The changed and new standards and interpretations cited in the table above relate to the following changes:

- IAS 1 (Presentation of Financial Statements): The amendments revise the presentation of other comprehensive income by requiring separate subtotals for those elements that may be “recycled” and those that will not. The amendments become effective for financial years beginning on or after 1 July 2012.

- IAS 12 (Income Taxes): The amendments to IAS 12 relate to the measurement of deferred tax according to whether the carrying amount is realised by use or sale (rebuttable presumption) The amendments are effective for financial years beginning on or after 1 January 2012.

- IAS 27 (Separate Financial Statements): The standard is renamed from "Consolidated and Separate Financial Statements" to "Separate Financial Statements" and now covers only separate accounts. The standard becomes effective for financial years beginning on or after 1 January 2013.

- IAS 32 (Financial Instruments: Presentation): A financial asset and a financial liability must be offset and presented as a net amount when, and only when, the company has a legally enforceable right to net these amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously. The amendment, which must be applied retrospectively, becomes effective in financial years beginning on or after 1 January 2014.

- IFRS 1 (First-time Adoption of International Financial Reporting Standards): The amendments to IFRS 1 concern relief regarding derecognition-related requirements before the transition to IFRSs, and special rules for cases where the functional currency was subject to hyperinflation. The amendments are effective for financial years beginning on or after 1 July 2011.

- IFRS 10 (Consolidated Financial Statements): IFRS 10 replaces the guidelines in IAS 27 (Consolidated and Separate Financial Statements) and SIC 12 (Consolidation – Special Purpose Entities) on control and consolidation. IFRS 10 changes the definition of control to the effect that the same criteria are applied to all companies in determining a relationship of control. This definition is accompanied by extensive application guidelines. The standard becomes effective for financial years beginning on or after 1 January 2013.

- IFRS 12 (Disclosure of Interests in Other Entities): IFRS 12 sets out the required disclosures in respect of entities that are accounted for in accordance with IFRS 10 (Consolidated Financial Statements), IFRS 11 (Joint Arrangements) and IAS 28 (Investments in Associates and Joint Ventures). The standard becomes effective for financial years beginning on or after 1 January 2013.

- IFRS 13 (Fair Value Measurement): IFRS 13 describes how to determine fair value and expands the disclosures on fair value; it does not prescribe when to use fair value. The standard is effective for financial years beginning on or after 1 January 2013.

- IFRIC 20 (Stripping Costs in the Production Phase of a Surface Mine): the interpretation is effective for financial years beginning on or after 1 January 2013.

In October 2010 the IASB reissued IFRS 9 (Financial Instruments). This standard to date consists of the first part of the three-stage IASB project to replace the current IAS 39 (Financial Instruments: Recognition and Measurement). The new IFRS 9 provides only two categories for the classification of financial assets: measurement at amortised cost and measurement at fair value. The existing more complex classification and measurement model of IAS 39 is to be eliminated. This second version of IFRS 9 incorporates new requirements on accounting for financial liabilities and carries over the requirements from IAS 39 for derecognition of financial assets and financial liabilities. The IASB announced in December 2011 that the mandatory effective date is postponed to annual periods beginning in 2015. The delay results from the fact that the publication of the second phase of IFRS 9 (relating to impairment) and of its third phase (relating to hedge accounting) is still outstanding. The European Financial Reporting Advisory Group (EFRAG) has deferred its endorsement advice on IFRS 9 in order to gain more time to assess the results of the IASB project to improve accounting for financial instruments. As AGRANA's accounting already largely conforms to the future new standards, their application is not expected to have a material effect on the Group's consolidated financial statements.

On 12 May 2011 the IASB published IFRS 11 (Joint Arrangements) in conjunction with the revised IAS 28 (Investments in Associates and Joint Ventures). The new rules define two types of joint arrangements – joint operations and joint ventures. The existing option to account for jointly controlled entities using proportionate consolidation is removed. Partner entities in a joint venture (joint venturers) must now use the equity method of accounting. The accounting rules for parties to joint operations (joint operators) become consistent with the existing accounting treatment of jointly controlled assets and jointly controlled operations. The standard is effective for financial years beginning on or after 1 January 2013. AGRANA is reviewing the impact on the consolidated financial statements.

On 16 June 2011 the IASB published the revised IAS 19 (Employee Benefits). The key change was that actuarial gains and losses require immediate and complete recognition in the current period in other comprehensive income, outside the income statement. The past options of deferral using the corridor approach or of immediate recognition in the income statement are removed. As well, under the revised IAS 19 the expected return on plan assets can only be recognised to the extent of interest come calculated at the discount rate, thus leading to net interest expense or income respectively for a plan deficit or plan surplus. Further, the disclosures in the notes are being significantly expanded; in particular, disclosures will be required on the risk structure of benefit plans and sensitivity analyses regarding the fluctuation range of pension obligations in response to changes in valuation assumptions. The new IAS 19 also includes clarifications on the nature of short-term and other long-term employee benefits, on curtailments, the allocation of past service cost and the definition of termination benefits. These changes can affect especially the timing of recognition of obligations from partial-retirement and similar programmes. If adopted into European law as scheduled, the revised IAS 19 becomes effective for AGRANA from the 2013|14 financial year.

On 16 December 2011 the IASB issued further amendments to IFRS 9 and IFRS 7 (Mandatory Effective Date and Transition Disclosures) and amendments to IAS 32 and IFRS 7 (Offsetting Financial Assets and Financial Liabilities). These changes are expected to become effective for the 2013|14 financial year.

Restatement in accordance with IAS 8

To improve the comparability of reporting on pensions and similar obligations, AGRANA has decided, as permitted under the existing IAS 19 (Employee Benefits), to recognise actuarial gains and losses entirely in the period in which they occur. From the 2011|12 financial year onwards, the actuarial gains and losses – adjusted for deferred taxes – are reported directly in equity as income and expense. The accounting policy change was applied retrospectively and has effects on the consolidated statement of comprehensive income and the consolidated balance sheet, but not on the subtotals in the consolidated cash flow statement.

Except for the changes described above relating to the accounting and measurement of pension obligations, AGRANA did not make changes to the accounting methods.

For retrospectively applied changes in accounting, IAS 8 requires the additional disclosure of the opening balance sheet of the earliest comparative period. A balance sheet at 28 February 2010 is therefore shown. The restatement adjustments made at 1 March 2010 and 28 February 2011 to the affected items of the consolidated balance sheet and of the 2010|11 consolidated income statement and statement of comprehensive income are presented below:

Consolidated balance sheet

€000	Restated	IAS 19 restatement	Published
At 1 March 2010			
ASSETS			
A. Non-current assets	**1,004,208**	**473**	**1,003,735**
Deferred tax assets	31,318	473	30,845
B. Current assets	**884,180**	**0**	**884,180**
Total assets	**1,888,388**	**473**	**1,887,915**
EQUITY AND LIABILITIES			
A. Equity	**898,500**	**(6,154)**	**904,654**
Retained earnings	358,503	(6,154)	364,657
B. Non-current liabilities	**294,862**	**6,627**	**288,235**
Retirement and termination benefit obligations	52,534	8,271	44,263
Deferred tax liabilities	17,725	(1,644)	19,369
C. Current liabilities	**695,026**	**0**	**695,026**
Total equity and liabilities	**1,888,388**	**473**	**1,887,915**
At 28 February 2011			
ASSETS			
A. Non-current assets	**982,299**	**462**	**981,837**
Deferred tax assets	31,462	462	31,000
B. Current assets	**1,010,365**	**0**	**1,010,365**
Total assets	**1,992,664**	**462**	**1,992,202**
EQUITY AND LIABILITIES			
A. Equity	**964,155**	**(6,539)**	**970,694**
Retained earnings	421,025	(6,539)	427,564
B. Non-current liabilities	**350,329**	**7,001**	**343,328**
Retirement and termination benefit obligations	50,634	8,677	41,957
Deferred tax liabilities	17,412	(1,676)	19,088
C. Current liabilities	**678,180**	**0**	**678,180**
Total equity and liabilities	**1,992,664**	**462**	**1,992,202**

Consolidated income statement
for the year ended 28 February 2011

€000	Restated	IAS 19 restatement	Published
2010|11			
Staff costs	(225,231)	570	(225,801)
Operating profit after exceptional items	128,623	570	128,053
Profit before tax	**109,664**	**570**	**109,094**
Income tax expense	(22,603)	(195)	(22,408)
Profit for the period	**87,061**	**375**	**86,686**

Consolidated statement of comprehensive income
for the year ended 28 February 2011

€000	Restated	IAS 19 restatement	Published
2010|11			
Profit for the period	87,061	375	86,686
Other comprehensive income/(expense)			
Currency translation differences	5,737	0	5,737
Available-for-sale financial assets	(651)	0	(651)
Tax effect of available-for-sale financial assets	121	0	121
Cash flow hedges	(973)	0	(973)
Tax effect of cash flow hedges	14	0	14
Change in actuarial gains and losses on defined benefit pension obligations and similar liabilities	(976)	(976)	0
Tax effect of change in actuarial gains and losses on defined benefit pension obligations and similar liabilities	216	216	0
Other comprehensive income/(expense) for the period	3,488	(760)	4,248
Total comprehensive income for the period	**90,549**	**(385)**	**90,934**
– *Attributable to shareholders of the parent*	*88,390*	*(385)*	*88,775*
– *Attributable to non-controlling interests*	*2,159*	*0*	*2,159*

3. SCOPE OF CONSOLIDATION

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

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

At the balance sheet date, 63 (prior year: 59) companies besides the parent were fully consolidated in the Group financial statements and 7 (prior year: 9) companies were proportionately consolidated.

An overview of the fully consolidated and proportionately consolidated entities and other business interests is given beginning on page 152.

The number of companies that were fully or proportionately consolidated changed as follows in the 2011|12 financial year:

	Full consolidation	Proportionate consolidation
At 1 March 2011	59	9
Change in method of inclusion	4	(1)
First-time inclusion	1	0
Merger	(1)	0
Deconsolidation	0	(1)
At 29 February 2012	**63**	**7**

First-time inclusion in the consolidated financial statements

- AGRANA Juice Ukraine TOV, Vinnytsia, Ukraine
  Activity: Production of juice concentrates
  Included from: August 2011 (establishment date)
  Equity interest: 100%
  Establishment cost in cash: € 2 thousand
  The inclusion of AGRANA Juice Ukraine TOV did not give rise to goodwill or negative goodwill.

Changes in method of inclusion

- AGRANA AGRO SRL, Roman, Romania
  Activity: Grain production and processing of grain legumes
  Included from: July 2011
  Nature of change: From “Non-consolidated subsidiaries” to “Fully consolidated subsidiaries”
  Equity interest: 100%
  Establishment cost in cash: € 1 thousand
  The inclusion of AGRANA AGRO SRL did not give rise to goodwill or negative goodwill.

- AGRANA BUZAU SRL, Buzău, Romania
  Activity: Production of sugar
  Included from: July 2011
  Nature of change: From “Non-consolidated subsidiaries” to “Fully consolidated subsidiaries”
  Equity interest: 100%
  Establishment cost in cash: € 23 thousand
  The inclusion of AGRANA BUZAU SRL did not give rise to goodwill or negative goodwill.

- AGRANA TANDAREI SRL, Ţăndărei, Romania
  Activity: Production of sugar
  Included from: July 2011
  Nature of change: From “Non-consolidated subsidiaries” to “Fully consolidated subsidiaries”
  Equity interest: 100%
  Establishment cost in cash: € 23 thousand
  The inclusion of AGRANA TANDAREI SRL did not give rise to goodwill or negative goodwill.

- AGRANA JUICE (XIANYANG) CO., LTD, Xianyang City, China
  Activity: Production of juice concentrates
  Included from: August 2011
  Nature of change: From "Joint ventures accounted for by proportionate consolidation" to "Fully consolidated subsidiaries".
  Equity interest: 100%

Merger

In January 2012, AGRANA Juice Romania Carei SRL, Carei, Romania, was merged into AGRANA Juice Romania Vaslui s.r.l., Vaslui, Romania, the acquiring company. There were no deconsolidation effects.

Deconsolidation

The Group deconsolidated Yongji Andre Juice Co., Ltd., Yongji City, China, in the course of the unwinding of joint ventures.

Unwinding of joint ventures

The unwinding of two joint ventures in China was completed at the end of July 2011. Until then, the two joint ventures, which produce apple juice concentrate in China, had been accounted for using proportionate consolidation. Under the separation arrangements, AGRANA acquired full ownership of the former joint venture Xianyang Andre Juice Co., Ltd. This company has been fully consolidated since 1 August 2011.

Effects of the unwinding of joint ventures

The shares fully divested by AGRANA of the past joint venture Yongji Andre Juice Co., Ltd. were valued in an external expert valuation at € 6,000 thousand, while the shares of Xianyang Andre Juice Co., Ltd. acquired by AGRANA were valued at € 11,500 thousand; Yongji Andre Juice Co., Ltd. was deconsolidated at 1 August 2011. To offset the excess value of the acquired stake, AGRANA was required to pay € 5,500 thousand to the former joint venture partner, Yantai North Andre, which now has full ownership of the second former joint venture, Yongji Andre Juice Co., Ltd. This compensating payment is reported as a purchase of non-current financial assets in the consolidated cash flow statement.

The net assets of Xianyang Andre Juice Co., Ltd. (stated at 100%) at initial full consolidation and the goodwill arising on acquisition were as shown below:

€000	**Carrying amount at acquisition date**
Non-current assets	14,338
Inventories	2,744
Receivables and other assets	6,517
Cash, cash equivalents and securities	69
Current assets	9,330
Total assets	**23,668**
Less current liabilities	(15,808)
Net assets [equity]	**7,860**
Goodwill	15,140
Purchase price	**23,000**

In total, the unwinding of the joint ventures led to an increase of € 3,109 thousand in goodwill and an expense of € 1,433 thousand. The sales revenue recognised since the first-time full consolidation at 1 August 2011 was about € 8,286 thousand.

Joint ventures
The information below presents the Group's share of the aggregated results of the proportionately consolidated companies. The companies involved included the joint venture HUNGRANA Keményitö- és Izocukorgyártó és Forgalmazó Kft., Szabadegyhaza, Hungary (of which AGRANA Stärke GmbH, Vienna, owns 50%) and its Hungary-based subsidiaries Hungranatrans Kft., Szabadegyháza, and GreenPower E85 Kft., Szabadegyháza. Also included by proportionate consolidation were AGRANA-STUDEN Beteiligungs GmbH, Vienna; STUDEN-AGRANA Rafinerija Secera d.o.o., Brčko, Bosnia-Herzegovina; AGRANA Studen Sugar Trading GmbH, Vienna; and AGRAGOLD Holding GmbH, Vienna.

€000	29 Feb 2012	28 Feb 2011
Non-current assets	99,536	129,736
Inventories	25,571	29,525
Receivables and other assets	79,628	57,632
Cash, cash equivalents and securities	10,055	3,924
Current assets	115,254	91,081
Total assets	**214,790**	**220,817**
Equity	91,129	99,914
Non-current liabilities	10,104	20,077
Current liabilities	113,557	100,826
Total equity and liabilities	**214,790**	**220,817**
Revenue	370,172	297,791
Net other (expense)	(336,644)	(272,071)
Profit for the period	**33,528**	**25,720**

3.1. BALANCE SHEET DATE

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

4. CONSOLIDATION METHODS

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

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

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

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

5. FOREIGN CURRENCY TRANSLATION

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

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

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

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

		Rate at reporting date		Average rate for year	
€	Currency	29 Feb 2012	28 Feb 2011	1 Mar 2011–29 Feb 2012	1 Mar 2010–28 Feb 2011
Argentina	ARS	5.82	5.56	5.79	5.20
Australia	AUD	1.24	1.36	1.33	1.41
Bosnia	BAM	1.96	1.96	1.96	1.96
Brazil	BRL	2.29	2.29	2.33	2.29
Bulgaria	BGN	1.96	1.96	1.96	1.96
China	CNY	8.46	9.09	8.89	8.87
Czech Republic	CZK	24.84	24.35	24.74	25.01
Denmark	DKK	7.44	7.46	7.45	7.45
Egypt	EGP	8.18	8.12	8.26	7.52
Fiji	FJD	2.35	2.51	2.47	2.51
Hungary	HUF	288.71	270.72	283.64	275.84
Mexico	MXN	17.19	16.74	17.41	16.47
Morocco	MAD	11.18	11.24	11.24	11.10
Poland	PLN	4.14	3.98	4.18	3.97
Romania	RON	4.35	4.21	4.25	4.23
Russia	RUB	39.14	39.90	40.85	39.97
Serbia	CSD	110.19	103.22	102.33	104.04
South Africa	ZAR	10.01	9.64	10.21	9.55
South Korea	KRW	1,502.28	1,557.85	1,536.01	1,516.73
Turkey	TRY	2.35	2.21	2.37	2.00
USA	USD	1.34	1.38	1.38	1.32
Ukraine	UAH	10.75	10.91	11.04	10.45

6. ACCOUNTING POLICIES

6.1. CHANGES IN ACCOUNTING METHODS

■ The explanations of the change in the option chosen regarding the current IAS 19 are provided from page 96.

6.2. INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

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

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

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

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

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

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

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

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

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

6.3. GOVERNMENT ASSISTANCE

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

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

6.4. FINANCIAL INSTRUMENTS

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

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

Financial liabilities
- Bank loans and overdrafts
- Trade payables
- Financial other payables

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

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

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

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

■ Financial assets are recognised at the settlement date.

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

■ Cash and cash equivalents are measured at their face amount, which represents their market value. Cash and cash equivalents include cash on hand and bank deposits having a remaining term to maturity of up to three months at the time of investment.

Derivative financial instruments

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

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

Receivables

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

Payables

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

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

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

6.5. INVENTORIES

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

6.6. EMISSION ALLOWANCES

■ Emission rights are accounted for in accordance with IAS 38 (Intangible Assets), IAS 20 (Accounting for Government Grants and Disclosure of Government Assistance) and IAS 37 (Provisions, Contingent Liabilities and Contingent Assets). Emission allowances are issued for a given calendar year and are intangible assets for the purposes of IAS 38 that, except as noted below, are to be classified as current assets. They are assigned a cost of zero. From the point when emissions exceed allocated allowances (one allowance represents one tonne of carbon dioxide), a provision for CO_2 emissions must be established for actual additional emissions and recognised in the income statement. The provision is calculated by taking into account the cost incurred for purchased emission allowances or any excess of their market value at the measurement date over their cost. CO_2 emission allowances that have already been purchased for use in a subsequent trading period are recorded in non-current assets.

6.7. IMPAIRMENT

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

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

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

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

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

6.8. EMPLOYEE BENEFIT OBLIGATIONS

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

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

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

■ The calculation is based on extrapolated future trends in salaries, retirement benefits and employee turnover, as well as a discount rate of 4.5% (prior year: 5.0%).

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

6.9. OTHER PROVISIONS

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

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

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

6.10. DEFERRED TAXES

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

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

■ The income tax reported represents the tax levied in the individual countries on taxable income, and the movement in deferred taxes. The current income tax reported is measured on the basis of legislation in force or enacted at the balance sheet date, in the amount expected to be payable. Future changes in tax rates are taken into account if the change in tax rate has already been enacted in law at the time of preparation of the financial statements.

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

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

6.11. RECOGNITION OF REVENUE AND COSTS

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

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

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

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

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

6.12. CRITICAL ASSUMPTIONS AND JUDGEMENTS

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

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

- The impairment testing of intangible assets (carrying amount at 29 February 2012: € 26,051 thousand), goodwill (carrying amount at 29 February 2012: € 222,332 thousand) and property, plant and equipment (carrying amount at 29 February 2012: € 595,924 thousand) is based on forward-looking assumptions. The determination of the recoverable amounts for the purpose of the impairment review involves several assumptions, such as regarding future net cash flows and the discount rate. The net cash flows are the amounts in those five-year cash flow forecasts for the cash generating units that are most current at the time of preparation of the financial statements. The discount rate varies by industry, company risk level and specific market environment; in the financial year it ranged from 9.1% to 9.6% (prior year: 8.1% to 9.6%).

- 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 2012: € 52,674 thousand) involves assumptions regarding discount rate, age at retirement, life expectancy, employee turnover and future increases in pay and benefits.

- An increase or decrease in the discount rate by 1 percentage point, with all other parameters remaining constant, would have had the following effects on the amounts of the provisions stated in note 24a:

	Discount rate	
€000	**If 1%-point higher**	**If 1%-point lower**
Retirement benefits	3,058	3,613
Termination benefits	1,920	2,197

- The recognition of deferred tax assets (carrying amount at 29 February 2012: € 29,764 thousand) is based on the assumption that sufficient tax income will be realised in the future to utilise tax loss carryforwards.

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

- In determining the amount of other provisions (carrying amount at 29 February 2012: € 39,174 thousand), management exercises judgement as to whether AGRANA is likely to incur an outflow of resources from the obligation concerned and whether the amount of the obligation can be estimated reliably. Provisions are measured at the amount of the likely outflow of resources.

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

6.13. CHANGES IN ACCOUNTING METHODS

■ In the 2011|12 financial year, except for the transition from the corridor approach to the direct recognition of actuarial gains and losses in other comprehensive income (OCI), there were no material changes in accounting methods. This changeover to the OCI method is discussed in section 2. Basis of Preparation (from page 93) and in section 6. Accounting Policies under 6.10. Deferred Taxes (on page 108).

7. NOTES TO THE CONSOLIDATED INCOME STATEMENT

Note (1)

7.1. REVENUE

€000	2011|12	2010|11
By nature of activity		
Revenue from sale of finished goods	2,382,924	2,026,331
Revenue from sale of goods purchased for resale	188,289	131,831
Service revenue	6,418	7,740
Total	**2,577,631**	**2,165,902**

The regional analysis of revenue is presented in the Segment reporting section (see page 92).

The Group's top ten customers accounted for 28% of consolidated revenue.

Note (2)

7.2. CHANGE IN INVENTORIES AND OWN WORK CAPITALISED

€000	2011|12	2010|11
Change in inventories of finished and unfinished goods	187,035	18,428
Own work capitalised	4,208	3,115

The increase of € 187,035 thousand in inventories of finished and unfinished goods (prior year: € 18,428 thousand) occurred mainly in the Sugar segment, at a rise of € 126,925 thousand (prior year: € 1,755 thousand), and in the Fruit segment (particularly the juice activities), at an increase of € 51,121 thousand (prior year: € 12,421 thousand).

Note (3)

7.3. OTHER OPERATING INCOME

€000	2011|12	2010|11
Income from		
Beet and pulp cleaning, transport and handling	10,672	4,455
Insurance benefits and payments for damages	5,327	1,607
Currency translation gains	2,961	0
Derivatives	2,885	848
Services rendered to third parties	2,828	5,931
Rent and leases	1,174	1,207
Disposal of non-current assets other than financial assets	314	495
Other items	10,747	16,550
Total	**36,908**	**31,093**

Within other operating income, “other items” represent, for instance, revenue from the sale of raw materials and consumables, from any damage payments and from contract processing.

Note (4)

7.4. COST OF MATERIALS

€000	2011|12	2010|11
Cost of		
Raw materials	1,114,154	819,139
Consumables and goods purchased for resale	752,921	649,021
Purchased services	52,680	33,401
Total	**1,919,755**	**1,501,561**

Note (5)

7.5. STAFF COSTS

€000	2011|12	2010|11 restated	IAS 19 restatement	2010|11 published
Wages and salaries	192,416	176,817	0	176,817
Social security taxes	46,748	43,706	0	43,706
Expenses for retirement benefits	1,790	893	(570)	1,463
Expenses for termination benefits	4,243	3,815	0	3,815
Total	**245,197**	**225,231**	**(570)**	**225,801**

Additions to the provisions for retirement and termination are reported in staff costs, without their interest component. Net interest expense of € 2,651 thousand (prior year: € 2,753 thousand) arising from these items is included in net financial items.

In the 2011|12 financial year an expense of € 6,617 thousand (prior year: € 7,040 thousand) was recognised for contributions to government pension plans.

Average number of employees during the financial year

	2011|12	2010|11
By employee category		
Wage-earning staff	5,695	6,045
Salaried staff	2,228	2,138
Apprentices	59	60
Total	**7,982**	**8,243**
By region		
Austria	1,812	1,746
Hungary	475	470
Romania	756	807
Rest of EU	1,546	1,538
EU-27	4,589	4,561
Rest of Europe (Bosnia-Herzegovina, Russia, Serbia, Turkey, Ukraine)	1,025	1,272
Other foreign countries	2,368	2,410
Total	**7,982**	**8,243**

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

	2011|12	2010|11
Wage-earning staff	278	290
Salaried staff	86	100
Total	**364**	**390**

Note (6)

7.6. DEPRECIATION, AMORTISATION AND IMPAIRMENT

€000	2011|12			2010|11		
	Total	Amortisation, depreciation	Impairment	Total	Amortisation, depreciation	Impairment
Intangible assets	8,180	8,180	0	7,462	7,462	0
Property, plant and equipment	68,428	68,428	0	71,720	69,911	1,809
Depreciation, amortisation and impairment recognised in operating profit before exceptional items	**76,608**	**76,608**	**0**	**79,182**	**77,373**	**1,809**
Depreciation, amortisation and impairment recognised in operating profit after exceptional items	**76,608**	**76,608**	**0**	**79,182**	**77,373**	**1,809**
Financial assets	0	0	0	7	7	0
Depreciation, amortisation and impairment recognised in net financial items	**0**	**0**	**0**	**7**	**7**	**0**
Total	**76,608**	**76,608**	**0**	**79,189**	**77,380**	**1,809**

Impairment by segment was as follows:

€000	2011|12	2010|11
Sugar segment	0	838
Starch segment	0	971
Fruit segment	0	0
Total	**0**	**1,809**

Note (7)

7.7. OTHER OPERATING EXPENSES

€000	2011|12	2010|11
Selling and freight costs	117,562	106,964
Operating and administrative expenses	112,809	96,645
Payments to beet farmers	28,600	0
Operating expenses arising from third-party inputs	11,394	12,722
Advertising expenses	10,542	7,321
Rent and lease expenses	7,304	8,352
Research and development expenses (external)	6,466	6,392
Other taxes	5,952	6,390
Reclassification of non-quota sugar	4,659	0
Production levy	4,589	4,399
Losses on disposal of non-current assets	500	1,393
Derivatives	234	409
Currency translation losses	0	1,008
Other items	22,620	31,946
Total	**333,231**	**283,941**

Internal and external R&D costs totalled € 15,139 thousand (prior year: € 14,478 thousand).

Within other operating expenses, “other items” included additional expenses from sales of industrial sugar; lease and rental costs; damage payments; risk provisions; and waste removal and cleaning.

The costs incurred in the financial year for the auditors were € 320 thousand (prior year: € 317 thousand) for KPMG Austria AG Wirtschaftsprüfungs- und Steuerberatungsgesellschaft and € 179 thousand (prior year: € 183 thousand) for MULTICONT Revisions- und Treuhand Gesellschaft m.b.H. The expenses related entirely to the audit of the consolidated financial statements (including the audits of separate financial statements of individual subsidiaries and joint ventures); no other consulting services were provided by the auditors.

Note (8)

7.8. OPERATING PROFIT AFTER EXCEPTIONAL ITEMS

€000	2011|12	2010|11 restated	IAS 19 restatement	2010|11 published
Operating profit before exceptional items	232,424	128,623	570	128,053
Exceptional items	(1,433)	0	0	0
Total	**230,991**	**128,623**	**570**	**128,053**

The net exceptional items expense of € 1,433 thousand resulted from the restructuring in connection with the unwinding of joint ventures by the Juice companies in China. It is reported in other operating expenses in the consolidated income statement.

Note (9)

7.9. FINANCE INCOME

€000	2011|12	2010|11
Interest income	10,864	12,642
Other finance income		
Share of results of non-consolidated subsidiaries	1,029	1,029
Gains on derivatives	1,166	1,260
Other finance income	153	49
Total	**13,212**	**14,980**

Interest income by segment was as follows:

€000	2011|12	2010|11
Sugar segment	9,338	10,788
Starch segment	331	115
Fruit segment	1,195	1,739
Total	**10,864**	**12,642**

Note (10)

7.10. FINANCE EXPENSE

€000	2011|12	2010|11
Interest expense	32,984	28,502
Other finance expenses		
Currency translation losses	775	2,499
Losses from derivatives	2,369	982
Other	1,819	1,956
Total	**37,947**	**33,939**

Interest expense by segment was as follows:

€000	2011|12	2010|11
Sugar segment	9,817	5,650
Starch segment	3,363	3,060
Fruit segment	19,804	19,792
Total	**32,984**	**28,502**

Interest expense includes the interest component of allocations to the provisions for retirement and termination benefits. In the financial year, this interest component was € 2,651 thousand (prior year: € 2,753 thousand).

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

€000	**2011|12**	**2010|11**
Net interest (expense)	(22,120)	(15,860)
Currency translation differences	(775)	(2,499)
Share of results of non-consolidated subsidiaries and outside companies	1,029	1,029
Net (loss) on disposal of non-consolidated subsidiaries and outside companies	(174)	(51)
Other financial items	(2,695)	(1,578)
Total	**(24,735)**	**(18,959)**

Net currency translation differences on financing activities amounted to a loss of € 775 thousand. This was composed of a realised loss of € 2,078 thousand and an unrealised gain of € 1,303 thousand.

Note (11)

7.11. INCOME TAX EXPENSE

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

€000	**2011|12**	**2010|11 restated**	**IAS 19 restatement**	**2010|11 published**
Current tax expense	47,990	20,993	0	20,993
– *Of which Austrian*	*20,973*	*3,471*	*0*	*3,471*
– *Of which foreign*	*27,017*	*17,522*	*0*	*17,522*
Deferred tax expense	2,593	1,610	195	1,415
– *Of which Austrian*	*3,395*	*1,132*	*185*	*947*
– *Of which foreign*	*(802)*	*478*	*10*	*468*
Total tax expense	**50,583**	**22,603**	**195**	**22,408**
– *Of which Austrian*	*24,368*	*4,603*	*185*	*4,418*
– *Of which foreign*	*26,215*	*18,000*	*10*	*17,990*

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

€000	**2011|12**	**2010|11 restated**	**IAS 19 restatement**	**2010|11 published**
(Decrease)/increase in deferred tax assets in the consolidated balance sheet	(1,698)	617	462	155
Decrease in deferred tax liabilities in the consolidated balance sheet	159	1,957	1,676	281
Total change in deferred taxes	**(1,539)**	**2,574**	**2,138**	**436**
– *Of which from other changes recognised directly in equity [fair value changes, cash flow hedges, IAS 19, and other]*	*1,054*	*4,184*	*2,333*	*1,851*
– *Of which from changes recognised in the income statement*	*(2,593)*	*(1,610)*	*(195)*	*(1,415)*

Reconciliation of profit before tax to income tax expense

€000	2011|12	2010|11 restated	IAS 19 restatement	2010|11 published
Profit before tax	206,256	109,664	570	109,094
Standard Austrian tax rate	25%	25%	–	25%
Nominal tax expense at standard Austrian rate	**51,564**	**27,416**	**143**	**27,273**
Tax effect of				
Different tax rates applied on foreign income	(9,103)	(949)	0	(949)
Tax-exempt income and tax deductions	(1,554)	(1,560)	0	(1,560)
Non-tax-deductible expenses and additional tax debits	1,789	2,401	0	2,401
Non-recurring tax expenses	2,481	1,397	0	1,397
Non-temporary differences resulting from consolidation	5,406	(6,154)	0	(6,154)
IAS 19 restatement	0	52	52	0
Income tax expense	**50,583**	**22,603**	**195**	**22,408**
Effective tax rate	**24.5%**	**20.6%**	**–**	**20.5%**

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

The Tax Reform Act of 2005 introduced a new concept for the taxation of company groups. In accordance with the provisions of this Act, the AGRANA Group established a group consisting of AGRANA Beteiligungs-AG as the group parent and the following group members: AGRANA Zucker GmbH, AGRANA Stärke GmbH, AGRANA Marketing- und Vertriebsservice Gesellschaft mbH, AGRANA Bioethanol GmbH, Agrofrucht GmbH, AGRANA J&F Holding GmbH, AGRANA Internationale Verwaltungs- und Asset-Management GmbH, AGRANA Juice Holding GmbH, AGRANA Group-Services GmbH, Instantina Nahrungsmittel Entwicklungs- und Produktionsgesellschaft mbH and AGRANA Juice Sales & Customer Service 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. € 12,692 thousand (prior year: € 14,919 thousand) of potential tax assets were not recognised. At the balance sheet date there were cumulative unused tax losses of € 62,074 thousand (prior year: € 74,386 thousand).

At the balance sheet date the deferred tax assets and liabilities recognised directly in equity amounted to a net asset of € 2,619 thousand (prior year as originally published: net liability of € 1,077 thousand; prior year restated for IAS 19: net asset of € 1,256 thousand).

Note (12)

7.12. EARNINGS PER SHARE

		2011|12	2010|11 restated	IAS 19 restatement	2010|11 published
Profit for the period attributable to shareholders of the parent (AGRANA Beteiligungs-AG)	€000	152,360	84,890	375	84,515
Average number of shares outstanding		14,202,040	14,202,040	–	14,202,040
Earnings per share based on IFRS (basic and diluted)	€	10.73	5.98	0.03	5.95
Dividend per share	€	3.60[1]	2.40	–	2.40

Subject to the Annual General Meeting's approval of the proposed appropriation of profit for the 2011|12 financial year, AGRANA Beteiligungs-AG will pay a dividend of € 51,127 thousand (prior year: € 34,085 thousand).

8. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

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

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

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

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

(Note 13)

8.1. CASH FLOWS FROM OPERATING ACTIVITIES

Operating cash flow before changes in working capital was € 250,115 thousand (prior year: € 169,049 thousand), or 9.70% of revenue (prior year: 7.81%). The item "other non-cash expenses/income" consisted of, among other items, the unrealised foreign currency translation gains reflected in net financial items, with a negative effect of € 1,303 thousand in the cash flow statement (prior year: translation losses with a positive impact of € 3,251), the positive effect of deferred taxes (€ 1,539 thousand; prior year: negative effect of € 2,574 thousand), the positive current non-cash tax effect (€ 18,680 thousand; prior year: € 1,999 thousand) and the positive effect of a cash net exceptional items expense of € 1,433 thousand from the unwinding of joint ventures. After changes in working capital, net cash from operating activities was € 43,181 thousand (prior year: € 75,430 thousand).

[1] Proposal to the Annual General Meeting.

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

€000	2011|12	2010|11
Interest received	15,893	12,197
Interest paid	29,838	26,643
Tax paid	29,310	18,994
Dividends received	1,029	1,029

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

Note (14)

8.2. CASH FLOWS FROM INVESTING ACTIVITIES

In the financial year, € 97,857 thousand was required to fund the investing activities (prior year: € 51,589 thousand).

Outflows from purchases of property, plant and equipment and intangible assets increased to € 96,942 thousand (prior year: € 55,859 thousand).

Proceeds from disposal of non-current assets were € 2,680 thousand (prior year: € 3,978 thousand).

In the financial year, payments were recognised for the acquisition of businesses that relate to the purchase of 50% of the shares of Xianyang Andre Juice Co., Ltd., the former joint venture. The payments made for this acquisition represent the net amount resulting from offsetting the acquired cash and cash equivalents of € 35 thousand against the purchase price of € 5,500 thousand.

(Note 15)

8.3. CASH FLOWS FROM FINANCING ACTIVITIES

In the 2011|12 financial year, borrowings increased by € 113,405 thousand (prior year: by € 3,160 thousand). Dividends paid consisted mainly of the cash dividend distributed to the shareholders of AGRANA Beteiligungs-AG.

9. NOTES TO THE CONSOLIDATED BALANCE SHEET

(Note 16)

9.1. INTANGIBLE ASSETS

€000	Goodwill	Concessions, licences, sugar quota, similar rights	Total
2011|12			
Cost			
At 1 March 2011	219,223	91,336	310,559
Currency translation differences	0	(44)	(44)
Changes in scope of consolidation	3,109	26	3,135
Additions	0	4,650	4,650
Reclassifications	0	187	187
Disposals	0	(9,920)	(9,920)
At 29 February 2012	**222,332**	**86,235**	**308,567**

€000	Goodwill	Concessions, licences, sugar quota, similar rights	Total
Accumulated amortisation and impairment			
At 1 March 2011	0	62,008	62,008
Currency translation differences	0	(43)	(43)
Amortisation for the period	0	8,180	8,180
Reclassifications	0	(90)	(90)
Disposals	0	(9,871)	(9,871)
At 29 February 2012	**0**	**60,184**	**60,184**
Carrying amount at 29 February 2012	**222,332**	**26,051**	**248,383**
2010|11			
Cost			
At 1 March 2010	220,280	98,263	318,543
Currency translation differences	0	275	275
Changes in scope of consolidation	0	1	1
Additions	0	2,443	2,443
Reclassifications	0	2,256	2,256
Disposals	(1,057)	(11,902)	(12,959)
At 28 February 2011	**219,223**	**91,336**	**310,559**
Accumulated amortisation and impairment			
At 1 March 2010	0	66,097	66,097
Currency translation differences	0	225	225
Amortisation for the period	0	7,462	7,462
Disposals	0	(11,776)	(11,776)
At 28 February 2011	**0**	**62,008**	**62,008**
Carrying amount at 28 February 2011	**219,223**	**29,328**	**248,551**

■ The disposals of € 9,920 thousand of non-goodwill intangible assets related primarily to disposals of patents (€ 8,689 thousand).

■ The amount of € 3,109 thousand associated with changes in the scope of consolidation relates to the unwinding of the two Juice joint ventures in China.

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

■ Of the total carrying amount of goodwill, the Sugar segment accounted for € 21,384 thousand (prior year: € 21,384 thousand), the Starch segment for € 2,090 thousand (prior year: € 2,090 thousand) and the Fruit segment for € 198,858 thousand (prior year: € 195,749 thousand).

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

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

■ In testing for impairment, AGRANA uses a discounted cash flow method to determine the value in use of the cash-generating units. The determination of expected cash flows from each cash-generating unit is based on business plans that are validated and approved by Supervisory Board committees and have a planning horizon of five years. Projections beyond a five-year horizon are based on the assumption of a constant, inflation-induced growth rate of 0.75% per year (assumption in the prior year: 0.75%). The weighted average cost of capital (WACC) derived from the AGRANA Group's capital costs is calculated at 9.5% (prior year: 9.6%) for the Fruit segment, at 9.6% (prior year: 8.5%) for the Starch segment and at 9.1% (prior year: 8.1%) for the Sugar segment.

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

■ Regarding the measurement of value in use of the CGUs, the management of the AGRANA Group is confident that realistic changes in the assumptions for the determination of the recoverable amount of the Group's CGUs would not lead to an impairment. The excess of the recoverable amount over the carrying amount was € 201 million in the Fruit segment (prior year: € 121 million), € 449 million in the Starch segment (prior year: € 400 million) and € 86 million in the Sugar segment (prior year: € 80 million).

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

■ Had the WACC been 1 percentage point higher, no goodwill impairment would have had to be recognised in any of the segments.

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

(Note 17)

9.2. PROPERTY, PLANT AND EQUIPMENT

€000	Land, leasehold rights and buildings	Technical plant and machinery	Other plant, furniture and equipment	Assets under con-struction	Borrowing costs	Total
2011|12						
Cost						
At 1 March 2011	469,404	993,995	171,636	29,588	0	1,664,623
Currency translation differences	(5,202)	(7,734)	(597)	(275)	4	(13,804)
Changes in scope of consolidation	1,057	2,353	161	88	0	3,659
Additions	18,657	22,736	11,574	39,374	102	92,443
Reclassifications	8,485	15,988	1,819	(26,479)	0	(187)
Disposals	(3,232)	(2,524)	(2,941)	(44)	0	(8,741)
Government grants	(8)	(319)	(22)	0	0	(349)
At 29 February 2012	**489,161**	**1,024,495**	**181,630**	**42,252**	**106**	**1,737,644**
Accumulated depreciation and impairment						
At 1 March 2011	251,401	703,026	131,951	536	0	1,086,914
Currency translation differences	(2,294)	(4,855)	(485)	0	0	(7,634)
Changes in scope of consolidation	293	926	51	0	0	1,270
Depreciation for the period	13,700	44,129	10,545	54	0	68,428
Reclassifications	50	40	0	0	0	90
Disposals	(2,279)	(2,288)	(2,781)	0	0	(7,348)
At 29 February 2012	**260,871**	**740,978**	**139,281**	**590**	**0**	**1,141,720**
Carrying amount at 29 February 2012	**228,290**	**283,517**	**42,349**	**41,662**	**106**	**595,924**

€000	Land, leasehold rights and buildings	Technical plant and machinery	Other plant, furniture and equipment	Assets under con-struction	Total
2010|11					
Cost					
At 1 March 2010	464,326	979,623	167,000	18,504	1,629,453
Currency translation differences	1,697	2,925	405	(105)	4,922
Changes in scope of consolidation	(64)	0	0	0	(64)
Additions	3,228	15,783	7,261	27,144	53,416
Reclassifications	3,333	8,295	1,941	(15,825)	(2,256)
Disposals	(3,116)	(12,631)	(4,971)	(130)	(20,848)
At 28 February 2011	**469,404**	**993,995**	**171,636**	**29,588**	**1,664,623**

€000	Land, leasehold rights and buildings	Technical plant and machinery	Other plant, furniture and equipment	Assets under construction	Total
Accumulated depreciation and impairment					
At 1 March 2010	238,751	666,046	126,391	477	1,031,665
Currency translation differences	445	1,981	328	(3)	2,751
Changes in scope of consolidation	(42)	0	0	0	(42)
Depreciation for the period	14,002	45,736	10,173	0	69,911
Impairment	808	841	0	160	1,809
Reclassifications	(70)	70	0	0	0
Disposals	(2,493)	(11,648)	(4,941)	(98)	(19,180)
At 28 February 2011	**251,401**	**703,026**	**131,951**	**536**	**1,086,914**
Carrying amount at 28 February 2011	**218,003**	**290,969**	**39,685**	**29,052**	**577,709**

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

€000	2011|12	2010|11
Sugar segment	25,328	16,031
Starch segment	29,303	8,996
Fruit segment	42,462	30,832
Total	**97,093**	**55,859**

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

■ The government grants consisted of investment assistance from the province of Lower Austria (in the Sugar segment) and investment assistance in Romania (in the Fruit segment).

■ The average interest rate on borrowings was 5.45%.

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

€000	2011|12	2010|11
Cost	246	300
Less accumulated depreciation and impairment	(98)	(121)
Carrying amount	**148**	**179**

■ 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	2011|12	2010|11
In the subsequent year	2,446	2,657
In years 2 to 5	4,656	6,287
In more than 5 years	487	603

■ Expenses for operating leases, licence and rental agreements were € 9,491 thousand (prior year: € 10,414 thousand).

■ The AGRANA Group does not act as a lessor.

(Note 18)

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

€000	Investments[1]	Securities (non-current)	Total
2011|12			
At 1 March 2011	6,152	104,598	110,750
Currency translation differences	(1)	10	9
Additions	1,120	598	1,718
Disposals	(6)	(424)	(430)
Fair value changes under IAS 39	0	127	127
At 29 February 2012	**7,265**	**104,909**	**112,174**
2010|11			
At 1 March 2010	7,027	104,977	112,004
Currency translation differences	(2)	9	7
Additions	36	79	115
Impairment	(7)	0	(7)
Disposals	(902)	0	(902)
Fair value changes under IAS 39	0	(467)	(467)
At 28 February 2011	**6,152**	**104,598**	**110,750**

■ The securities were predominantly securities of Austrian issuers.

■ Within additions to investments, the main component, at € 1,000 thousand, was the founding of YBBSTALER AGRANA JUICE GmbH, Kröllendorf (municipality of Allhartsberg), Austria.

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

Note (19)

9.4. RECEIVABLES AND OTHER ASSETS

€000	29 Feb 2012	28 Feb 2011
Trade receivables	290,760	275,332
– *Of which due after more than 1 year*	*117*	*61*
Amounts due from affiliated companies	22,904	12,855
– *Of which due after more than 1 year*	*30*	*124*
Positive fair value of derivatives	6,335	2,992
Reimbursement receivable under the sugar regime	5,374	8,388
Receivable under government grants	3,800	3,841
– *Of which due after more than 1 year*	*0*	*3,841*
Amounts due from associates in the Südzucker group	2,708	0
Receivable for legacy soil reclamation	1,650	1,506
– *Of which due after more than 1 year*	*1,432*	*1,308*
Insurance and damage payments	655	1,094
– *Of which due after more than 1 year*	*646*	*1,089*
Security deposits	52	40
Other assets	39,588	32,474
– *Of which due after more than 1 year*	*4,161*	*7,134*
Financial instruments	**373,826**	**338,522**
– *Of which due after more than 1 year*	*6,386*	*13,557*
VAT credits and other tax credits	99,284	63,220
– *Of which due after more than 1 year*	*172*	*270*
Accrued income	7,408	5,727
Prepaid expenses	18,760	6,465
Total	**499,278**	**413,934**
– *Of which due after more than 1 year*	*6,558*	*13,827*

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

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

€000	29 Feb 2012	28 Feb 2011
Carrying amount of trade receivables, gross	297,914	283,227
Provisions for impairment of trade receivables	(7,154)	(7,895)
Carrying amount, net	**290,760**	**275,332**

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

€000	2011|12	2010|11
Provision at 1 March	7,895	7,110
Currency translation adjustments/Other change	(289)	(10)
Added	1,159	2,835
Used	(525)	(1,132)
Released	(1,086)	(908)
Provision at 29/28 February	**7,154**	**7,895**

The partial release of the provision resulted in interest income of € 16 thousand (prior year: € 16 thousand).

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

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

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

€000	29 Feb 2012	28 Feb 2011
Trade receivables not past due and with no impairment provided	237,680	207,538
Trade receivables past due and with no impairment provided		
Up to 30 days	27,568	41,113
31 to 90 days	9,551	8,880
More than 90 days	8,807	9,906
Subtotal of trade receivables for which no impairment was provided	**45,926**	**59,899**

Note (20)

9.5. DEFERRED TAX ASSETS

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

€000	29 Feb 2012	28 Feb 2011 restated	IAS 19 restatement	28 Feb 2011 published
Deferred tax assets				
Retirement, termination and long-service benefit obligations	4,385	3,002	2,138	864
Non-current financial assets (primarily “one-seventh” write-downs on non-consolidated subsidiaries and on outside companies)	8,082	11,559	0	11,559
Inventories	4,150	0	0	0
Other provisions and liabilities	4,763	4,655	0	4,655
Carryforwards of unused tax losses	3,510	5,471	0	5,471
Total deferred tax assets	**24,890**	**24,687**	**2,138**	**22,549**
Deferred tax assets offset against deferred tax liabilities relating to the same tax authority	4,874	6,775	(1,676)	8,451
Net deferred tax assets	**29,764**	**31,462**	**462**	**31,000**

Deferred tax liabilities are detailed in note 27.

Note (21)

9.6. INVENTORIES

€000	29 Feb 2012	28 Feb 2011
Raw materials and consumables	198,369	159,258
Finished and unfinished goods	500,447	319,456
Goods purchased for resale	69,753	49,527
Total	**768,569**	**528,241**

The carrying amount of those inventories measured at fair value less costs to sell was € 19,826 thousand (prior year: € 3,532 thousand).

Write-downs of € 1,101 thousand were recognised on inventories (prior year: write-downs of € 213 thousand).

Note (22)

9.7. SECURITIES

Securities held as current assets had a carrying amount of € 1,352 thousand (prior year: € 4,411 thousand) and consisted mainly of floating rate debt securities held as a liquidity reserve.

Note (23)

9.8. EQUITY

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

■ The movements in the Group's equity are presented on pages 88 and 89.

■ 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 2011|12 financial year. Retained earnings consist of the available-for-sale reserve, the cash flow hedge reserve, the effects of consolidation-related foreign currency translation, and accumulated profits and losses.

■ The changeover to the direct recognition of actuarial gains and losses in other operating income (the OCI method) led to the separate presentation of the actuarial effects.

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 2012	28 Feb 2011 restated	IAS 19 restatement	28 Feb 2011 published
Total equity	1,072,988	964,155	(6,539)	970,694
Total assets	2,362,121	1,992,664	462	1,992,202
Equity ratio	**45.4%**	**48.4%**	**–**	**48.7%**

Capital management at AGRANA means the management of equity and of net debt. By optimising these two quantities, 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 (24)

9.9. PROVISIONS

€000	29 Feb 2012	28 Feb 2011 restated	IAS 19 restatement	28 Feb 2011 published
Provisions for				
Retirement benefits	29,615	29,284	3,719	25,565
Termination benefits	23,059	21,350	4,958	16,392
Other	39,174	52,758	0	52,758
Total	**91,848**	**103,392**	**8,677**	**94,715**

Note (24a)

a) Provisions for retirement and termination benefit obligations

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

For the Austrian companies, the following assumptions were made regarding probable future rates of increase in pay and retirement benefits, and the discount rate:

%	29 Feb 2012	28 Feb 2011
Expected rate of wage and salary increases	2.50	2.50
Expected rate of pension increases	2.00	2.00
Discount rate	4.50	5.00

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

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

The expected rates of return on external plan assets were as follows:

%		29 Feb 2012	28 Feb 2011
Expected rate of return on plan assets	Europe:	4.50	4.25
	Mexico:	7.00	7.60

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

€ 990 thousand (prior year: € 660 thousand) of contributions are expected to be paid into the plan in the subsequent reporting period.

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

€000	29 Feb 2012	28 Feb 2011	28 Feb 2010	28 Feb 2009	29 Feb 2008
Retirement benefits	35,729	34,924	36,462	35,780	35,090
Termination benefits	23,432	21,373	20,867	19,147	17,564

Historical information on the retirement benefit obligation

€000	29 Feb 2012	28 Feb 2011	28 Feb 2010	28 Feb 2009	29 Feb 2008
Present value of obligation	35,729	34,924	36,462	35,780	35,090
Plan assets	6,114	5,640	4,767	3,587	3,550
Unfunded obligation	29,615	29,284	31,695	32,193	31,540

The provisions showed the following movements:

€000	Retirement benefits	Termination benefits
2011|12		
Provision in balance sheet at 1 March 2011	29,284	21,350
Current service cost	597	1,008
Interest cost	1,666	985
Expected income from plan assets	(256)	(2)
Actuarial gain	(17)	(157)
Total amount recognised in income statement	1,990	1,834
Changes in scope of consolidation	0	(156)
Benefits paid	(3,256)	(1,614)
Contributions to plan assets	(654)	0
Currency translation differences	0	0
Actuarial loss (OCI method)	2,251	1,645
Provision in balance sheet at 29 February 2012	**29,615**	**23,059**
Unrecognised actuarial loss	0	350
Fair value of plan assets	6,114	23
Present value of obligation at 29 February 2012	**35,729**	**23,432**

€000	Retirement benefits OCI	Retirement benefits Corridor	Termination benefits OCI	Termination benefits Corridor
2010|11				
Provision in balance sheet at 1 March 2010 (corridor method)	28,154	28,154	16,109	16,109
Reconciliation to OCI method	3,541	0	4,730	0
Provision in balance sheet at 1 March 2010 (OCI method)	31,695	0	20,839	0
Provision in balance sheet at 1 March 2010	31,695	28,154	20,839	16,109
Current service cost	341	341	1,078	1,078
Interest cost	1,755	1,755	998	998
Expected income from plan assets	(278)	(278)	(2)	(2)
Actuarial (gain)/loss	(9)	369	206	302
Total amount recognised in income statement	1,809	2,187	2,280	2,376
Changes in scope of consolidation	0	0	(44)	(44)
Benefits paid	(4,110)	(4,110)	(2,045)	(2,045)
Contributions to plan assets	(663)	(663)	0	0
Currency translation differences	(3)	(3)	(4)	(4)
Actuarial loss (OCI method)	556	0	324	0
Provision in balance sheet at 28 February 2011	**29,284**	**25,565**	**21,350**	**16,392**
Unrecognised actuarial loss	0	3,719	0	4,957
Fair value of plan assets	5,640	5,640	23	23
Present value of obligation at 28 February 2011	**34,924**	**34,924**	**21,373**	**21,372**

The present value of expected future benefits reflects the benefits to which employees are expected to be entitled based on conditions at the balance sheet date. It includes actuarial gains and losses resulting from the differences between expected risks and actual experience. Similar obligations exist, in particular, in foreign Group companies. They are measured on an actuarial basis and by taking into account future cost trends.

Experience adjustments for the difference between actuarial assumptions made and actual plan experience amounted to a loss of € 587 thousand (prior year: loss of € 1,226 thousand).

€000	29 Feb 2012	28 Feb 2011	28 Feb 2010	28 Feb 2009	29 Feb 2008
Experience adjustments	(587)	(1,226)	(1,418)	(3,272)	(1,239)

The movement in plan assets was as follows:

€000	2011|12	2010|11
Fair value of plan assets at 1 March	5,640	4,767
Currency translation differences	(3)	4
Actual (expenses)/income from plan assets	(177)	206
Employer contributions to plan assets	654	663
Fair value of plan assets at 29/28 February	**6,114**	**5,640**

The plan assets consist primarily of investments in an external pension fund. The investments within this pension fund consisted of 62% bonds (prior year: 43%), 15% equity instruments (prior year: 29%) and 22% other assets (prior year: 28%).

Note (24b)

b) Other provisions

€000	Recultivation	Staff costs including long-service awards	Uncertain liabilities	Total
2011|12				
At 1 March 2011	5,485	11,163	36,110	52,758
Currency translation differences	(61)	(10)	(55)	(126)
Changes in scope of consolidation	0	0	15	15
Used	(52)	(1,194)	(17,414)	(18,660)
Released	(1,641)	(1,623)	(7,464)	(10,728)
Added	89	4,007	11,819	15,915
At 29 February 2012	**3,820**	**12,343**	**23,011**	**39,174**
– *Of which due within 1 year*	*27*	*4,744*	*22,006*	*26,777*
2010|11				
At 1 March 2010	8,703	11,956	22,006	42,665
Currency translation differences	(16)	(17)	39	6
Changes in scope of consolidation	0	0	(480)	(480)
Used	(457)	(1,745)	(4,981)	(7,183)
Released	(3,862)	(1,538)	(9,149)	(14,549)
Added	1,117	2,507	28,675	32,299
At 28 February 2011	**5,485**	**11,163**	**36,110**	**52,758**
– *Of which due within 1 year*	*1,356*	*4,028*	*34,403*	*39,787*

Of the total other provisions, € 12,397 thousand (prior year: € 12,971 thousand) were classified as non-current liabilities and € 26,777 thousand (prior year: € 39,787 thousand) were current liabilities.

The provision for reclamation comprises recultivation obligations as well as the emptying of landfills and removal of waste residues. The provisions for staff costs also include the provision for long-service awards. The provisions for uncertain liabilities include, among other items, provisions for litigation risks (€ 1,507 thousand; prior year: € 1,374 thousand), beet transitional storage costs charged by Vereinigung Österreichischer Rübenbauern (the umbrella organisation of Austrian beet farmers) (€ 3,566 thousand; prior year: € 9,977 thousand), and other risk provisions (€ 3,580 thousand; prior year: € 8,264 thousand).

Note (25) 9.10. BORROWINGS

€000	29 Feb 2012	*Of which due in Up to 1 year*	*1 to 5 years*	*More than 5 years*	28 Feb 2011	*Of which due in Up to 1 year*	*1 to 5 years*	*More than 5 years*
Bank loans and overdrafts, and other loans from non-Group entities	473,827	*271,866*	*178,893*	*23,068*	361,707	*254,842*	*95,968*	*10,897*
Borrowings from affiliated companies in the Südzucker group	200,000	*70,000*	*30,000*	*100,000*	200,000	*40,000*	*60,000*	*100,000*
Lease liabilities	148	*19*	*129*	*0*	165	*26*	*139*	*0*
Borrowings	**673,975**	***341,885***	***209,022***	***123,068***	**561,872**	***294,868***	***156,107***	***110,897***
Securities (non-current assets)	(104,909)				(104,598)			
Securities (current assets)	(1,352)				(4,411)			
Cash and cash equivalents	(98,504)				(70,427)			
Net debt	**469,210**				**382,436**			

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

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

€000	29 Feb 2012	28 Feb 2011
Mortgage liens	703	800
Other liens	19,391	21,602
Total	**20,094**	**22,402**

The item “other liens” relates to collateral for an export credit of the same carrying amount.

Note (26) 9.11. TRADE AND OTHER PAYABLES

€000	29 Feb 2012	*Of which due in Up to 1 year*	*More than 1 year*	28 Feb 2011	*Of which due in Up to 1 year*	*More than 1 year*
Trade payables	299,397	*299,397*	*0*	218,666	*218,666*	*0*
Amounts due to affiliated companies in the Südzucker group	52,267	*52,267*	*0*	8,864	*8,864*	*0*
Financial other payables	93,261	*91,248*	*2,013*	78,062	*75,754*	*2,308*
Non-financial other payables	26,553	*26,553*	*0*	25,335	*25,335*	*0*
– *Of which deferred income*	*5,238*	*5,238*	*0*	*7,851*	*7,851*	*0*
– *Of which prepayments*	*964*	*964*	*0*	*380*	*380*	*0*
– *Of which other tax*	*15,384*	*15,384*	*0*	*12,740*	*12,740*	*0*
– *Of which social security*	*4,967*	*4,967*	*0*	*4,364*	*4,364*	*0*
Total	**471,478**	***469,465***	***2,013***	**330,927**	***328,619***	***2,308***

Trade payables included obligations to beet growers of € 127,728 thousand (prior year: € 60,369 thousand).

Financial other payables included, among other items, liabilities to employees, payroll liabilities, and liabilities from derivatives.

Note (27)

9.12. DEFERRED TAX LIABILITIES

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

€000	29 Feb 2012	28 Feb 2011 restated	IAS 19 restatement	28 Feb 2011 published
Deferred tax liabilities				
Non-current assets	5,191	3,844	0	3,844
Inventories and receivables	1,118	604	0	604
Untaxed reserves in separate financial statements	6,070	6,189	0	6,189
Total deferred tax liabilities	**12,379**	**10,637**	**0**	**10,637**
Deferred tax assets offset against deferred tax liabilities relating to the same tax authority	4,874	6,775	(1,676)	8,451
Net deferred tax liabilities	**17,253**	**17,412**	**(1,676)**	**19,088**

Deferred tax assets are detailed in note 20.

10. NOTES ON FINANCIAL INSTRUMENTS

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

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

Financial instruments are generally procured centrally and distributed Group-wide. The principal aims of obtaining financing are to achieve a sustained increase in enterprise value, safeguard the Group's credit quality and ensure its liquidity.

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

	Average effective interest rate 2011|12	Average effective interest rate 2010|11	29 Feb 2012	Of which due in: Up to 1 year	Of which due in: 1 to 5 years	Of which due in: More than 5 years	28 Feb 2011	Of which due in: Up to 1 year	Of which due in: 1 to 5 years	Of which due in: More than 5 years
	%	%	€000	€000	€000	€000	€000	€000	€000	€000
Fixed rate										
EUR	3.80	3.96	233,589	*42,593*	*69,488*	*121,508*	244,140	*21,856*	*112,947*	*109,337*
	3.80	**3.96**	**233,589**	***42,593***	***69,488***	***121,508***	**244,140**	***21,856***	***112,947***	***109,337***
Variable rate										
BAM	5.35	5.35	344	*344*	*0*	*0*	494	*494*	*0*	*0*
CNY	6.10	0.00	5,980	*5,980*	*0*	*0*	0	*0*	*0*	*0*
EGP	8.18	0.00	397	*397*	*0*	*0*	258,799	*214,218*	*43,021*	*1,560*
EUR	2.12	2.35	340,493	*199,633*	*139,300*	*1,560*	0	*0*	*0*	*0*
GBP	1.56	0.00	1	*1*	*0*	*0*	30,014	*30,014*	*0*	*0*
HUF	7.65	6.87	46,691	*46,691*	*0*	*0*	962	*962*	*0*	*0*
KRW	5.22	5.42	3,328	*3,328*	*0*	*0*	7,561	*7,561*	*0*	*0*
PLN	5.54	5.49	7,306	*7,306*	*0*	*0*	0	*0*	*0*	*0*
MXN	6.25	0.00	20,763	*20,763*	*0*	*0*	0	*0*	*0*	*0*
USD	1.61	1.32	14,935	*14,830*	*105*	*0*	19,737	*19,737*	*0*	*0*
	2.87	**2.80**	**440,238**	***299,273***	***139,405***	***1,560***	**317,567**	***272,986***	***43,021***	***1,560***
Total	**3.21**	**3.30**	**673,827**	***341,866***	***208,893***	***123,068***	**561,707**	***294,842***	***155,968***	***110,897***

Bank loans and overdrafts, other loans from non-Group entities (excluding finance leases) and borrowings from affiliated companies amounted to € 673,827 thousand (prior year: € 561,707 thousand) and carried interest at an average rate of 3.21% (prior year: 3.30%). They are measured at repayable amounts. In the case of bank debt denominated in foreign currencies, nominal values are translated into euros by applying the exchange rates prevailing at the balance sheet date. Fair values may therefore increase or decrease from the prior-period values, depending on movements in exchange rates.

The fixed interest portion of bank loans and overdrafts and borrowings from affiliated companies was € 233,589 thousand (prior year: € 244,140 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, € 703 thousand (prior year: € 800 thousand) of bank loans and overdrafts were secured by mortgage liens and € 19,391 thousand (prior year: € 21,602 thousand) were secured by other liens.

In the course of its day-to-day financial management, the Group invests in demand deposits and time deposits. Compared to the prior year, cash and cash equivalents increased by € 28,077 thousand to € 98,504 thousand. In addition, there were securities in the amount of € 1,352 thousand (prior year: € 4,411 thousand) held as current assets; these were categorised as held-for-trading.

10.2. DERIVATIVE FINANCIAL INSTRUMENTS

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

- Interest rate risks from money market rates, arising mainly from liquidity fluctuation typical during campaigns or from existing or planned floating rate borrowings.

- Currency risks, which may arise primarily from the purchase and sale of products in US dollars and Eastern European currencies and from finance in foreign currencies.

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

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

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

	Notional principal amount		Fair value	
€000	29 Feb 2012	28 Feb 2011	29 Feb 2012	28 Feb 2011
Purchase of USD	4,711	23,346	105	(322)
Sale of USD	6,637	–	13	–
Purchase of AUD	403	1,161	(4)	8
Purchase of CZK	15,898	12,756	130	63
Purchase of HUF	18,548	17,740	740	493
Purchase of PLN	95,833	51,167	3,037	(170)
Sale of PLN	1,000	28,044	(10)	483
Purchase of DKK	1,211	–	–	–
Sale of DKK	–	3,220	–	1
Currency derivatives	144,241	137,434	4,011	556
Interest rate derivatives	171,439	87,229	(6,165)	(1,228)
Commodity derivatives (hedge accounting)	66,546	15,128	(5,856)	951
Total	**382,226**	**239,791**	**(8,010)**	**279**

The currency derivatives and commodity derivatives are used to hedge cash flows over periods of up to one year; the interest rate derivatives serve to hedge cash flows for periods of one to ten years.

The notional principal amount of the derivatives represents the face amount of all hedges, translated into euros.

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

Fair value changes of derivatives employed to hedge future cash flows (cash flow hedges) are initially recognised directly in equity. Only when the cash flows are realised are the value changes recognised in profit or loss. The fair value of cash flow hedges at 29 February 2012 was a liability of € 3,616 thousand (prior year: asset of € 525 thousand).

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

10.3. ADDITIONAL DISCLOSURES ON FINANCIAL INSTRUMENTS

Carrying amounts and fair values of financial instruments

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

		29 Feb 2012		28 Feb 2011	
€000	**Measurement category under IAS 39**	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Financial assets					
Securities (non-current)	Available-for-sale financial assets (at cost)	85,000	85,000	85,000	85,000
Securities (non-current)	Available-for-sale financial assets	19,909	19,909	19,598	19,598
Securities (non-current)		**104,909**	**104,909**	**104,598**	**104,598**
Investments in non-consolidated subsidiaries and outside companies	Available-for-sale financial assets	278	278	283	283
Investments in non-consolidated subsidiaries and outside companies	Available-for-sale financial assets (at cost)	6,987	6,987	5,869	5,869
Investments in non-consolidated subsidiaries and outside companies, and loan receivables (non-current assets)		**7,265**	**7,265**	**6,152**	**6,152**
Trade receivables	Loans and receivables	290,760	290,760	275,332	275,332
Other financial assets[1]	Loans and receivables	76,731	76,731	61,150	61,150
Derivative financial assets	Derivatives at fair value through equity (hedge accounting)	3,495	3,495	14	14
Derivative financial assets	Derivatives at fair value through profit or loss (held for trading)	2,840	2,840	2,026	2,026
Trade receivables and other assets		**373,826**	**373,826**	**338,522**	**338,522**
Securities (current)	Available-for-sale financial assets	1,352	1,352	4,411	4,411
Securities (current)		**1,352**	**1,352**	**4,411**	**4,411**
Cash and cash equivalents	Loans and receivables	**98,504**	**98,504**	**70,427**	**70,427**
Total		**585,856**	**585,856**	**524,110**	**524,110**

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

€000	Measurement category under IAS 39	29 Feb 2012 Carrying amount	29 Feb 2012 Fair value	28 Feb 2011 Carrying amount	28 Feb 2011 Fair value
Financial liabilities					
Bank loans and overdrafts, and other loans from non-Group entities	Liabilities at (amortised) cost	473,827	464,389	361,707	362,893
Borrowings from affiliated companies in the Südzucker group	Liabilities at (amortised) cost	200,000	176,425	200,000	192,661
Borrowings		**673,827**	**640,814**	**561,707**	**555,554**
Trade payables	Liabilities at (amortised) cost	299,397	299,397	218,666	218,666
Other payables[1]	Liabilities at (amortised) cost	131,183	131,183	84,227	84,227
Derivative liabilities	Financial liabilities at fair value through profit or loss (held for trading)	14,345	14,345	2,699	2,699
Trade and other payables		**444,925**	**444,925**	**305,592**	**305,592**
Total		**1,118,752**	**1,085,739**	**867,299**	**861,146**

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

€000	29 Feb 2012 Carrying amount	29 Feb 2012 Fair value	28 Feb 2011 Carrying amount	28 Feb 2011 Fair value
Total by measurement category under IAS 39				
Available-for-sale financial assets	21,539	21,539	24,292	24,292
Available-for-sale financial assets (at cost)	91,987	91,987	90,869	90,869
Loans and receivables	465,994	465,994	406,909	406,909
Liabilities at (amortised) cost	(1,104,407)	(1,071,395)	(864,600)	(858,447)
Derivatives at fair value through equity (hedge accounting)	3,495	3,495	14	14
Financial assets/liabilities at fair value through profit or loss (held for trading)	(11,505)	(11,505)	(673)	(673)

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

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

The non-current assets item “investments in non-consolidated subsidiaries and outside companies”, and the securities held as non-current and as current assets, include available-for-sale securities. These are measured at current securities exchange prices or market value.

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

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

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

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

For trade payables and current other payables, it is assumed in view of the short maturities that the fair values equal the carrying amounts.

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

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

€000	Measurement category	Level 1	Level 2	Level 3
2011|12				
Securities (non-current)	Available-for-sale financial assets	19,909	0	0
Securities (current)	Available-for-sale financial assets	1,352	0	0
Investments in non-consolidated subsidiaries and outside companies (non-current)	Available-for-sale financial assets	0	0	278
Financial assets available-for-sale		**21,261**	**0**	**278**
Derivative assets	Derivatives at fair value through equity	0	3,495	0
Financial assets at fair value through equity		**0**	**3,495**	**0**
Derivative assets	Financial assets at fair value through profit or loss (held for trading)	0	2,840	0
Financial assets at fair value through profit or loss (held for trading)		**0**	**2,840**	**0**
Financial assets at fair value		**21,261**	**6,335**	**278**
Derivative liabilities	Financial liabilities at fair value through profit or loss (held for trading)	0	14,345	0
Financial liabilities at fair value through profit or loss (held for trading)		**0**	**14,345**	**0**
Financial liabilities at fair value		**0**	**14,345**	**0**

€000	Measurement category	Level 1	Level 2	Level 3
2010|11				
Securities (non-current)	Available-for-sale financial assets	9,799	9,799	0
Securities (current)	Available-for-sale financial assets	4,411	0	0
Investments in non-consolidated subsidiaries and outside companies (non-current)	Available-for-sale financial assets	0	0	283
Financial assets available-for-sale		**14,210**	**9,799**	**283**
Derivative assets	Derivatives at fair value through equity	0	14	0
Financial assets at fair value through equity		**0**	**14**	**0**
Derivative assets	Financial assets at fair value through profit or loss (held for trading)	0	2,026	0
Financial assets at fair value through profit or loss (held for trading)		**0**	**2,026**	**0**
Financial assets at fair value		**14,210**	**11,839**	**283**
Derivative liabilities	Financial liabilities at fair value through profit or loss (held for trading)	0	2,698	0
Financial liabilities at fair value through profit or loss (held for trading)		**0**	**2,698**	**0**
Financial liabilities at fair value		**0**	**2,698**	**0**

The three levels were defined as follows:

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

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

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

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

	Assets			Liabilities			Reconciliation	
€000	Available for sale	Held to maturity	Loans and receivables	Financial liabilities at cost	Not classified	Total	Not a financial instru-ment	Net financial item
2011|12								
Net interest income/(expense)	0	0	6,164	(18,813)	0	(12,649)	0	(12,649)
Interest on derivatives	0	0	0	0	(6,820)	(6,820)	0	(6,820)
Interest component of retirement benefit provisions	0	0	0	0	0	0	(2,651)	(2,651)
Total net interest income/(expense)	0	0	6,164	(18,813)	(6,820)	(19,469)	(2,651)	(22,120)
Share of results of non-consolidated subsidiaries and outside companies	1,029	(174)	0	0	0	855	0	855
Total share of results of non-consolidated subsidiaries and outside companies	1,029	(174)	0	0	0	855	0	855
Currency translation losses	0	0	0	(775)	0	(775)	0	(775)
Total other net financial items	0	0	0	(1,492)	0	(1,492)	0	(1,492)
Net financial items from derivatives	0	0	0	0	(1,203)	(1,203)	0	(1,203)
Total net financial items	0	0	0	(2,267)	(1,203)	(3,470)	0	(3,470)
Total net gains/(losses) in net financial items	**1,029**	**(174)**	**6,164**	**(21,080)**	**(8,023)**	**(22,084)**	**(2,651)**	**(24,735)**
Net loss on derivatives	0	0	(2,272)	0	0	(2,272)	0	(2,272)
Currency translation gains	0	0	0	0	2,962	2,962	0	2,962
Impairment loss on receivables	0	0	(2,530)	0	0	(2,530)	0	(2,530)
Total net (losses)/gains in operating profit before exceptional items	**0**	**0**	**(4,802)**	**0**	**2,962**	**(1,840)**	**0**	**(1,840)**
2010|11								
Net interest income/(expense)	0	0	5,948	(17,971)	0	(12,023)	0	(12,023)
Interest on derivatives	0	0	0	0	(1,001)	(1,001)	0	(1,001)
Interest component of retirement benefit provisions	0	0	0	0	0	0	(2,836)	(2,836)
Total net interest income/(expense)	0	0	5,948	(17,971)	(1,001)	(13,024)	(2,836)	(15,860)
Share of results of non-consolidated subsidiaries and outside companies	1,022	(51)	0	0	0	971	0	971
Total share of results of non-consolidated subsidiaries and outside companies	1,022	(51)	0	0	0	971	0	971
Currency translation losses	0	0	0	(4,348)	0	(4,348)	0	(4,348)
Total other net financial items	0	0	0	0	0	0	0	0
Net financial items from derivatives	0	0	0	0	278	278	0	278
Total net financial items	0	0	0	(4,348)	278	(4,070)	0	(4,070)
Total net gains/(losses) in net financial items	**1,022**	**(51)**	**5,948**	**(22,319)**	**(723)**	**(16,123)**	**(2,836)**	**(18,959)**

	Assets			Liabilities			Reconciliation	
€000	Available for sale	Held to maturity	Loans and receivables	Financial liabilities at cost	Not classified	Total	Not a financial instru-ment	Net financial item
Net gain on derivatives	0	0	4,553	0	0	4,553	0	4,553
Currency translation losses	0	0	0	0	(1,008)	(1,008)	0	(1,008)
Impairment loss on receivables	0	0	(2,692)	0	0	(2,692)	0	(2,692)
Total net gains/(losses) in operating profit before exceptional items	**0**	**0**	**1,861**	**0**	**(1,008)**	**853**	**0**	**853**

10.4. RISK MANAGEMENT IN THE AGRANA GROUP

The AGRANA Group is exposed to market price risks through changes in exchange rates, interest rates and security prices. In the Group's operating activities, price risks arise largely from the costs of raw materials (mainly sugar beet, sugar purchased in the world market, grains, potatoes, and fruit) and energy, and from selling prices of sugar, starch, ethanol and fruit products. In addition, the Group is exposed to credit risks, associated especially with trade receivables.

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

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

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

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

Credit risk

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

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

For the residual risk from trade receivables, the Group establishes provisions for impairment. The maximum exposure from trade receivables is equivalent to the carrying amount of the trade receivables. The carrying amounts of past due and of impaired trade receivables are set out in note 19.

The maximum exposure of € 541,352 thousand (prior year: € 442,892 thousand) to credit risk consisted of the carrying amounts of all receivables and other current assets plus contingent liabilities, and was equivalent to the carrying amount of these instruments. AGRANA does not consider the actual credit risk to be material.

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

Liquidity risk

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

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

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

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

The following maturity profile shows the effects of the cash outflows from liabilities as at 29 February 2012 on the Group's liquidity situation. All cash outflows are undiscounted.

		Contractual payment outflows						
€000	**Carrying amount**	**Total**	**Up to 1 year**	**1 to 2 years**	**2 to 3 years**	**3 to 4 years**	**4 to 5 years**	**More than 5 years**
29 February 2012								
Borrowings								
Bank loans and overdrafts, and other loans from non-Group entities	473,827	495,570	278,800	12,982	122,696	4,181	52,272	24,639
Borrowings from affiliated companies in the Südzucker group	200,000	223,938	75,715	5,413	33,822	3,568	3,558	101,862
Obligations under finance leases	148	162	20	142	0	0	0	0
	673,975	**719,670**	**354,535**	**18,537**	**156,518**	**7,749**	**55,830**	**126,501**
Trade and other payables								
Trade payables	299,397	299,397	299,397	0	0	0	0	0
Other financial obligations	145,528	145,528	143,515	2,013	0	0	0	0
– Of which interest rate derivatives	*6,538*	*6,538*	*6,538*	*0*	*0*	*0*	*0*	*0*
– Of which currency derivatives	*594*	*594*	*594*	*0*	*0*	*0*	*0*	*0*
– Of which commodity derivatives	*112*	*112*	*112*	*0*	*0*	*0*	*0*	*0*
– Of which other derivatives	*7,101*	*7,101*	*7,101*	*0*	*0*	*0*	*0*	*0*
	444,925	**444,925**	**442,912**	**2,013**	**0**	**0**	**0**	**0**

€000	Carrying amount	Total	Contractual payment outflows: Up to 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years
28 February 2011								
Borrowings								
Bank loans and overdrafts, and other loans from non-Group entities	361,707	375,413	260,503	34,668	5,408	63,047	525	11,262
Borrowings from affiliated companies in the Südzucker group	200,000	249,012	47,690	36,940	37,116	7,216	7,400	112,650
Obligations under finance leases	165	180	28	152	0	0	0	0
	561,872	**624,605**	**308,221**	**71,760**	**42,524**	**70,263**	**7,925**	**123,912**
Trade and other payables								
Trade payables	218,666	218,666	218,666	0	0	0	0	0
Other financial obligations	86,926	86,926	84,618	2,308	0	0	0	0
– *Of which interest rate derivatives*	*2,044*	*2,044*	*2,044*	*0*	*0*	*0*	*0*	*0*
– *Of which currency derivatives*	*655*	*655*	*655*	*0*	*0*	*0*	*0*	*0*
	305,592	**305,592**	**303,284**	**2,308**	**0**	**0**	**0**	**0**

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

The following table shows the projected cash flows from derivatives used for cash flow hedging:

€000	Carrying amount	Total	Contractual payment outflows: Up to 6 months	6 to 12 months	1 to 2 years	More than 2 years
29 February 2012						
Forward foreign exchange contracts						
CZK	9,761	9,700	2,700	7,000	0	0
HUF	17,597	16,920	8,032	8,888	0	0
PLN	48,870	46,124	39,724	6,400	0	0
	76,228	**72,744**	**50,456**	**22,288**	**0**	**0**
28 February 2011						
Forward foreign exchange contracts						
CZK	5,122	5,000	3,500	1,500	0	0
HUF	6,033	5,879	4,864	1,015	0	0
PLN	25,776	25,733	16,902	8,831	0	0
	36,931	**36,612**	**25,266**	**11,346**	**0**	**0**

Interest rate swaps and currency swaps were all hedged at fair value.

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, from the 2011|12 financial year onwards the AGRANA Group uses Value-at-Risk (VaR) based on the variance-covariance approach at a 95% confidence level. This involves the measurement of the various currency pairs at the given volatilities and takes into account the correlations between them. The result is stated as the diversified VaR from currencies and is analysed by borrowings and operating business:

	Value-at-Risk from borrowings		Value-at-Risk from operating receivables/payables	
€000	**29 Feb 2012**	**28 Feb 2011**	**29 Feb 2012**	**28 Feb 2011**
Sum of absolute net positions of the currency pairs	213,413	179,037	93,588	79,667
Value-at-Risk diversified	10,401	11,011	3,885	5,808

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

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

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

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

For active hedging of risks, the AGRANA Group mainly uses forward foreign exchange contracts. In the financial year under review, forward foreign exchange contracts were employed to hedge revenue, purchasing commitments and foreign currency borrowings totalling a gross € 367,596 thousand (prior year: € 228,287 thousand) against exchange rate fluctuation. The following currencies were hedged:

	2011|12		2010|11	
'000	**Hedged currency**	**EUR**	**Hedged currency**	**EUR**
Hungarian forint (HUF)	27,504,889	97,683	23,944,640	85,836
US dollar (USD)	192,787	137,015	68,644	52,862
Czech koruna (CZK)	178,616	7,464	264,868	9,981
Romanian leu (RON)	123,527	29,799	62,238	14,252
Polish zloty (PLN)	380,197	92,693	236,093	58,327
Australian dollar (AUD)	793	457	4,883	4,006
Danish krone (DKK)	18,520	2,485	22,551	3,023
Total		**367,595**		**228,287**

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 2012	28 Feb 2011
Net position of variable interest borrowings	418,237	317,567
Cashflow-at-Risk diversified	2,147	1,749
Net position of fixed interest borrowings	233,737	244,305
Value-at-Risk upon change in interest rate	8,424	9,092

The variable rate borrowings are subject to interest rate risk. To hedge against this risk, interest rate swaps were entered into for a portion of the borrowings, thus achieving fixed interest rates on this portion.

Commodity price risk

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

At the balance sheet date the Group had open commodity derivative contracts to purchase 16,510 tonnes of raw sugar in Eastern Europe (prior year: 20,981 tonnes), to sell 20,500 tonnes of white sugar (prior year: no hedges), to purchase 63,900 tonnes of wheat for the Austrian bioethanol production facility (prior year: 19,750 tonnes) and to sell 59,730 tonnes of gasoline (prior year: no hedges). There were no hedges for purchases of corn (prior year: 12,400 tonnes). These positions represented an aggregate contract amount of € 66,545 thousand (prior year: € 15,128 thousand) and, based on the underlying closing prices, had a positive fair value of € 5,997 thousand (prior year: € 965 thousand).

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

	29 Feb 2012		28 Feb 2011	
€000	Sensitivity if 10% higher	Sensitivity if 10% lower	Sensitivity if 10% higher	Sensitivity if 10% lower
Change in value of commodity derivatives	5,918	(5,015)	1,323	(1,758)
– Of which recognised directly in equity	*3,424*	*(3,424)*	*814*	*(817)*

Legal risks

In September 2010, as noted in the prior-year annual report, the Austrian Federal Competition Authority filed an application with the Cartel Court in Vienna for a declaratory judgement against, among other parties, AGRANA's subsidiary AGRANA Zucker GmbH, Vienna, and Südzucker AG Mannheim/Ochsenfurt, Mannheim, Germany, for an alleged contravention of antitrust law. The allegation is that of participation in competition-restricting arrangements with respect to Austria. In October 2011 the Federal Competition Authority applied to the competent Cartel Court to impose a fine. The parties named in the suit (AGRANA Zucker GmbH and Südzucker AG Mannheim/Ochsenfurt) continue to regard the underlying allegation as unfounded and believe that the evidentiary hearings conducted by the Cartel Court do not substantiate the Competition Authority's October 2011 application for a fine. The evidentiary hearings are not yet concluded and a ruling by the Cartel Court is therefore still pending.

10.5. CONTINGENT LIABILITIES AND COMMITMENTS

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

€000	29 Feb 2012	28 Feb 2011
Guarantees	41,073	41,136
Warranties, cooperative liabilities	1,649	1,649
Contingent liabilities	**42,722**	**42,785**

Guarantees issued on behalf of related companies amounted to € 15,082 thousand (prior year: € 15,000 thousand). The guarantees are not expected to be utilised.

Commitments were as presented in the table below:

€000	29 Feb 2012	28 Feb 2011
Present value of lease payments due within 5 years	7,102	8,944
Commitments for the purchase of property, plant and equipment	41,760	8,724
Commitments	**48,862**	**17,668**

11. EVENTS AFTER THE BALANCE SHEET DATE

On 4 April 2012 the European Commission issued the approval for AGRANA Beteiligungs-AG and Vienna-based RWA Raiffeisen Ware Austria AG to merge their fruit juice concentrate subsidiaries AGRANA Juice Holding GmbH, based in Vienna, and Ybbstaler Fruit Austria GmbH, based in Kröllendorf (municipality of Allhartsberg), Austria, as a joint venture. The competition-law requirements for finalising this undertaking are thus satisfied. The transaction is scheduled to close at the beginning of June 2012.

The new joint venture, YBBSTALER AGRANA JUICE GmbH, will have its registered office in Kröllendorf, Austria, with 14 production sites in Austria, Denmark, Hungary, Poland, Romania, Ukraine and China. In addition to fruit juice concentrates, the product portfolio will include fruit purees and natural aromas as well as not-from-concentrate juices for the beverage industry. The joint venture, with revenue of about € 350 million, will be fully consolidated by AGRANA.

No other significant events occurred after the balance sheet date of 29 February 2012 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 75.5% of the ordinary shares of AGRANA Beteiligungs-AG. Both holding companies are exempt from the obligation to prepare consolidated financial statements, as their accounts are included in the consolidated financial statements of Südzucker AG Mannheim/Ochsenfurt, Mannheim, Germany.

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

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

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

€000	**Indirect shareholders**	**Companies with significant influence**	**Joint ventures**	**Total**
2011|12				
Revenue	127,948	0	0	127,948
Credit relationships	(200,233)	(111,474)	0	(311,707)
Net interest (expense)/income	(7,772)	(3,435)	52	(11,155)
Guarantees issued	8,200	99,458	0	107,658
Guarantees utilised	6,164	84,023	0	90,187

€000	Indirect shareholders	Companies with significant influence	Joint ventures	Total
2010|11				
Revenue	97,255	0	0	97,255
Credit relationships	(201,426)	(135,433)	16,862	(319,997)
Net interest (expense)/income	(5,662)	(3,884)	362	(9,184)
Guarantees issued	8,200	143,888	22,000	174,088
Guarantees utilised	6,129	124,065	0	130,194

In addition, at the balance sheet date, borrowings from related parties amounted to € 311,474 thousand (prior year: € 335,433 thousand); these borrowings were on normal commercial terms. Of this total, € 160,087 thousand represented non-current borrowings (prior year: € 190,178 thousand).

With related parties, there were current net trade payables of € 35,773 thousand from the sale and purchase of goods (prior year: net receivables of € 374 thousand).

In respect of joint venture partners, there were other receivables of € 4 thousand (prior year: € 8,406 thousand.

The remuneration of the members of the Management Board of AGRANA Beteiligungs-AG totalled € 2,584 thousand (prior year: € 2,395 thousand), consisting of total fixed base salaries of € 1,475 thousand (prior year: € 1,475 thousand) and a total performance-based and non-recurring component of € 1,109 thousand (prior year: € 920 thousand). The performance-based elements of the compensation are linked to the amount of the dividend to be paid for the financial year completed. The Management Board member of AGRANA Beteiligungs-AG appointed on the basis of the syndicate agreement between Südzucker AG Mannheim/Ochsenfurt, Mannheim, Germany, and Zucker-Beteiligungsges.m.b.H, Vienna, does not receive compensation for serving in this capacity.

On 1 July 2011 the Annual General Meeting approved an annual aggregate remuneration for the Supervisory Board of € 200 thousand (prior year: € 165 thousand) and the responsibility for allocating this sum was delegated to the Supervisory Board Chairman. The amount paid to the individual Supervisory Board members is tied to their function on the Board. No meeting fees were paid in the year under review.

Post-employment benefits granted to the Management Board under the Company's plan are pension, disability insurance and survivor benefits. The pension becomes available when the pension eligibility criteria of the Austrian public pension scheme (ASVG) are met. The amount of the pension is calculated as a percentage of a contractually agreed assessment base. In the event of early retirement within ASVG rules, the amount of the pension is reduced.

The retirement benefit obligations in respect of the Management Board are administered by an external pension fund. For the 2011|12 financial year, pension fund contributions of € 690 thousand (prior year: € 695 thousand) were paid, while € 783 thousand (prior year: € 86 thousand) was added to provisions for pension obligations within the balance sheet item "other provisions". An amount of € 2,437 thousand (prior year: € 1,654 thousand) was recognised in the balance sheet at 29 February 2012, with the method of calculation having changed from the corridor method to the new OCI method in accordance with IAS 19.

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

Information on the Management Board and Supervisory Board is provided on page 151.

On 30 April 2012 the Management Board of AGRANA Beteiligungs-AG released the consolidated financial statements for review by the Supervisory Board and the Audit Committee and for presentation to the Annual General Meeting and subsequent publication. The Supervisory Board has responsibility for reviewing the consolidated financial statements and stating whether it approves them.

Vienna, 30 April 2012

Johann Marihart
Chief Executive Officer

Fritz Gattermayer
Member of the Management Board

Walter Grausam
Member of the Management Board

Thomas Kölbl
Member of the Management Board

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 for the year ended 29 February 2012 give a true and fair view of the financial position, results of operations and cash flows of the AGRANA Group as required by the applicable accounting standards;

- the Group management report for the 2011|12 financial year presents the business performance, financial results and situation of the AGRANA Group in such a way 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, 30 April 2012

Johann Marihart Chief Executive Officer	Fritz Gattermayer Member of the Management Board
Walter Grausam Member of the Management Board	Thomas Kölbl Member of the Management Board

LIST OF MEMBERS OF AGRANA'S BOARDS

More information on the Management Board, the Supervisory Board and its committees is provided in the corporate governance section of this report beginning on page 38.

MANAGEMENT BOARD

Johann Marihart
Chief Executive Officer

Fritz Gattermayer
Member

Walter Grausam
Member

Thomas Kölbl
Member

SUPERVISORY BOARD

Christian Konrad
Chairman

Wolfgang Heer
First Vice-Chairman

Erwin Hameseder
Second Vice-Chairman

Jochen Fenner
Member

Hans-Jörg Gebhard
Member

Ernst Karpfinger
Member

Thomas Kirchberg
Member

Christian Teufl
Member

Employee representatives

Thomas Buder
Central Staff Council

Gerhard Glatz

Stephan Savic

Peter Vymyslicky

SUBSIDIARIES AND BUSINESS INTERESTS AT 29 FEBRUARY 2012

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

Name of company	City/town	Country	Equity interest Direct	Equity interest Indirect
AGRANA Beteiligungs-AG (the parent company)	Vienna	Austria	–	–
I. Subsidiaries				
Fully consolidated subsidiaries				
AGRANA AGRO SRL	Roman	Romania	–	100.00%
AGRANA BiH Holding GmbH	Vienna	Austria	–	75.00%
AGRANA Bioethanol GmbH	Vienna	Austria	–	74.90%
AGRANA Bulgaria AD	Sofia	Bulgaria	–	100.00%
AGRANA BUZAU SRL	Buzău	Romania	–	100.00%
AGRANA Fruit Argentina S.A.	Buenos Aires	Argentina	–	99.99%
AGRANA Fruit Australia Pty Ltd.	Central Mangrove	Australia	–	100.00%
AGRANA Fruit Austria GmbH	Gleisdorf	Austria	–	100.00%
AGRANA Fruit Brasil Indústria, Comércio, Importaçao e Exportaçao Ltda.	São Paulo	Brazil	–	81.53%
AGRANA Fruit Brasil Participacoes Ltda.	São Paulo	Brazil	–	99.99%
AGRANA Fruit Dachang Co., Ltd.	Dachang	China	–	100.00%
AGRANA Fruit Fiji Pty Ltd.	Sigatoka	Fiji	–	100.00%
AGRANA Fruit France S.A.	Mitry-Mory	France	–	100.00%
AGRANA Fruit Germany GmbH	Konstanz	Germany	–	100.00%
AGRANA Fruit Istanbul Gida Sanayi ve Ticaret A.S.	Zincirlikuyu	Turkey	–	100.00%
AGRANA Fruit Korea Co. Ltd.	Seoul	South Korea	–	100.00%
AGRANA Fruit Latinoamerica S. de R.L. de C.V.	Michoacán	Mexico	–	99.99%
AGRANA Fruit Luka TOV	Vinnytsia	Ukraine	–	99.97%
AGRANA Fruit México, S.A. de C.V.	Michoacán	Mexico	–	100.00%
AGRANA Fruit Polska SP z.o.o.	Ostrołęka	Poland	–	100.00%
AGRANA Fruit S.A.S.	Mitry-Mory	France	–	100.00%
AGRANA Fruit Services GmbH	Vienna	Austria	–	100.00%
AGRANA Fruit Services Inc.	Brecksville	USA	–	100.00%
AGRANA Fruit Services S.A.S.	Mitry-Mory	France	–	100.00%
AGRANA Fruit South Africa (Proprietary) Ltd.	Cape Town	South Africa	–	100.00%
AGRANA Fruit Ukraine TOV	Vinnytsia	Ukraine	–	99.80%
AGRANA Fruit US, Inc.	Brecksville	USA	–	100.00%
AGRANA Group-Services GmbH	Vienna	Austria	–	100.00%
AGRANA Internationale Verwaltungs- und Asset-Management GmbH	Vienna	Austria	–	100.00%
AGRANA J & F Holding GmbH	Vienna	Austria	98.91%	1.09%
AGRANA Juice Denmark A/S	Køge	Denmark	–	100.00%
AGRANA Juice Holding GmbH	Gleisdorf	Austria	–	100.00%
AGRANA Juice Magyarorzság Kft.	Vásárosnamény	Hungary	–	100.00%
AGRANA Juice Poland Sp. z.o.o.	Białobrzegi	Polen	–	100.00%
AGRANA Juice Romania Vaslui s.r.l.	Vaslui	Romania	–	100.00%
AGRANA Juice Sales & Customer Service GmbH	Gleisdorf	Austria	–	100.00%
AGRANA Juice Sales & Marketing GmbH	Bingen	Germany	–	100.00%
AGRANA Juice Service & Logistik GmbH	Bingen	Germany	–	100.00%
AGRANA Juice Ukraine TOV	Vinnytsia	Ukraine	–	100.00%
AGRANA JUICE (XIANYANG) CO., LTD	Xianyang City	China	–	100.00%
AGRANA Magyarország Értékesitési Kft.	Budapest	Hungary	–	100.00%
AGRANA Marketing- und Vertriebsservice Gesellschaft m.b.H.	Vienna	Austria	100.00%	–
AGRANA Nile Fruits Processing (SAE)	Qalyoubia	Egypt	–	51.00%
AGRANA Stärke GmbH	Vienna	Austria	98.91%	1.09%
AGRANA TANDAREI SRL	Ţăndărei	Romania	–	100.00%
AGRANA Trading EOOD	Sofia	Bulgaria	–	100.00%
AGRANA Zucker GmbH	Vienna	Austria	98.91%	1.09%
Agrofrucht, Handel mit landwirtschaftlichen Produkten Gesellschaft m.b.H.	Vienna	Austria	–	100.00%

Name of company	City/town	Country	Equity interest	
			Direct	Indirect
Biogáz Fejlesztő Kft.	Kaposvár	Hungary	–	100.00%
Dirafrost FFI N. V.	Herk-de-Stad	Belgium	–	100.00%
Dirafrost Maroc SARL	Laouamra	Morocco	–	100.00%
Financière Atys S.A.S.	Mitry-Mory	France	–	100.00%
Flavors from Florida, Inc.	Bartow	USA	–	100.00%
Frefrost SARL	Laouamra	Morocco	–	100.00%
INSTANTINA Nahrungsmittel Entwicklungs- und Produktionsgesellschaft m.b.H.	Vienna	Austria	66.67%	–
Koronás Irodaház Szolgáltató Korlátolt Felelösségü Társaság	Budapest	Hungary	–	100.00%
Magyar Cukorgyártó és Forgalmazó Zrt.	Budapest	Hungary	–	87.56%
Moravskoslezské Cukrovary A.S.	Hrušovany	Czech Republic	–	97.66%
o.o.o. AGRANA Fruit Moscow Region	Serpuchov	Russia	–	100.00%
S.C. A.G.F.D. Tandarei s.r.l.	Ţăndărei	Romania	–	99.99%
S.C. AGRANA Romania S.A.	Bucharest	Romania	–	91.33%
Slovenské Cukrovary s.r.o.	Sereď	Slovakia	–	100.00%
Yube d.o.o.	Požega	Serbia	–	100.00%
Non-consolidated subsidiaries				
AGRANA d.o.o.	Brčko	Bosnia-	–	100.00%
Reporting date: 31 Dec 2011 I Equity: € 100.0 thousand I Profit for the period: € 0		Herzegovina		
AGRANA Skrob s.r.o.	Hrušovany	Czech Republic	–	100.00%
Reporting date: 31 Dec 2011 I Equity: € 1.0 thousand I Profit for the period: € 17.7 thousand				
Company for trade and services AGRANA-STUDEN Serbia d.o.o. Beograd	Belgrade	Serbia	–	100.00%
Reporting date: 31 Dec 2011 I Equity: € 0 I Profit for the period: € 0				
Dr. Hauser Gesellschaft m.b.H.	Hamburg	Germany	–	100.00%
Reporting date: 29 Feb 2012 I Equity: € 97.6 thousand I Loss for the period: € 5.4 thousand				
Österreichische Rübensamenzucht Gesellschaft m.b.H.	Vienna	Austria	–	86.00%
Reporting date: 30 Apr 2011 I Equity: € 1,100.8 thousand I Loss for the period: € 456.0 thousand				
PERCA s.r.o.	Hrušovany	Czech Republic	–	100.00%
Reporting date: 31 Dec 2011 I Equity: € 379.2 thousand I Profit for the period: € 57.7 thousand				
"Tremaldi" Beteiligungsverwaltung GmbH	Vienna	Austria	–	100.00%
Reporting date: 29 Feb 2012 I Equity: € 24.3 thousand I Loss for the period: € 1.9 thousand				
YBBSTALER AGRANA JUICE GmbH	Kröllendorf[1]	Austria	–	100.00%
Reporting date: 31 Dec 2011 I Equity: € 990.2 thousand I Loss for the period: € 10.5 thousand				
Zuckerforschung Tulln Gesellschaft m.b.H.	Vienna	Austria	100.00%	–
Reporting date: 31 Dec 2011 I Equity: € 3,350.0 thousand I Profit for the period: € 1,430.7 thousand				

II. Joint ventures

Joint ventures accounted for by proportionate consolidation				
AGRAGOLD Holding GmbH	Vienna	Austria	–	50.00%
AGRANA-STUDEN Beteiligungs GmbH	Vienna	Austria	–	50.00%
AGRANA-STUDEN Sugar Trading GmbH	Vienna	Austria	–	50.00%
GreenPower E85 Kft	Szabadegyháza	Hungary	–	50.00%
HUNGRANA Keményitö- és Isocukorgyártó és Forgalmazó Kft.	Szabadegyháza	Hungary	–	50.00%
HungranaTrans Kft.	Szabadegyháza	Hungary	–	50.00%
STUDEN-AGRANA Rafinerija Secera d.o.o.	Brčko	Bosnia-Herzegovina	–	50.00%
Non-consolidated joint ventures				
"AGRAGOLD" d.o.o.	Brčko	Bosnia-Herzegovina		50.00%
AGRAGOLD d.o.o.	Zagreb	Croatia	–	50.00%
AGRAGOLD dooel Skopje	Skopje	Macedonia	–	50.00%
AGRAGOLD trgovina d.o.o.	Ljubljana	Slovenia	–	50.00%
SCO STUDEN & CO. BRASIL EXPORTACAO E IMPORTACAO LTDA.	São Paulo	Brazil	–	37.75%

[1] Municipality of Allhartsberg.

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the accompanying consolidated financial statements of AGRANA Beteiligungs-AG, Vienna, for the year from 1 March 2011 to 29 February 2012. These consolidated financial statements comprise the consolidated balance sheet as of 29 February 2012, the consolidated income statement, the statement of comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the fiscal year 2012 and a summary of significant accounting policies and other explanatory notes.

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

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

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

Our audit did not give rise to any objections. In our opinion, which is based on the results of our audit, the consolidated financial statements comply with legal requirements and give a true and fair view of the financial position of the Group as of 29 February 2012 and of its financial performance and its cash flows for the year from 1 March 2011 to 29 February 2012 in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU.

REPORT ON THE MANAGEMENT REPORT FOR THE GROUP

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

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

Vienna, 30 April 2012

KPMG Austria AG
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

signed by:

Mag. Wilhelm Kovsca	ppa. Mag. Claudia Draxler-Eisert
Wirtschaftsprüfer	Wirtschaftsprüferin

(Austrian Chartered Accountants)

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

Abbreviation if any	Indicator *Definition*		2011|12	2010|11[1]
	Borrowings *= Bank loans and overdrafts, and other loans from non-Group entities* *+ borrowings from affiliated companies* *+ lease liabilities*	€000	673,975	561,872
CE	Capital employed *= (PP&E + intangibles including goodwill) + working capital I*	€000	1,617,553	1,383,054
	Dividend yield *= Dividend per share ÷ closing share price*	%	4.3	3.0
EBITDA	Earnings before interest, tax, depreciation and amortisation *= Operating profit before exceptional items* *+ depreciation and amortisation*	€000	309,032	207,804
EBITDA margin	*= EBITDA × 100 ÷ revenue*	%	12.0	9.6
EPS	Earnings per share *= Profit/(loss) for the period ÷ number of shares outstanding*	€	10.73	5.98
	Equity ratio *= Equity ÷ total assets*	%	45.4	48.4
EVS	Equity value per share *= Equity attributable to shareholders of the parent* *÷ number of shares outstanding*	€	73.2	65.9
FCF	Free cash flow *= Net cash flow from/used in operating activities* *+ net cash from/used in investing activities*	€000	(54,676)	23,841
	Gearing *= Net debt ÷ total equity × 100*	%	43.7	39.7
	Intangible assets including goodwill	€000	248,383	248,551
	Net debt *= Borrowings less (cash + cheques + other bank deposits* *+ current securities + non-current securities)*	€000	469,210	382,436
	Operating margin = Operating profit before exceptional items × 100 ÷ revenue	%	9.0	5.9
	Operating profit before exceptional items *= Earnings before interest, tax and exceptional items*	€000	232,424	128,623
P/E	Price/earnings ratio *= Closing share price at financial year end ÷ earnings per share*		7.8	13.2
PP&E	Property, plant and equipment	€000	595,924	577,709
ROCE	Return on capital employed *= Operating profit before exceptional items ÷ capital employed*	%	14.4	9.3
ROS	Return on sales = Profit/(loss) before tax × 100 ÷ revenue	%	8.0	5.1
WC I	Working capital I *= Inventories + trade receivables + other assets* *– current provisions – current prepayments received* *– trade payables – other payables*	€000	773,246	556,794

[1] Prior year has been restated in accordance with IAS 8. Further information is provided on page 96.

PARENT COMPANY FINANCIAL STATEMENTS 2011|12

AGRANA BETEILIGUNGS-AG
BASED ON AUSTRIAN COMMERCIAL CODE (UGB)

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PARENT COMPANY INCOME STATEMENT
FOR THE YEAR ENDED 29 FEBRUARY 2012

€000	2011|12	2010|11
1. Revenue	69	71
2. Other operating income	34,245	24,461
3. Staff costs	(18,065)	(15,104)
4. Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	(1,569)	(1,845)
5. Other operating expenses	(23,295)	(19,196)
6. Operating (loss) [subtotal of items 1 to 5]	**(8,615)**	**(11,613)**
7. Income from investments in subsidiaries and other companies	53,825	37,860
– *Of which from subsidiaries: € 53,825 thousand (prior year: € 37,855 thousand)*		
8. Income from other non-current securities	5,215	5,235
9. Other interest and similar income	1,312	2,761
– *Of which from subsidiaries: € 331 thousand (prior year: € 381 thousand)*		
10. Interest and similar expense	(2)	(435)
11. Net financial items [subtotal of items 7 to 10]	**60,350**	**45,421**
12. Profit before tax [subtotal of items 1 to 11]	**51,735**	**33,808**
13. Income tax credit	808	1,072
14. Profit for the period	**52,543**	**34,880**
15. Profit brought forward from prior year	2,196	1,401
16. Net profit available for distribution	**54,739**	**36,281**

PARENT COMPANY BALANCE SHEET
AT 29 FEBRUARY 2012

€000	29 February 2012	28 February 2011
ASSETS		
A. Non-current assets		
I. Intangible assets	1,641	1,228
II. Property, plant and equipment	1,047	899
III. Non-current financial assets	489,135	475,799
	491,823	**477,926**
B. Current assets		
I. Receivables and other assets	140,031	118,566
II. Securities	0	0
III. Cash and bank balances	84	4
	140,115	**118,570**
Total assets	**631,938**	**596,496**
EQUITY AND LIABILITIES		
A. Equity		
I. Share capital	103,210	103,210
II. Share premium and other capital reserves	418,990	418,990
III. Retained earnings	13,928	13,928
IV. Net profit available for distribution	54,739	36,281
– Of which brought forward from prior year: € 2,196 thousand (prior year: € 1,401 thousand)		
	590,867	**572,409**
B. Untaxed reserves	**0**	**0**
C. Provisions		
I. Provisions for retirement, termination and long-service benefit obligations	3,013	2,429
II. Provisions for tax and other liabilities	25,505	10,168
	28,518	**12,597**
D. Payables		
I. Borrowings	0	0
II. Other payables	12,553	11,490
	12,553	**11,490**
Total equity and liabilities	**631,938**	**596,496**
Contingent liabilities	465,821	321,758

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 separate financial statements for the year ended 29 February 2012 give a true and fair view of the financial position, results of operations and cash flows of the parent company as required by the applicable accounting standards;

- the management report for the 2011|12 financial year presents the business performance, financial results and situation of AGRANA Beteiligungs-AG in such a way as to provide a true and fair view of AGRANA's financial position, results of operations and cash flows, together with a description of the principal risks and uncertainties faced by the company.

Vienna, 30 April 2012

Johann Marihart
Chief Executive Officer

Fritz Gattermayer
Member of the Management Board

Walter Grausam
Member of the Management Board

Thomas Kölbl
Member of the Management Board

PROPOSED APPROPRIATION OF PROFIT

	2011|12 €
The financial year to 29 February 2012 closed with the following net profit available for distribution	54,738,957
The Management Board proposes to the Annual General Meeting to allocate this profit as follows:	
Distribution of a dividend of € 3.60 per ordinary no-par value share on 14,202,040 participating ordinary shares, that is, a total of	51,127,344
Profit to be carried forward	3,611,613
	54,738,957

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements, including the accounting system, of AGRANA Beteiligungs-AG, Vienna, for the fiscal year from 1 March 2011 to 29 February 2012. These financial statements comprise the balance sheet as of 29 February 2012, the income statement for the fiscal year 2012, and the notes.

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

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

Auditors' Responsibility and Description of Type and Scope of the Statutory Audit

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

Our audit did not give rise to any objections. In our opinion, which is based on the results of our audit, the financial statements comply with legal requirements and give a true and fair view of the financial position of the Company as of 29 February 2012 and of its financial performance for the year from 1 March 2011 to 29 February 2012 in accordance with Austrian Generally Accepted Accounting Principles.

REPORT ON OTHER LEGAL REQUIREMENTS (MANAGEMENT REPORT)

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

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

Vienna, 30 April 2012

KPMG Austria AG
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

signed by:

Mag. Wilhelm Kovsca	ppa. Mag. Claudia Draxler-Eisert
Wirtschaftsprüfer	Wirtschaftsprüferin

(Austrian Chartered Accountants)

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

OTHER INFORMATION
2011|12

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.

ACP countries: A group of states in Africa, the Caribbean and the Pacific region that have concluded a special agreement on development cooperation with the European Union. Consisting largely of the successor states of former French and British colonies, and currently numbering 79 countries, the ACP group has since 1975 been given preferential access to the EU market and, since 2009, the opportunity to export sugar duty-free to the EU.

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

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

B

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

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

Biogenic fuels: Also known simply as biofuels, these are liquid or gaseous fuels derived from biomass (such as plant materials, including plant residues from other processes). Biogenic fuels can be produced from raw materials such as grains, sugar beet, and even wood. Biogenic fuels are used in combustion engines. The most significant economically are bioethanol and biodiesel, which are also blended with fossil fuels such as petrol and diesel.

Biomass: All organic matter produced by or consisting of plants and animals is biomass. The principal basis for the formation of biomass in solid, liquid and gas form is photosynthesis, employed by plants, in which solar energy is used to convert carbon dioxide and water into organic compounds while releasing oxygen.

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.

CEFS (Comité Européen des Fabricants de Sucre): The CEFS is the international organisation of European national sugar industry associations. It represents the interests of European sugar producers and refiners with European institutions (Council of Ministers, European Commission, European Parliament, Economic and Social Committee, and others) and with the various international organisations (FAO, WTO, etc.).

Clean label: A marketing concept in the food industry for promoting products as particularly natural. The clean-label approach accommodates consumers' mounting interest in foods not containing additives with E numbers. The message of naturalness is conveyed on packaging through additional wordings such as, for instance, "No flavour enhancers", "No added preservatives", and "No artificial flavours".

Corn starch: Starch produced from corn (maize), used especially as an ingredient in foods (such as puddings), but also in industrial applications, such as in paper products and cosmetics.

CO_2 (carbon dioxide): Regarded today as the most important greenhouse gas, carbon dioxide is a gas consisting of carbon and oxygen. It is colourless and odourless and makes up less than 1% of the air we breathe. Carbon dioxide is produced in the combustion of substances containing carbon, and during respiration.

CO_2 equivalent: To make the greenhouse effect of different greenhouse gases comparable and calculable, their global warming potential is used. It indicates the contribution of a gas to the heating of the earth's atmosphere by assigning an equivalent volume of CO_2. The greenhouse effect per kilogram of a given gas is expressed as a multiple ("equivalent factor") of the greenhouse effect of one kilogram of carbon dioxide.

CO_2 recovery (CO_2 liquefaction plant): In bioethanol production, the carbon bound in renewable raw materials (which are mainly wheat and corn) is released in the form of carbon dioxide. In CO_2 liquefaction plants, this biogenic carbon dioxide from renewable resources is purified, liquefied and thus made available for many different industrial uses, notably the production of carbonated drinks. Biogenic CO_2 is thereby substituted for fossil CO_2.

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/regions: Countries 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

E10: Fuel containing 10% water-free bioethanol and 90% conventional petrol.

E85: *See SuperEthanol E85.*

EFFAT (European Federation of Food, Agriculture and Tourism Trade Unions): EFFAT is the European federation of trade unions for the food, agriculture and tourism sectors. As the European umbrella organisation for 120 national trade unions from 35 countries, EFFAT represents the interests of more than 2.6 million members in dealing with European institutions, industry associations and employers.

Emerging market: A relatively rapidly growing market found in newly industrialised countries (such as Brazil, China and India).

Emission: Generally signifies the release of noxious substances such as pollutants or greenhouse gases into the environment. Car exhaust gases are one common example.

E number: E numbers are official European number codes for food additives. They are essentially an indication that the substance in question (added to the food to achieve chemical, physical or physiological effects) has been shown by the authorisation procedure of the European Union to present no threat to human health. The E number of an additive is the code that uniquely identifies a substance regardless of the national language.

Enzymes: Enzymes are protein molecules acting as catalysts by accelerating chemical reactions. For example, enzymes break up starch into dextrose molecules. They thus play an important role in fermentation. See fermentation.

Ethanol: Ethanol is a form of alcohol and is a clear, flammable liquid. It is also known as pure alcohol, grain alcohol or drinking alcohol, and is found in drinks such as wine and beer. In recent years, ethanol has acquired great importance outside the beverage industry as a biofuel referred to as bioethanol. See bioethanol.

EU Biofuels Directive: The so-called Biofuels Directive of the European Parliament and European Council dated 26 March 2009 regulates the use of biofuels and other renewable fuels (for example, wind and solar energy, geothermal and hydropower) in the transport sector. The Directive specifies the percentage of renewable fuels within total fuel consumption, but does not prescribe how these targets must be reached (blending of biogenic with fossil fuels, or use of alternative fuels). Under the Directive, fuels defined as biogenic include bioethanol, biodiesel, biogas, biomethanol, biodimethyl ether, bio-ETBE, bio-MTBE, synthetic biofuels and pure plant oils.

EU energy allocation method: In life cycle analysis, greenhouse gas emissions can be allocated to bioethanol and its by-products using the so-called substitution method or the energy allocation method. The substitution method is suitable for political analyses under the specifications of the EU. The energy allocation method is to be used for regulatory purposes as well as for calculating emissions of individual producers and fuels.

EU sugar regime: *See sugar regime.*

Export licenses: Through the issue of export licenses, the European Commission ensures its control over exports of EU quota sugar and the adherence to the WTO export restrictions regarding quantity and value.

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. See Export licenses.

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.

First transformation: First transformation refers to the first stage of fruit processing, which turns freshly harvested fruit into storable, semi-finished goods (frozen, aseptic or pureed). The process steps involved include sorting, washing, cleaning, cutting, freezing and packing.

F.O. Licht: A leading private-sector source of analysis on the global markets for sugar, ethanol, molasses, feed additives, biofuels, coffee and tea, F.O. Licht publishes a wide range of print reports and organises conferences for the sugar and ethanol industries.

FFG (Austrian Research Promotion Agency): The Austrian Research Promotion Agency, or FFG (Österreichische Forschungsförderungsgesellschaft) is the national funding agency for industrial research and development in Austria. The FFG was established in 2004 and is wholly owned by the Austrian government.

Fruit juice concentrate: Forming the basis for fruit juice drinks, fruit juice concentrates are sold into the fruit juice and beverage industry. The same quantity of water carefully removed from the pressed fruit juice is later added to the concentrate again to create the end product for consumption. The result is high-quality juice with 100% fruit content.

Fruit preparations: Sometimes referred to as fruit ingredients. High-quality fruit is prepared in liquid or piece form and thermally preserved for further processing, especially for use by the dairy, ice-cream and bakery industries.

G

Gluten: Gluten is a mix of substances, including proteins, that occurs in cereal seeds. When flour is mixed with water, it is gluten that makes the resulting dough rubbery and elastic. Gluten is crucial to the baking properties of flour.

GMO: Genetically modified organisms are organisms whose genetic material has been altered through genetic engineering.

I

IGC (International Grains Council): The International Grains Council is an intergovernmental organisation concerned with grains trade. Since 1995 the London-based IGC also administers the Grains Trade Convention, an international agreement. The IGC Secretariat provides both administrative support to the Council, and services to the Food Aid Committee established under the Food Aid Convention of 1999. The IGC's grain market studies are widely used in sector and market research.

Industrial sugar: *See non-quota sugar.*

Interprofessional agreement: This agreement is the legal basis for deliveries of and payments for sugar beets. It is negotiated between the associations of the beet farmers and the companies producing sugar.

ISCC (International Sustainability & Carbon Certification): The ISCC is the world's first government-recognised system for the certification of sustainability and greenhouse gas emissions that can be applied to all agricultural raw materials. In 2009 in the EU Renewable Energies Directive (2009/28/EC), the EU set out requirements for the sustainable production of biomass (liquid biomass and biofuels). Germany has transposed this EU Directive into national law through its Biofuel Sustainability Regulation and Biomass Electricity Sustainability Regulation. Under this legislation, from 1 January 2011, companies wishing to receive a feed-in tariff under the German Renewable Energies Act (EEG) or credit toward the biofuel quota must document that the feedstocks used in the biofuels' production or in electricity generation were produced in accordance with the Biofuel Sustainability Regulation. The ISCC serves to implement these legal requirements in all stages of the production process.

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.

L

LDCs: The Least Development Countries (LDCs) list of the United Nations includes the world's poorest countries. LDCs may import their products into the EU duty-free and without volume limit (with the exception of weapons, in accordance with the "Everything But Arms Agreement"). For sugar, an import quota applied until 30 September 2009.

M

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

Marketing year for grains: This period runs from July to June of the following year.

Molasses: Sweet, dark-brown by-product of sugar manufacturing, with the consistency of syrup. It still contains about 50% sugar, which cannot be further crystallised. Molasses is used predominantly in the manufacture of yeast and alcohol, and as a cattle feed supplement.

Minimum price for sugar beet: The EU sugar regime sets a minimum price for quota beets specific to a certain delivery stage and quality standard. For other delivery terms or quality levels, price adjustments are made.

Modified starch: Modified starches are obtained by physical, enzymatic or chemical processes and are starch products that meet higher technological requirements. Important properties remain intact after modification. Modified starches are used in the food industry and in industrial applications where they are superior to natural starch in qualities such as stability against heat and acidity, shear strength, and freezing and thawing properties. Modified starches used as food additives must be declared as such if they are chemically changed. Otherwise – if modified physically (through heat or pressure) or enzymatically – they are considered food ingredients and have no E number.

N

Native starch: *See starch.*

Non-quota sugar: Under the EU sugar regime, non-quota sugar is sugar that exceeds the production quota. This can be marketed as industrial (non-food) sugar for use primarily in the chemical or pharmaceutical industry (e.g., to produce yeast, citric acid and vitamins), or can be exported into non-EU countries or carried over to the next sugar marketing year.

P

Preference sugar: In the course of EU expansion rounds, the EU undertook obligations to buy sugar at guaranteed prices from certain sugar-producing countries. Most preference sugar is bought from LDCs and ACP countries.

Preferential imports: For raw sugar imports from outside the EU, in view of the high world market prices, the European Commission in November 2010 suspended the tariff of € 98 per tonne on preferential imports for the period from 1 December 2010 to 31 August 2011.

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

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.

Restructuring fund: A fund which was financed with the sugar regime restructuring levy of the EU sugar producers. Its monies were used within the EU under the reform of the sugar regime with the goal of creating a market equilibrium in the EU by reducing quota sugar production.

Restructuring levy: *See sugar regime restructuring levy.*

Restructuring payment/premium: Payment from the EU restructuring fund to sugar-producing companies that voluntarily and permanently returned production quotas in the restructuring.

S

SEDEX (Supplier Ethical Data Exchange): SEDEX is a non-profit organisation for companies committed to the continuous improvement of their own and their supply chains' ethical performance. SEDEX is a web-based data exchange designed to allow member companies to store and share ethical data and to analyse and rate risks.

Starch: Starch is an organic compound and one of the most important energy storage materials in plant cells. In our latitudes, starch is mainly acquired from corn, wheat or potatoes. To extract starch, the starch-containing parts of the plants are milled to a small size and the starch is washed out. Through filtration and centrifugation steps, the starch is extracted. After the final stage of drying, native starch emerges from the process as a white powder.

Starch corn (starch maize): Starch corn, also known as soft corn, is one of the oldest corn varieties. It is well suited for eating directly, as it can be ground easily due to its floury nutritive tissue. Starch corn is an important industrial raw material.

Sugar: In Europe, sugar is produced from sugar beet. In sub-tropical and tropical regions of the world, sugar cane is the main raw material for sugar production. The term "sugar" in general usage typically refers to granulated sugar, i.e., sucrose. However, there are several other types of sugar, including glucose, fructose and lactose, among others. All are part of the carbohydrate food group.

Sugar beet: Sugar beet is an agricultural crop grown almost exclusively for sugar production. The sugar beet plant consists of the leaves and a large, fleshy root. The root stores sucrose, which is extracted in the sugar factory.

Sugar beet thick juice: A brown, viscous sugar juice that has been thickened and cleaned to approximately 70% to 75% dry weight. This concentrated juice is produced at the end of the vaporisation stage, before crystallisation.

Sugar extraction: Extraction is one stage of the sugar production process. Sugar is extracted from sugar beet by dissolving it out of the sliced beet with hot water. This ultimately produces raw juice, which contains approximately 98% of the sugar originally present in the beet.

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.

Sugar regime restructuring levy: Historical annual payment by the EU sugar producers to the EU to finance the EU restructuring fund for the reform of the EU sugar regime. The levy was in effect over a time period of three years from July 2006 to September 2009 and its amount depended on the production quota.

SuperEthanol E85: An environmentally friendly fuel consisting of up to 85% bioethanol, the remainder being petrol. Bioethanol is produced from raw materials containing sugar and starch (such as wheat, corn, triticale, or concentrated sugar beet juice). The use of E85 as a fuel for automobiles requires Flexible-Fuel Vehicles.

T

Thick juice: *See sugar beet thick juice.*

Triticale: As a hybrid grain resulting from the crossing of wheat and rye, triticale combines the characteristics of both these grains in terms of flavour and composition. Thanks to its higher starch content, triticale is also used as an energy crop for the production of bioethanol.

W

West Balkan Agreement: Since autumn 2000 the successor countries of the former Yugoslavia may import limited quantities of duty-free sugar (among other products) into the EU. The EU has since then concluded corresponding free trade agreements with Croatia and Serbia.

Wet corn (wet maize): Freshly harvested corn is also referred to as wet corn.

White sugar: Also called granulated or table sugar, white sugar is produced by crystallisation and centrifugation.

WTO (World Trade Organisation): In the Geneva-based World Trade Organisation, its currently 157 member states negotiate the liberalisation of world trade.

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