2012|13
ANNUAL REPORT

RESULTS AND RESPONSIBILITY

HIGHLIGHTS OF 2012|13 RESULTS

- Record highs in revenue and pre-exceptionals operating profit
- Revenue growth of 18.9% to € 3,065.9 million
- Increase of 1.9% in operating profit before exceptional items, to € 236.9 million
- Operating margin of 7.7% (prior year: 9.0%)
- Net exceptional items expense of € 19.1 million in Fruit segment (prior year: € 1.4 million)
- Earnings per share of € 10.52 (prior year: € 10.73)
- Stronger equity ratio of 47.0% (prior year: 45.4%)
- Gearing of 39.9% (prior year: 43.7%)
- Dividend proposal of € 3.60 per share, as in prior year
- Merger of AGRANA Juice and Ybbstaler into AUSTRIA JUICE

QUICK FACTS ABOUT AGRANA

- The leading sugar manufacturer in Central, Eastern and Southeastern Europe
- Major manufacturer of custom starch products in Europe and largest producer of bioethanol in Austria
- World market leader in the production of fruit preparations
- Largest manufacturer of fruit juice concentrates in Europe
- About 8,500 employees worldwide
- 56 production sites in 26 countries around the world

FINANCIAL CALENDAR FOR 2013|14

14 May 2013	Press conference on annual results for 2012|13
5 July 2013	Annual General Meeting for 2012|13
10 July 2013	Dividend payment and ex-dividend date
11 July 2013	Results for first quarter of 2013|14
10 October 2013	Results for first half of 2013|14
13 January 2014	Results for first three quarters of 2013|14

KEY FINANCIALS
(UNDER IFRS)

		2012|13	2011|12	2010|11[1]	2009|10[1]	2008|09
FINANCIAL PERFORMANCE[2]						
Revenue	€m	3,065.9	2,577.6	2,165.9	1,989.2	2,026.3
EBITDA[3]	€m	318.3	309.0	207.8	176.2	119.2
EBITDA margin	%	10.4	12.0	9.6	8.9	5.9
Operating profit before exceptional items	€m	236.9	232.4	128.6	91.9	37.8
Operating margin before exceptional items	%	7.7	9.0	5.9	4.6	1.9
Operating profit after exceptional items [EBIT]	€m	217.8	231.0	128.6	86.9	34.6
Profit/(loss) before tax	€m	190.2	206.3	109.7	87.4	(32.4)
Profit/(loss) for the period	€m	156.5	155.7	87.1	72.7	(15.9)
Attributable to shareholders of the parent		*149.4*	*152.4*	*84.9*	*72.2*	*(11.6)*
Attributable to non-controlling interests		*7.1*	*3.3*	*2.2*	*0.5*	*(4.3)*
Operating cash flow before change in working capital	€m	256.3	250.1	169.0	149.6	97.2
Purchases of property, plant and equipment and intangibles[4]	€m	149.8	97.1	55.9	48.4	73.8
Purchases of non-current financial assets	€m	0.1	1.7	0.1	0.9	1.7
Staff count[5]		8,449	7,982	8,243	7,927	8,244
Return on sales[6]	%	6.2	8.0	5.1	4.4	(1.6)
Return on capital employed	%	13.4	14.4	9.3	6.9	2.8
SHARE DATA AT LAST DAY OF FEBRUARY						
Closing price	€	101.50	83.95	79.20	71.56	47.50
Earnings per share	€	10.52	10.73	5.98	5.08	(0.82)
Dividend per share	€	3.60[7]	3.60	2.40	1.95	1.95
Dividend yield	%	3.5[7]	4.3	3.0	2.7	4.1
Dividend payout ratio	%	34.2[7]	33.6	40.1	38.4	neg.
Price/earnings ratio		9.6	7.8	13.2	14.1	neg.
Market capitalisation	€m	1,441.5	1,192.3	1,124.8	1,016.3	674.6
FINANCIAL STRENGTH						
Total assets	€m	2,578.2	2,362.1	1,992.7	1,888.4	1,996.2
Share capital	€m	103.2	103.2	103.2	103.2	103.2
Core non-current assets[8]	€m	1,045.8	956.5	937.0	962.2	978.0
Equity	€m	1,212.1	1,073.0	964.2	898.5	825.9
Equity ratio	%	47.0	45.4	48.4	47.6	41.4
Net debt	€m	483.7	469.2	382.4	376.6	470.1
Gearing (net debt to total equity)	%	39.9	43.7	39.7	41.9	56.9

[1] Restated in the 2011|12 financial year to reflect a retrospective change in accounting policy related to IAS 19 (Employee Benefits).
[2] Detailed information concerning the calculation method of individual performance indicators can be found on page 160.
[3] Before exceptional items.
[4] Excluding goodwill.
[5] The staff count represents the average number of employees for the financial year.
[6] Profit before tax, divided by revenue.
[7] Dividend proposal to the Annual General Meeting on 5 July 2013.
[8] Non-current assets excluding deferred tax assets and the item “receivables and other assets”.

RESULTS AND RESPONSIBILITY

To speak of sustainability today is to speak of responsibility in three dimensions: From an ecological point of view, the responsibility for nature, the environment and natural resources. From a people perspective, the responsibility to staff, to fellow citizens and personal and cultural identities. And from an economic standpoint, the responsibility for healthy growth and a secure future.

These three dimensions should not be considered in isolation from one another. Only by seeing them as an interrelated whole can the principle of sustainability be meaningfully honoured. At AGRANA as a leading processor of agricultural raw materials, this integrated approach has consistently been central to our way of doing and seeing things, based on a harmonious balance between nature, society and economic success.

This harmony of ecology, humanity and economy also informs the motto of this year's AGRANA annual report: "Results and Responsibility". Two factors that are inseparable and interdependent: They form a closed cycle – which is thus a defining aspect not just of our technology but also of our philosophy. And importantly, they offer a powerful vision of innovative, integrated management fit for the future. For it is by faithfully living up to our responsibility of today that we build a solid foundation for the rewarding results of tomorrow.

Dear Investor,

After the previous year's leap in revenue and earnings, it seemed difficult at first to repeat that performance. It therefore gives me all the more pleasure to report that, in a very demanding market environment, we achieved a new all-time high of € 3,066 million in revenue. This was also helped by the first-time consolidation of AUSTRIA JUICE GmbH, the company which resulted from last year's merger of AGRANA Juice with the Ybbstaler group. Crop-related high raw material costs and passing those costs through to the market, as well as dealing with a competition-distorting market pattern of widespread evasion of high sales taxes in some Central and Eastern European countries, were among the major challenges that we rose to. Through pro-active hedging we were also able to work effectively with the short-term volatility in the raw material markets. Operating profit before exceptional items was thus high again: at almost € 237 million, it even slightly improved on the prior year's record result. However, non-recurring effects led to a reduction in operating profit to about € 218 million.

AGRANA's evolution over the past 25 years can be summed up as embracing the need for "Results and Responsibility". We have not only grown as a profitable and sound business, but have also consistently respected our environment, natural resources, staff and fellow citizens.

In the financial year AGRANA placed its first Schuldscheindarlehen, or bonded loan, of € 110 million with maturities of five, seven and ten years. This has achieved our goal, set two years ago, of lengthening the traditionally short-term funding maturity profile. Moreover, through a syndicated loan we secured multi-year credit facilities totalling € 450 million to ensure the efficient buffering of short-term fluctuations in liquidity. AGRANA's debt-equity gearing further improved to 39.9% and the strengthened equity ratio of 47.0% likewise underscores our continuing conservative balance sheet.

2013|14 financial year

The new financial year too will be a very exciting one for us:

- It will bring important decisions in the arena of European Union agriculture policy, and by the middle of 2013 there should be clarity as to the terms on which the EU sugar regime will be extended beyond the year 2015.
- The wheat starch plant in Pischelsdorf, Austria, will be brought on-stream before summer 2013, with a total investment of about € 70 million and only around one year after the laying of the foundation stone. In the course of the year its output will be ramped up to approximately 90% of nominal capacity. The bioethanol production plant, downstream from the wheat starch factory in the process flow, will continue to run at full capacity.
- Our fruit preparations business in Europe is confronted with stagnating markets, high product diversity, intense competition and high raw material costs. We will press ahead with a number of measures designed to ensure our continuing competitiveness in this activity in the future. At the same time, we are very pleased with the growth in North and South America and Asia. Especially the US market is doing so well that we have decided to build a fourth US plant, in Lysander in New York State. In Dachang, China, a state-of-the-art plant was completed at the end of 2012 to supply the local market optimally. The facility is designed on a generous scale and has room for expansion, leaving us well-placed to respond to the rising local demand in the coming years.

In total this year, AGRANA will invest about € 143 million, or almost as much as last year and once again well above the rate of depreciation. Besides our large projects, € 4 million will be used to expand our research facilities in Tulln, Austria. As well, in spring 2013 the Group headquarters in Vienna moved to a new office building that accommodates the growing need for space.

25-year anniversary for AGRANA

The current new financial year is a special one for us: AGRANA will celebrate 25 years in business. What started a quarter century ago as a purely Austria-focused sugar and starch producer with seven locations, has grown into a global group with currently 56 sites in 26 countries on six continents and about 8,500 employees, including around 2,000 in Austria, 4,000 in the rest of Europe and 2,500 in the rest of the world. For AGRANA, established as a holding company of the Austrian sugar and starch industry, the emphasis initially was on integration of the business activities. But immediately after its founding, the company received a key impetus from the fall of the Iron Curtain in 1989 and the associated opening of the countries to the East. AGRANA seized the opportunity and invested in the new markets – the first step in a progression of international expansion. The going public in 1991 brought a cultural change for the Group towards greater transparency and stronger structures and processes. For further diversification, AGRANA began in 2003 to add the third segment, Fruit, with the fruit preparations and fruit juice concentrates businesses. This ultimately saw the company develop into today's global player.

Since its beginnings 25 years ago, AGRANA has been growing both organically and through acquisitions and partnerships. Over the two and a half decades, revenue went from about € 300 million to more than € 3 billion. That translates to average annual growth of close to 10%. This trajectory surely has a lot to do with our sustainable business model and entrepreneurial thinking.

Sustainability

True to the motto of this annual report, "Results and Responsibility", the subject of sustainability will remain exceedingly important for AGRANA in the future. As staff development is a crucial activity for us, we will step up investment in training and developing our people. In a rapidly growing international organisation, we need flexible employees who think entrepreneurially and globally and who take the long view. That is why we will continue to work on greater connectivity and openness between the various business segments and departments. We already launched internal development programmes several years ago to allow the diversity of our global business activities to be reflected in the management tiers of the organisation.

In manufacturing and product terms, AGRANA has made great strides in the last few years. Thus, at our production sites, we do everything to achieve energy-efficient processes and the most complete possible utilisation of all raw materials, residues and by-products. For process additives, we rely mainly on natural substances.

As to our financial results, we plan to continue our sound long-term growth trend. AGRANA is a complex international concern with numerous local operating units. This starting position and the mounting requirements in the areas of IFRS, enforcement, compliance, competition rules, etc., pose big challenges in managing the Group. We therefore must continue to harmonise and streamline internal processes and work flows and further optimise structures.

Regulatory environment and Group strategy

The reorganisation of the European sugar market will be of considerable significance for AGRANA. We believe we are well-positioned for the future. In the near term, the focus of our growth efforts in the Sugar segment is on the Western Balkans region. Our activities in the Starch segment will also be stepped up in Southeastern Europe and the efficiency of our production there is to be further heightened. In the Fruit segment, we want to remain the world market leader and continually improve our position in the growth markets.

Share performance

AGRANA's share price remained on its long-term rising trend in the past financial year, for the first time breaking the € 100 mark. For us, despite the currently relatively low free float, being a publicly traded company is of great importance. With a policy of open and transparent communication, we aim to safeguard investors' confidence in the Group and make our business performance and management decisions predictable and easy to understand.

On behalf of the whole Management Board, let me thank everyone who has contributed to AGRANA's successful year, particularly our employees for their loyalty and dedication, and our commercial partners and shareholders for their confidence and trust.

Sincerely

Johann Marihart
Chief Executive Officer

The Supervisory Board was actively involved in and supported AGRANA's performance in the 2012|13 financial year and fulfilled its responsibilities and exercised its powers under the law and the Articles of Association while observing the provisions of the Austrian Code of Corporate Governance. In a total of five meetings, of which all its members attended at least half, the Supervisory Board, through the reports of the Management Board and detailed written material, informed itself about the company's business situation and financial position, about all relevant matters concerning the business results, financial situation, investment plans and exceptional business transactions as well as the corporate strategy, and discussed these subjects with the Management Board. The thorough deliberations in the meetings of the Supervisory Board and its committees centred on the corporate strategy and opportunities for the further development of the Group, as well as the current challenges of the general economic environment. The Supervisory Board was briefed in a timely and comprehensive manner about measures requiring its approval. In accordance with the provisions of the Austrian Code of Corporate Governance, the Supervisory Board commissioned an external evaluation of its activities, the findings of which it thoroughly discussed.

Regular key agenda items of the Supervisory Board's deliberations were the strategic orientation and further development of the Group, the business trend in all segments and the optimisation of corporate financing. In addition, the Chairman of the Supervisory Board was in regular contact with the Chief Executive Officer to discuss ongoing developments in the Group's environment, their impact on current business results, and the risk situation.

In its meeting on 11 May 2012, the Supervisory Board dealt with the audit of the parent company and consolidated financial statements for the year ended 29 February 2012 and the nomination of the independent auditor for election for the 2012|13 financial year, and approved a strategic equity investment. The independent auditor attended this meeting and reported on the focal points and results of the audit, which also included the accounting-related portion of the internal control system. The Supervisory Board adopted the parent company financial statements and approved the consolidated financial statements.

By circular resolution, a strategic equity investment project was approved on 22 June 2012.

The meeting on 2 July 2012 primarily discussed medium-term planning and a prospective strategic equity investment. The reconstitution of the Supervisory Board required as a result of its re-election by the Annual General Meeting on 2 July 2012 was effected in a meeting immediately after the AGM.

On 10 October 2012 the Supervisory Board, by circular resolution, approved a Group debt financing measure.

The meeting on 16 November 2012 discussed the reporting on the forecast financial results for 2012|13, the renewal of the Management Board term of Johann Marihart by another five years after it expires at the end of September 2013, the subject of corporate governance and the approval of construction of a new plant for fruit preparations in the USA.

In its meeting on 7 February 2013, the Supervisory Board deliberated on the planning and investment projects for the 2013|14 financial year. The meeting discussed the self-evaluation under the Austrian Code of Corporate Governance and two strategic investment projects. The Supervisory Board also resolved to renew the Management Board term of Fritz Gattermayer, which expires at the end of December 2013, by another five years.

The Audit Committee convened for two meetings in the 2012|13 financial year. With the independent auditor in attendance, the Audit Committee dealt exhaustively with the 2011|12 parent company and consolidated financial statements of AGRANA Beteiligungs-AG and discussed the Management Board's proposal for the appropriation of profit. The Committee's deliberations also covered the audit of the corporate governance report and dealt with the report from Internal Audit and the risk management system.

The Committee's deliberations also covered the report from Internal Audit and the risk management system.

Both the Supervisory Board and the Audit Committee received detailed reports on the irregularities at AGRANA Fruit México, S.A. de C.V., the investigation into the facts of the case, and the measures taken in response.

The Nomination and Remuneration Committee met twice in the reporting period and discussed the renewal of the Management Board terms of Johann Marihart and Fritz Gattermayer.

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

Changes in Supervisory Board membership

Christian Teufl retired from the Supervisory Board at the end of the Annual General Meeting on 2 July 2012. The Supervisory Board would like to thank Mr. Teufl sincerely for his many years of valuable service to the company. Josef Pröll was newly elected to the Supervisory Board by the AGM.

Parent company and consolidated financial statements

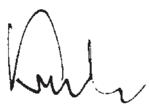
The consolidated financial statements, group management report, parent company financial statements and parent company management report of AGRANA Beteiligungs-AG for the 2012|13 financial year presented by the Management Board, as well as the accounting records, were audited by and received an unqualified 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 2012|13 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 2012|13, 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 2012|13 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 2012|13 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 2012|13 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 2013



Christian Konrad
Chairman of the Supervisory Board

CORPORATE GOVERNANCE REPORT

JOHANN MARIHART
Chief Executive Officer

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

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

FRITZ GATTERMAYER
Member of the Management Board

First appointed: 1 January 2009
Appointed until: 31 December 2018

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

WALTER GRAUSAM
Member of the Management Board

First appointed: 1 January 1995
Appointed until: 31 December 2014

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

THOMAS KÖLBL
Member of the Management Board

First appointed: 8 July 2005
Appointed until: 7 July 2015

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

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

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

For us, “Results and Responsibility” means being committed to the principles of responsible, transparent and sustainable company direction and control.

In the 2012|13 financial year the Austrian Code of Corporate Governance was applied by AGRANA in the version of January 2012. At its meetings on 16 November 2012 and 7 February 2013, the Supervisory Board of AGRANA Beteiligungs-AG discussed matters of corporate governance and unanimously adopted the statement of compliance with the Code.

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

- **Rule 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.

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. The Management and Supervisory Boards of AGRANA, and especially their chairmen, are thus engaged in ongoing dialogue regarding the Group’s performance and strategic direction, both at and between Supervisory Board meetings.

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

External evaluation

In accordance with rule 62 of the Austrian Code of Corporate Governance, AGRANA commissioned an external evaluation of compliance with the Code, which was performed by Univ. Prof. DDr. Waldemar Jud Corporate Governance Forschung CGF GmbH. The evaluation was conducted using the questionnaire issued for this purpose by the Austrian Working Group for Corporate Governance and is available to the public on the AGRANA website at www.agrana.com. The report confirms that AGRANA complied with the Code in the 2012|13 financial year.

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 2018
Fritz Gattermayer Management Board member since 2009	1957	1 Jan 2009	31 Dec 2018
Walter Grausam Management Board member since 1995	1954	1 Jan 1995	31 Dec 2014
Thomas Kölbl Management Board member since 2005	1962	8 Jul 2005	7 Jul 2015

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

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

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

- **Thomas Kölbl**
  Thomas Kölbl holds the following positions: Member of the supervisory boards of Baden-Württembergische Wertpapierbörse GmbH, Stuttgart, Germany; BENEO GmbH, Mannheim, Germany; CropEnergies AG, Mannheim, Germany; Freiberger Holding GmbH, Berlin, Germany; Raffinerie Tirlemontoise S.A., Brussels, Belgium; Saint Louis Sucre S.A., Paris, France; 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 Group is managed on the basis of an open exchange of information and regular meetings with the segment heads and other senior segment management.

The terms of reference set out the division of responsibilities and the cooperation within the Management Board and its duties in respect of communication and reporting, and list the types of actions which require the approval of the Supervisory Board.

The remits of the Management Board members are as follows:

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

Supervisory Board

The Supervisory Board of AGRANA Beteiligungs-AG has twelve members, of whom eight are shareholder representatives elected by the Annual General Meeting and four are employee representatives from the staff council. All Supervisory Board members elected by the Annual General Meeting were re-elected on 2 July 2012 for a term ending at the conclusion of the General Meeting that considers the results of the 2016|17 financial year.

Name, and Supervisory board positions in listed domestic and foreign companies	Year of birth	Date first appointed	End of current term
Christian Konrad, Vienna, independent			
Chairman of the Supervisory Board	1943	19 Dec 1990	30th AGM (2017)
– Vice-Chairman of the Supervisory Board of Südzucker AG Mannheim/Ochsenfurt, Mannheim, Germany – Vice-Chairman of the Supervisory Board of BAYWA AG, Munich, Germany – Member of the Supervisory Board of DO & CO Restaurants & Catering AG, Vienna – Chairman of the Supervisory Board of UNIQA Versicherungen AG, Vienna, until 29 May 2012			
Wolfgang Heer, Ludwigshafen, Germany, independent			
First Vice-Chairman of the Supervisory Board	1956	10 Jul 2009	30th AGM (2017)
Erwin Hameseder, Mühldorf, Austria, independent			
Second Vice-Chairman of the Supervisory Board	1956	23 Mar 1994	30th AGM (2017)
– Chairman of the Supervisory Board of Flughafen Wien AG, Vienna – First Vice-Chairman of the Supervisory Board of Raiffeisen Bank International AG, Vienna – Vice-Chairman of the Supervisory Board of STRABAG SE, Villach, Austria – Second Vice-Chairman of the Supervisory Board of UNIQA Versicherungen AG, Vienna – Member of the Supervisory Board of Südzucker AG Mannheim/Ochsenfurt, Mannheim, Germany			

Name, and Supervisory board positions in listed domestic and foreign companies	Year of birth	Date first appointed	End of current term
Jochen Fenner, Gelchsheim, Germany, independent			
Member of the Supervisory Board	1952	1 Jul 2011	30th AGM (2017)
– Member of the Supervisory Board of Südzucker AG Mannheim/Ochsenfurt, Mannheim, Germany			
Hans-Jörg Gebhard, Eppingen, Germany, independent			
Member of the Supervisory Board	1955	9 Jul 1997	30th AGM (2017)
– Chairman of the Supervisory Board of Südzucker AG Mannheim/Ochsenfurt, Mannheim, Germany			
– Member of the Supervisory Board of VK Mühlen AG, Hamburg, Germany			
– Member of the Supervisory Board of CropEnergies AG, Mannheim, Germany			
Ernst Karpfinger, Baumgarten/March, Austria, independent			
Member of the Supervisory Board	1968	14 Jul 2006	30th AGM (2017)
Thomas Kirchberg, Ochsenfurt, Germany, independent			
Member of the Supervisory Board	1960	10 Jul 2009	30th AGM (2017)
Josef Pröll, Vienna, independent			
Member of the Supervisory Board	1968	2 Jul 2012	30th AGM (2017)
– Member of the Supervisory Board of VK Mühlen AG, Hamburg, Germany			
Employee representatives			
Thomas Buder, Tulln, Austria			
Chairman of the Group Staff Council and the Central Staff Council	1970	1 Aug 2006	
Gerhard Glatz, Gmünd, Austria	1957	1 Jan 2010	
Stephan Savic, Vienna	1970	22 Oct 2009	
Peter Vymyslicky, Leopoldsdorf, Austria	1952	22 Dec 1997	

In the 2012|13 financial year the composition of the Supervisory Board changed as follows:

Christian Teufl, Vienna
Appointed 10 July 2003, retired 2 July 2012
- Vice-Chairman of the Supervisory Board of VK Mühlen AG, Hamburg, Germany
- Member of the Supervisory Board of Raiffeisen Bank International AG, Vienna

Josef Pröll, Vienna
Appointed 2 July 2012 as an independent member
- Member of the Supervisory Board of VK Mühlen AG, Hamburg, Germany

Josef Pröll informed himself appropriately about the structure and activities of AGRANA and the tasks and responsibilities of supervisory board members.

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. In the 2012|13 financial year the Nomination and Remuneration Committee met twice. In its meeting on 16 November 2012, it considered the renewal of the Management Board term of Johann Marihart, which expires at the end of September 2013, and proposed to the Supervisory Board to renew his appointment for the legal maximum term of five years, ending 30 September 2018. In the meeting on 7 February 2013 the Committee considered the renewal of the Management Board term of Fritz Gattermayer, which expires at 31 December 2013, and proposed the renewal of his appointment for the legal maximum period from 1 January 2014 to 31 December 2018.

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 and Group management report, including the corporate governance report. It monitors the effectiveness of the internal control system, audit system and risk management system and verifies the independence and qualifications of the external auditors. In the 2012|13 financial year the Audit Committee met twice. Its meetings focused particularly on the audit of the 2011|12 financial statements, the preparation of the audit of the 2012|13 financial statements, and the supervision of the risk management system.

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

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

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

In the reporting period the Supervisory Board convened for five meetings. The Supervisory Board was re-elected at the Annual General Meeting on 2 July 2012. At its constituting meeting immediately after the AGM, the Supervisory Board elected Christian Konrad as its Chairman, Wolfgang Heer as its First Vice-Chairman and Erwin Hameseder as its Second Vice-Chairman. No Supervisory Board member attended fewer than half of the Board's meetings in the 2012|13 financial year.

COMPENSATION REPORT

Compensation of the Executive Board

The total compensation of the Management Board members consists of a fixed and a variable, performance-based component. The performance-based pay component is contractually tied to the amount of the dividend paid.

The compensation paid in the 2012|13 financial year to the individual members of the Management Board was as follows:

€	Fixed compensation for 2012|13	Variable compensation for 2011|12	Total 2012|13
Johann Marihart (Chief Executive Officer)	550,000	562,401	1,112,401
Fritz Gattermayer	400,000	409,019	809,019
Walter Grausam	525,000	536,837	1,061,837
Thomas Kölbl[1]	–	–	–

The fixed compensation of the Management Board members remained unchanged compared to the prior year. Post-employment benefits granted to the Management Board under the Company's plan are pension, disability insurance and survivor benefits. 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 2012|13 financial year, pension fund contributions of € 684 thousand (prior year: € 690 thousand) were paid, while € 848 thousand (prior year: € 783 thousand) was added to provisions for pension obligations within the balance sheet item "other provisions".

In the event of retirement below the age determined under the ASVG, the amount of the pension is reduced. The retirement benefit obligations in respect of the Management Board are administered by an external pension fund. An amount of € 3,285 thousand (prior year: € 2,437 thousand) was recognised in the balance sheet at 28 February 2013. In the event that a Management Board appointment is withdrawn, severance pay has been agreed in accordance with the provisions of 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.

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

Compensation of the Supervisory Board

On 2 July 2012 the Annual General Meeting approved an annual aggregate remuneration for the Supervisory Board of € 200,000 (prior year: € 200,000) for the 2011|12 financial year and delegated to the Supervisory Board the responsibility for allocating this sum among its members. The amount paid to the individual Supervisory Board members is tied to their function on the Board. No meeting fees were paid.

[1] 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.

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

€	Compensation for 2012|13
Christian Konrad (Chairman)	50,000
Wolfgang Heer (First Vice-Chairman of the Supervisory Board)	30,000
Erwin Hameseder (Second Vice-Chairman of the Supervisory Board)	30,000
Jochen Fenner	18,000
Hans-Jörg Gebhard	18,000
Ernst Karpfinger	18,000
Thomas Kirchberg	18,000
Christian Teufl	18,000

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

MEASURES TO PROMOTE EQUITY FOR WOMEN

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

To support its core business activity of processing agricultural raw materials into high-quality foods and intermediate products for downstream industries, AGRANA regularly seeks people with vocational education and training. However, in Austria and other countries where AGRANA operates, the proportion of women with vocational training or technical academic degrees is far lower than that of men. The much lower percentage of female technicians in the labour market is also reflected in the share of female applicants for technical positions at AGRANA and thus in the overall staff gender mix.

As a long-term measure to help increase the percentage of women among staff and managers, AGRANA in 2012|13 held a "Daughters' Day" to raise young girls' interest in the technical trades and professions. And since April 2013, staff of AGRANA Beteiligungs-AG have access to a company day-care centre at the Group's new office location in Vienna to make work and family life more compatible.

Vienna, 29 April 2013

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

"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 56 locations around the world, we are the preferred supplier for companies worldwide in the food industry and for non-food applications."

For us, "Results and Responsibility" means deriving strategic advantage and risk diversification from the balance between the three business segments.

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, respectful treatment of all stakeholders and continual growth in the company's value are major cornerstones of the corporate strategy, which is guided by the principles of sustainable management. AGRANA's aim is to provide both its globally operating and its regional customers worldwide with high product quality, optimum service and innovative product development ideas and expertise.

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

STARCH SEGMENT STRATEGY

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

In the Starch segment, AGRANA focuses on highly refined specialty products. Innovative, customer-driven products supported by application advice and continuous product development, combined with 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 leadership role in specialty starches for the paper, textile, cosmetics, pharmaceutical and building materials industries. And AGRANA's essential core competency – processing agricultural raw materials into industrial products – is also the basis for the bioethanol business. In Austria, AGRANA is the leading vendor of this climate-friendly fuel. Through the new wheat starch plant, AGRANA wants to both further optimise the product portfolio and make further advances towards the ideal of complete raw material utilisation.

FRUIT SEGMENT STRATEGY

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

In the Fruit segment, the Group's business activities are fruit preparations (AGRANA Fruit, about 75% of segment revenue) and fruit juice concentrates (AUSTRIA JUICE, about 25% of segment revenue):

- AGRANA Fruit, acting as a partner to food manufacturers, produces custom fruit preparations for the dairy, ice-cream and baking industries. With local production units close to customers, AGRANA is the world leader in this global market and intends to further expand its presence and follow its internationally operating customers into new markets.
- AUSTRIA JUICE is a producer and reseller mainly of juice concentrates from apples, red fruits and berries. Manufacturing locations near the fruit growing areas allow AGRANA to ensure the high quality of its products 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 inter-segment synergies to ensure the Group's ideal positioning amid the volatile operating environment in the business segments.

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

CAPITAL MARKET STRATEGY

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

The Group's sound equity base gives AGRANA strategic flexibility. For its overall financing needs, in addition to the ability to self-finance, AGRANA has access to committed credit lines and also placed a Schuldscheindarlehen (a loan with some bond-like characteristics, sometimes translated as "bonded loan" or "promissory note loan") in the financial year. AGRANA sees its shareholders as long-term partners in realising the Group's goals and offers them an attractive, long-run return on investment at a reasonable level of risk 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.

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

AGRANA SHARE DATA	2012|13	2011|12	2010|11[1]
	€	€	€
Closing price at year-end	101.50	83.95	79.20
High	102.90	86.43	79.89
Low	80.00	72.30	56.88
Earnings per share	10.52	10.73	5.98
Price/earnings ratio (year-end)	9.65	7.82	13.24
Book value per share (year-end)	79.29	73.19	65.88
Market capitalisation (year-end) (€m)	1,441.5	1,192.3	1,124.8

[1] Restated in the 2011|12 financial year to reflect a retrospective change in accounting policy concerning IAS 19 (Employee Benefits).

For us, "Results and Responsibility" means that our shareholders can rely on a sound business model, a strong equity base and a far-sighted policy of sustained dividends.

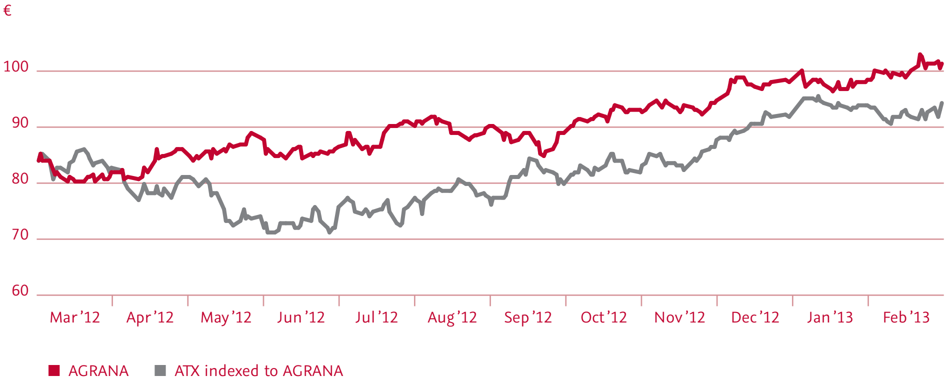
The 2012 calendar year brought a powerful rise in share prices on international exchanges. In large part the upward surge was driven by the historic low interest rates, which made equities more attractive investments than bonds, and by the easing of the European government debt crisis. However, the price gains were achieved on low trading volumes, especially in Europe. The key Austrian benchmark index, the ATX, largely tracked the European and global economic issues and drivers.

AGRANA started the 2012|13 financial year at an opening share price of € 83.95. On an average trading volume of almost 1,500 shares per day (based on double counting, as published by the Vienna Stock Exchange), AGRANA's share price proved very firm, passed the € 100 mark for the first time in its history on 15 February 2013 and closed at € 101.50 on the balance sheet date. In the financial year under review AGRANA's share price thus gained 20.91%, substantially outperforming the ATX, which rose by 12.32% over the same period.

The market capitalisation at 28 February 2013 was € 1,441.5 million, with an unchanged 14,202,040 shares outstanding (prior year: € 1,192.3 million).

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

AGRANA SHARE PERFORMANCE



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.

In the year under review, AGRANA Beteiligungs-AG for the first time placed a Schuldscheindarlehen in the euro capital market (a promissory note loan, or type of loan with bond-like characteristics). In response to the strong demand for the significantly oversubscribed issue, the initially planned deal size was expanded to € 110 million. The proceeds was used for general corporate financing. The issue also helped to further diversify the investor and funding mix.

At several road shows and investor conferences 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 by conference calls on quarterly and full-year results. At open houses held at selected Austrian plants, private shareholders had the opportunity to learn about new developments in current projects and business operations.

AGRANA's financial market communication again won distinction last year, once more placing third in the Vienna Stock Exchange Awards' small and mid cap category.

An important channel of investor relations activities is the AGRANA website (www.agrana.com), where all financial reports, financial news items, ad-hoc announcements, voting rights notifications, directors' dealings disclosures and investor presentations are available as soon as they are published. 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 2012|13 financial year (in alphabetical order): Berenberg Bank, Goldman Sachs, Raiffeisen Centrobank and Westend Brokers (formerly Silvia Quandt Research). At the balance sheet date of 28 February 2013, the investment houses had three buy recommendations on AGRANA and one hold rating. A detailed overview can be found on the Internet at www.agrana.com > Investor Relations > The AGRANA Share > Research.

KEY SHARE INFORMATION FOR AGRANA

ISIN code:	AT0000603709
Market segment:	Prime Market on VSE
Share class:	Ordinary shares
Number of shares:	14,202,040
Reuters code:	AGRV.VI
Bloomberg code:	AGR AV
Ticker symbol:	AGR

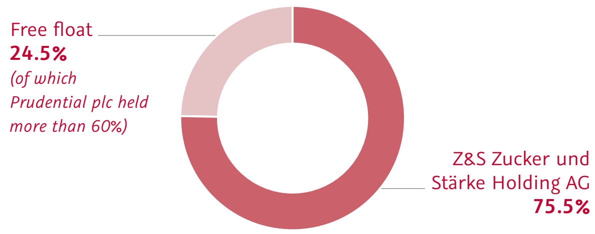
STEADY DIVIDEND POLICY

	2012|13	2011|12	2010|11[1]
Dividend per share	€ 3.60[2]	€ 3.60	€ 2.40
Dividend yield[3]	3.55%[2]	4.29%	3.03%
Dividend payout ratio	34.22%[2]	33.55%	40.13%

[1] Restated in the 2011|12 financial year to reflect a retrospective change in accounting policy concerning IAS 19 (Employee Benefits).
[2] Proposal to the Annual General Meeting.
[3] Based on the closing share price at the balance sheet date.

AGRANA is committed to a long-term policy of sustained dividends, with the objective of annually paying out approximately one-third of profit for the period. Given the similarly positive financial results as in the prior year, the Management Board will propose to shareholders at the Annual General Meeting on 5 July 2013 to pay a dividend of € 3.60 per share. Over the 14,202,040 shares, this would again amount to a distribution of about € 51.1 million, representing a dividend yield of 3.55% (prior year: 4.29%) based on the share price of € 101.50 at the end of February 2013. The dividend payment date is 10 July 2013.

SHAREHOLDER STRUCTURE AT 28 FEBRUARY 2013



STABLE SHAREHOLDER STRUCTURE

In Z&S Zucker und Stärke Holding AG ("Z&S"), Vienna, which is indirectly co-owned by Zucker-Beteiligungsgesellschaft m.b.H. ("ZBG"), Vienna, and Germany's Südzucker AG Mannheim/Ochsenfurt, Mannheim, Germany ("Südzucker"), AGRANA has a long-standing, stable principal shareholder that continues to hold an unchanged 75.5% of the share capital of AGRANA Beteiligungs-AG. The other 24.5% of the share capital is free float, with more than 15% of the total owned by London, England-based financial group Prudential plc and some of its subsidiaries. The shareholder structure is presented in detail in the section "Capital, Shares, Voting Rights and Rights of Control" on page 74.

Under a syndicate agreement between Südzucker and ZBG (in which Austria's "Raiffeisen-Holding Niederösterreich-Wien registrierte Genossenschaft mit beschränkter Haftung" holds an indirect ownership interest), the partners in the syndicate have 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 AG, and Thomas Kölbl has been appointed by Südzucker AG as a management board member of AGRANA Beteiligungs-AG. Neither individual receives compensation for serving in this respective capacity.

FEATURE SECTION

SUSTAINABILITY AT AGRANA

2012|13

OUR SUSTAINABILITY PRINCIPLE

ECOLOGY AND ECONOMY IN HARMONY

Sustainability to AGRANA means business management that is economically sound, resource-saving and energy-efficient while respecting both internal and external stakeholders. Consistent, with the nature of its business – the value-added processing of agricultural raw materials in the Sugar, Starch and Fruit segments – and its close proximity to agricultural primary production, striving for sustainability has always been a vital and integral pillar of AGRANA's business model.

Sustainability at AGRANA begins with the very sourcing of raw materials and encompasses environmental and energy aspects, labour practices and human rights, product responsibility, compliance and business conduct, and social engagement. Priorities for action in the sustainability sphere are set on an as-needed basis, in accordance with regulatory and sociocultural conditions and as required by the different business activities in the three segments and 26 countries.

- ● Sugar segment
- ▲ Starch segment
- ■ Fruit segment
- ✦ Countries
- ♀♂ Employees (as of 28 February 2013)
- € Revenue

26 COUNTRIES, 56 PRODUCTION SITES

In the 2012|13 financial year, AGRANA, the processor of agricultural raw materials with the three segments Sugar, Starch and Fruit (fruit preparations and fruit juice concentrates), operated 56 production sites in 26 countries worldwide. The Group's core markets, however, are in the European Union and other European countries.

Within the EU, in 2012|13 AGRANA employed an average of 4,906 people in 34 locations. AGRANA on average sources about 90% of its agricultural raw materials in the EU and generated approximately 82% of its revenue in this region in the reporting year. Given the stringent regulatory standards and the socio-cultural setting in the EU, many important aspects of corporate responsibility regarding raw material procurement, environmental and energy management, labour practices and human rights are already largely satisfied by the Group's compliance with legal and regulatory norms.

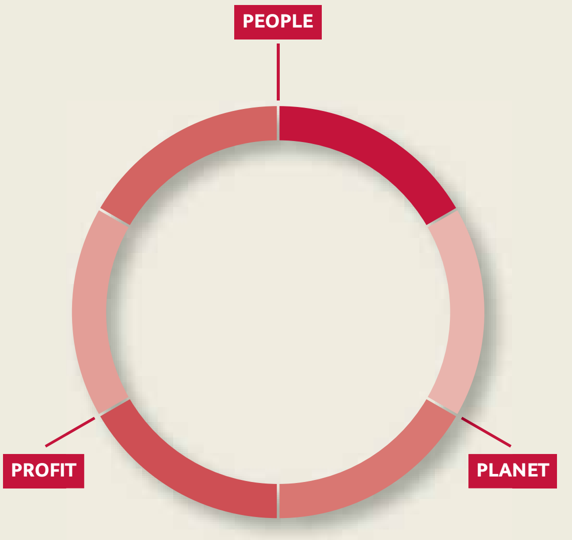
The production sites and data on this world map represent all AGRANA Group companies, including those outside the GRI report boundary (see page 27).

SUSTAINABILITY: A MATTER OF BALANCE

By the nature of the Group's business – the processing of agricultural raw materials in the Sugar, Starch and Fruit segments – and its closeness to agricultural production, sustainability has always been an integral aspect of the AGRANA way. Sustainability is therefore not a project with a specific end point, but a daily aspiration and continuous practice.

AGRANA's Core Sustainability Subjects

- *Labour Practices and Human Rights*
- *Environmental and Energy Aspects*
- *Sourcing of Raw Materials*
- *Product Responsibility and Sustainable Products*
- *Compliance and Business Conduct*
- *Social Engagement*



A consistently structured approach to sustainability

In its business activities, AGRANA defines sustainability as a harmonious combination of economically sound, resource-saving and energy-efficient production and social responsibility. Only the balanced pursuit of the "triple bottom line" can ensure the Group's sustained success. In the 2012|13 financial year AGRANA therefore continued to press ahead with the initiative (started in the prior year) to put in place a uniform, integrated, ISO 26000-based sustainability management system across the three business segments, Sugar, Starch and Fruit. By the autumn of 2012, a sustainability core team of ten staff members from various relevant departments performed an expanded analysis of core subjects and issues along the company's value chain. The following core subjects were identified as being of material importance: sourcing of raw materials, environmental and energy aspects, labour practices and human rights, product responsibility and sustainable products, compliance and business conduct, and social engagement.

As regards the issues of interest in the Sugar, Starch and Fruit segments, different weightings and priorities are required in each segment because of the differences in business activities and in national regulatory and sociocultural environments in the 26 countries where AGRANA maintains facilities.

AGRANA's sustainability management forms the umbrella under which the existing reporting of sustainability performance in the business segments as well as ongoing sustainability measures are now structured and combined. As its reporting standard, the Group has chosen that of the Global Reporting Initiative (GRI version 3.1), including relevant considerations from the GRI's food processing sector supplement.

On this basis, uniformly defined sustainability performance data was for the first time collected for all three business segments in 2012|13. The insights gained from this sustainability assessment, which from now on will be conducted annually, are used as a basis for future improvement activities that are devised and implemented by the functionally responsible departments with help from the sustainability core team. In all projects, the goal for the measures taken is to achieve an improvement in at least two of the three dimensions of sustainability – economic, environmental and social.

WHAT AGRANA MEANS BY SUSTAINABILITY

Three guiding principles of sustainability

In developing the Group-wide sustainability management system, AGRANA formulated three principles that sum up its concept of sustainability and reflect its six core subjects.

At AGRANA we ...

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

In 2012|13 these three principles were also incorporated into AGRANA's mission statement, lending further weight to the already entrenched principle of sustainability. The short three-part statement is to serve management and employees as a practical, intuitive guide and reminder to work with sustainability in mind.

ABOUT THE NUMBERS IN THIS FEATURE SECTION

Organisational and content boundaries of the report

Performance data presented in this sustainability section of the 2012|13 annual report, based on GRI 3.1 and its food processing sector supplement, were compiled for the Sugar, Starch and Fruit segments, excluding joint ventures.

The 2012|13 sustainability figures thus do not include data for the AGRANA-Studen joint ventures or for Instantina (both in the Sugar segment), for Hungrana (Starch segment) or for AUSTRIA JUICE GmbH, the company formed in the second financial quarter of 2012|13 through the merger of AGRANA Juice Holding GmbH and Ybbstaler Fruit Austria GmbH (Fruit segment). In terms of content, sustainability aspects that are outside AGRANA's direct control or that are regarded as non-material were not considered for the time being. In total, operations excluded from the sustainability data for 2012|13 represented revenue of € 718.0 million and an average of 1,139 employees.

PLANET: RESULTS AND ENVIRONMENTAL RESPONSIBILITY

CLEAN AND GREEN FOR A BRIGHT FUTURE

With its close dependence on agricultural crops, AGRANA is passionately committed to the careful use and conservation of natural resources. The company achieves this primarily through unparalleled, near-total utilisation of its agricultural raw materials and the use of energy-efficient, low-emission production technologies. This naturally reduces the environmental footprint, and demonstrates compellingly that ecological and social responsibility make good economic sense.

Investment in energy efficiency improvement and the associated reduction of emissions from production operations are a particularly important way in which AGRANA exercises responsibility for the environment. Adding a third fermenter to the biogas plant at the sugar factory in Kaposvár, Hungary, yielded impressive results: In the 2012|13 processing campaign, at full capacity utilisation, 80% of the facility's primary energy need was met with biogas produced on site, and on average the figure was about 65%. Thanks to the use of more biogas, approximately 5,200 tonnes of CO_2 equivalent was saved in emissions.

ZERO WASTE: ULTRA-EFFICIENT USE OF RAW MATERIALS

As a processor of agricultural crops into high-quality intermediate products especially for the food industry, AGRANA is daily confronted with questions around the physical availability of raw material supply and with price volatility in its procurement markets. The societal backdrop to this includes controversy around food scarcity or high food prices and (particularly in industrialised countries) the sometimes careless use of precious food.

98.6% – 99.9%
UTILISATION OF RAW MATERIALS

High utilisation rate reflects technological innovativeness and product development capabilities.

AGRANA's efficient use of raw materials is both an economic imperative and a way of practicing corporate responsibility

Agricultural raw materials have always been much too valuable for AGRANA not to utilise them to the fullest. The Group-wide principle of zero waste is beneficial in two dimensions: First, AGRANA's business success depends on the efficient use of the agricultural inputs, such as sugar beet, grain, potatoes and fruit. And second, wasting nothing is also consonant with the high standard of corporate responsibility that AGRANA strives to honour in all its plants worldwide. AGRANA works hard to convert all valuable parts of the raw materials used – carbohydrates, proteins, lipids, fibres and minerals – into marketable, desirable products, thus adding maximum value. The more effectively this is done, the less residual material and waste is left to dispose of and the better the financial performance. The results are eloquent proof that environmental and social responsibility are compatible with business logic, and show how AGRANA has internalised this fundamental principle of sustainability in its day-to-day operations.

The zero waste principle is illustrated by an annual "input-output analysis" for AGRANA's corn starch plant in Aschach, Austria, which compares the quantities of the facility's raw material inputs and its outputs. The values below are based on dry weight.

At the Aschach starch factory, 356,000 tonnes of guaranteed non-GMO corn of many varieties (including 11,000 tonnes purchased on the open market) and about 3,000 tonnes of consumables were turned into 228,000 tonnes of marketable starch and saccharification products, 82,000 tonnes of feedstuffs and fertilisers, 24,000 tonnes of corn germ for the production of corn oil, and 18,000 tonnes of intermediate products for further processing in the potato starch plant in Gmünd, Austria. In addition, 2,000 tonnes of corn cobs, corn dust and other organic residuals were used as sources of energy in the nearby biogas facilities. Overall, 359,000 tonnes of input materials were thus converted into 354,000 tonnes of valuable products, amounting to 98.6% utilisation of the input factors. The other 1.4% represented process-related unavoidable losses, which, through various purification steps, were ultimately carried to the biological waste water treatment plant and separated out. The fresh water used for corn processing is reused both as process and processing water and for the generation of energy. The process water is reused in several process steps. When no longer pure enough for further use, it is cleaned in the on-site biological treatment plant and discharged to the receiving water.

Depending on the business segment, site and product portfolio, the utilisation of input materials in the 2012|13 financial year in the AGRANA Group ranged from 98.6% to 99.9%. This very high degree of utilisation – made possible by AGRANA's extremely efficient use of agricultural raw materials and driven by the Group's technological innovative power and product development capabilities – does justice to a high standard of financial, environmental and social responsibility.

PRODUCTION OF FEEDSTUFFS AND FERTILISERS

CLOSES THE ECOLOGICAL LOOP

Virtually complete utilisation through conversion into valuable by-products

In parallel with the well-known, high-quality foods and intermediate products for the downstream processing industry, AGRANA pursues the most sustainable, complete possible utilisation of all its agricultural raw materials by manufacturing a very extensive range of valuable by-products, especially in the Sugar and Starch segments. For each tonne of sugar, approximately one tonne of by-products is also generated, and the Starch segment produces about 0.6 tonnes of co-products per tonne of starch. These by-products make a substantial contribution to the Group's profitability while also fulfilling an ecological function. Widely used as feed and fertiliser, they ensure that important minerals and other nutrients return to the natural environment, thus establishing a desirable closed loop.

HIGH UTILISATION RATE

MINIMISES WASTE

How AGRANA manages waste

The almost complete utilisation of agricultural inputs (made possible partly by starting with carefully selected raw materials of excellent quality) is the basis for the Group's low volume of waste.

Per tonne of product (counting both core and by-products), the Sugar segment generated about 178 kg[1] of waste in 2012|13. It is important to note that this comparatively high value, far from being meaningful, is merely the result of local legislation. Waste quantities shown in the "reuse"[2] category primarily represent pressed beet pulp and beet residue sold as animal feed as well as dewatered carbonation mud marketed as fertiliser in Romania, which must locally be reported as waste despite being reused. Similarly, much of the "landfill"[3] quantity consists of non-hazardous soil remnants cleaned from beet at a sugar plant in Slovakia.

Per tonne of product, the Starch segment generated 10 kg of waste requiring disposal and the Fruit segment, 59 kg. The Fruit segment waste sent to recycling consisted largely of cartonboard and plastic packaging materials. Waste sent to the landfill was primarily fruit matter and reject product.

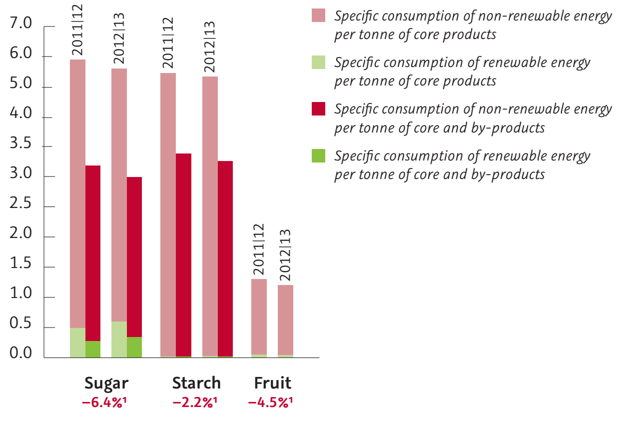
2012|13 financial year	Sugar segment	Starch segment	Fruit segment
Waste disposal, in tonnes	377,942	9,683	29,795
Of which hazardous waste, in tonnes	212	42	301
% waste per tonne of product	[1] 17.8%	1.0%	5.9%
% hazardous waste per tonne of product	0.009%	0.004%	0.060%
Disposal methods	Waste disposal, in tonnes	Waste disposal, in tonnes	Waste disposal, in tonnes
Composting	970	7,775	7,465
Energy recovery	239	1,095	433
Reuse	[2] 242,792	23	3,732
Recycling	54,116	459	11,506
Landfill	[3] 79,778	0	4,527
Other	47	331	2,132

Source: Reports by waste management contractors, AGRANA calculations

NO ECONOMY WITHOUT ECOLOGY

Average specific direct energy consumption in processing operations at AGRANA plants in gigajoules (GJ) per tonne of core products only and per tonne of core and by-products combined

GJ per tonne of "product"



¹ *Percentage change based on average specific total energy consumption per tonne of core and by-products.*

Environmental responsibility that pays dividends

Of the total energy costs of € 115.7 million in the 2012|13 financial year for all companies within the report boundary, the energy-intensive Sugar and Starch segments accounted for about 86%. In view of the inherent high energy requirement, energy efficiency has always been a key economic interest for the Group. Although faced with the need to optimise profitability, AGRANA draws the line at compromises that are bad for the environment. Contrary to the trend in energy-intensive industries, for enviromental reasons AGRANA's investment decisions favour low-emission primary energy sources. In 2012|13 about 80% of direct total energy consumption represented natural gas. Seven percent of direct total energy used came from renewable sources, thanks to energy recovery through the production of biogas from otherwise no longer usable agricultural residues in the final stage of a sustainable utilisation chain.

AGRANA processes crops such as sugar beet, grain, potatoes and fruit whose quantity, sugar and starch content, and quality are all subject to annual fluctuation as a result of changing influences during the growing season and harvest. Product quantities manufactured at each site thus vary from one reporting season to the next. Presenting non-specific total consumption and total emissions is therefore not meaningful. AGRANA consequently reports specific energy consumption and specific emissions associated with the production of each tonne of product (core and by-products), as well as total savings from energy efficiency and emission reduction activities.

EMISSIONS IN THE SUGAR SEGMENT

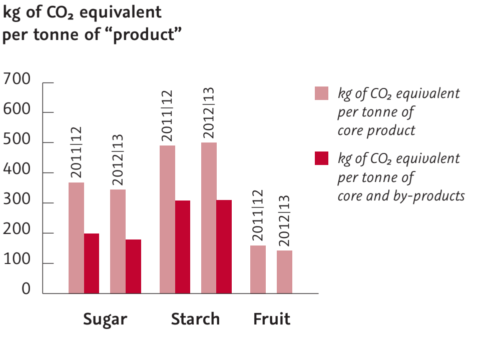
DOWN 8.8%[1] FROM THE PRIOR YEAR

[1] *Measured by specific emissions per tonne of core and by-products*

In 2012|13 AGRANA saved approximately 60,000 tonnes of CO_2 equivalent in emissions compared to 2011|12, with most of the reduction (57,000 tonnes) achieved in the Sugar segment. To highlight the major projects:

- In order to cut energy consumption in feedstuff production at its Austrian sugar factories in Tulln and Leopoldsdorf, in the 2012|13 campaign AGRANA for the first time used so-called low-temperature dryers. These installations, erected for € 23.5 million, allow the especially gentle pre-drying of desugared, pressed beet pulp before its processing into pelleted dried beet. By capturing waste heat from earlier process steps and harnessing it in the low-temperature dryers, emissions from drying in the two plants were reduced by about 24,000 tonnes of CO_2 equivalent compared to 2011|12.
- At the sugar plant in Sered', Slovakia, the expansion of the evaporator station for € 1.5 million in the reporting period saved emissions of about 13,000 tonnes of CO_2 equivalent relative to the prior year.
- The investment of € 3.0 million in a third fermenter for the biogas plant attached to the sugar factory in Kaposvár, Hungary, which produces biogas primarily from beet tips, remnant leaves and pressed beet pulp, further improved the site's level of energy self-sufficiency. At full capacity utilisation, 80% of the facility's primary energy need during the 2012|13 campaign was met with biogas produced on site, and the average was about 65%, compared with 50% in the year before. Thanks to the use of more biogas, approximately 5,200 tonnes of carbon dioxide equivalent was saved in emissions.

Average specific emissions (from direct and indirect energy use) from processing, in kg of CO_2 equivalent per tonne of core product or of core and by-products



ENERGETICALLY RESPONSIBLE

SETTING UP AN ENERGY MANAGEMENT SYSTEM

An energising outlook

In the 2013|14 financial year AGRANA intends to introduce an ISO 50001 energy management system in the energy-intensive Sugar and Starch segments in Austria, where these businesses account for the lion's share of energy consumption. The first step is a stock-taking of the company's energy-related status quo. Building on this, specific recommendations for energy conservation measures will be developed and their implementation initiated and monitored on a continuous improvement basis. Other major features are the formulation of an energy strategy/policy, training for employees in energy matters, development of internal control mechanisms, and a review by top management.

The EMS thus provides the organisational framework for continually attending to the optimisation of energy flows in the company and hence is an important aid in sustainable management.

PEOPLE: RESULTS AND SOCIAL RESPONSIBILITY

OUR FUTURE HAS MANY FACES

A company's people are a resource crucial to its success. AGRANA offers its staff interesting work in an international setting, opportunities for professional development, advancement and personal growth, and a work climate where employees feel integrated, respected and connected. Their diversity of abilities, experience and perspectives is thus mobilised for the good of the business.

Highly trained, motivated employees with an international outlook are essential to AGRANA's success as a company. With this in mind, the Group invests readily in training and development, including the fostering of young management talent. In 2012|13 a number of such programmes were completed and, encouraged by the positive experiences, many new initiatives were launched. Pictured are participants in the Purchasing (Raw Materials) and Sales trainee programme; from left to right: Opher Ben-Zvi, Elisabeth Schnaubelt, Christopher Gabriel.

EDUCATION: INVESTMENT IN THE FUTURE

An average of about 8,500 employees on six continents are AGRANA's most indispensable resource, as their know-how and commitment power the Group's prosperity and growth. AGRANA develops its people and their abilities through numerous training and development opportunities and specialised programmes for promising junior talent.

Fully trained, motivated employees who think beyond national borders are key success drivers for the company. A top priority for the human resources business partners in the Sugar, Starch and Fruit segments last year was to facilitate the quickest and smoothest possible integration of new employees in the work process, as well as their training and personal development.

Standardised welcome days and individually tailored onboarding programmes for new staff members in the Sugar and Starch segments helped ensure rapid orientation to the Group and easy familiarisation with its culture. The Group-wide INCA meeting (Information & Communication at AGRANA) was again held in 2012|13. Selected new employees slated for specialist and management roles were invited to this event to learn about the organisation and meet key management and colleagues.

Trainee programmes at AGRANA

The basis for AGRANA's sustained financial success is the anticipation of opportunities and risks and the free flow of information between the Group's international raw material sourcing markets and sales regions. To build expert knowledge among future employees along the entire product-related AGRANA value chain, in 2012|13 the Raw Materials and Sales functions put in place an international trainee programme across all business segments and various departments. At the end of the financial year the first 14 participants from 11 nations began their rotation programme, which is custom-designed for their future position. Over the 15-month curriculum, supported by a personal mentor, each trainee will become familiar with four functions.

In the Sugar segment in 2012|13, six trainees completed a one-year European programme with a focus on raw material procurement. Four of the participants were hired to permanent positions in the respective raw materials departments. Also, to ensure the timely availability of young experts and managers to replace retiring employees in production-related and technical roles, a European training programme was initiated for ten trainees in the technical professions.

Besides these training opportunities for university and higher-education graduates, in Austria and Germany AGRANA trains apprentices in a variety of occupations. For instance, in the Sugar segment last year, the company started a pilot project with AMS (the Austrian Public Employment Service) that enables labourers to upgrade their skills and become technicians at the sugar plant in Tulln, Austria.

AGRANA employees within the GRI report boundary (at the balance sheet date of 28 February 2013)

Segment	Non-permanent staff[1]		Permanent staff						Managers[2]		Of which Executive Leadership group[3]	
	Total	% female	Blue-collar	% female	White-collar	% female	Total	% female	Total	% female	Total	% female
Sugar[4]	182	30.8	1,076	14.1	725	40.0	1,801	24.5	173	22.0	17	17.6
Starch	46	23.9	537	13.0	230	40.9	767	21.4	44	11.4	3	0
Fruit	1,898	83.7	1,818	28.1	996	44.8	2,814	34.0	201	25.4	13	7.7
Total	**2,126**	**77.9**	**3,431**	**21.4**	**1,951**	**42.5**	**5,382**	**29.0**	**418**	**22.5**	**33**	**12.1**

[1] *Almost all non-permanent positions represent seasonal workers in harvesting and processing campaigns.*
[2] *Positions from Hay grade 13.*
[3] *Positions from Hay grade 17.*
[4] *The Sugar segment includes the staff of AGRANA Beteiligungs-AG.*

PEOPLE DEVELOPMENT AT AGRANA

At AGRANA, every employee is given the opportunity for professional and personal development in harmony with the Group's strategic objectives.

Job-related training and development is available from in-house sources, increasingly via e-learning tools, and through external offerings. In many areas, next to diverse basic operational trainings, AGRANA also arranges very practice-oriented courses, such as the Sales Academy in the Starch segment. This programme for sales staff not only teaches sales techniques but also includes modules on all aspects of the whole AGRANA value chain relevant to the products. The Group's customers thus have the benefit of dealing with highly knowledgeable people in all product-related matters. Beyond job skills training, employees naturally also have access to personal development instruction.

For the in-house development of future specialists and managers, AGRANA in 2007 created ACT (AGRANA Competencies Training), an international two-year programme spanning all business segments. Selection criteria for participation in ACT are outstanding performance and further potential. The modules of the programme, which is now in its third round, are custom-tailored to the employees. The total of 120 participants to date come from 22 nations, with 28% being female and 72% male.

Training hours of AGRANA employees in the 2012|13 financial year

Segment	Average training hours per employee[1]			Proportion of employees[1] who received a training	Training & development costs as a share of pay
	Male	Female	Total		
Sugar[2]	26	23	25	86%	1.40%
Starch	14	16	14	60%	0.60%
Fruit	18	17	18	84%	1.20%
Total	**21**	**18**	**20**	**80%**	**1.20%**

[1] *Permanent staff within the GRI report boundary (see page 27)*
[2] *The Sugar segment includes the staff of AGRANA Beteiligungs-AG.*

Diversity

To support its core business activity of processing agricultural raw materials into high-quality foods and intermediate products for the food industry and for non-food applications, AGRANA regularly seeks people with vocational training. In Austria, however, only about 5.5%[1] of all women complete such a vocational education. The average proportion of female graduates at Vienna University of Technology in the 2012 academic year was 23.6%[2]. The much lower percentage of female technicians and female holders of technical degrees in the labour market both in Austria and other countries is also reflected in the share of female applicants for technical positions at AGRANA and thus in the overall staff gender profile (29% of employees are female).

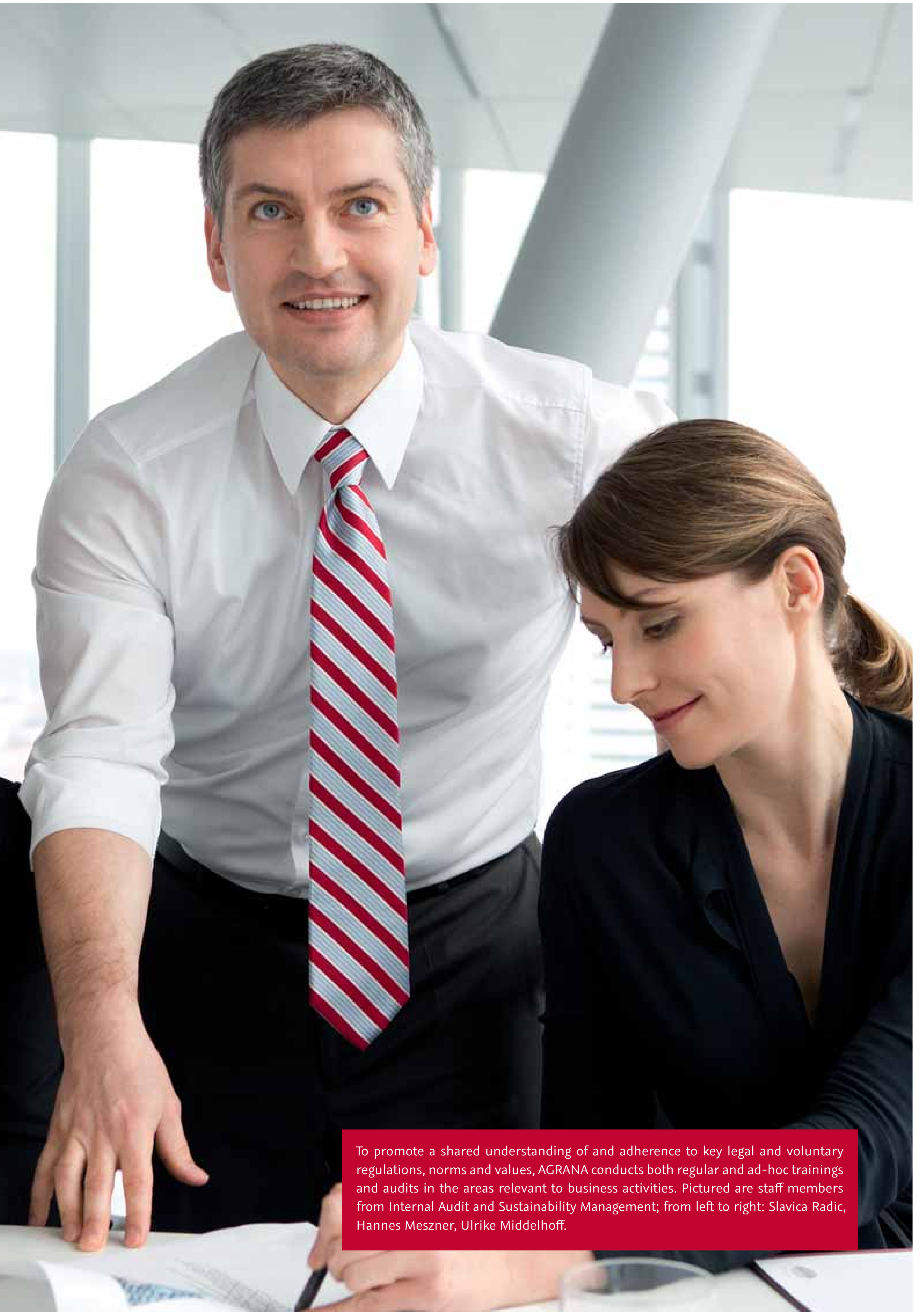
As a long-term measure to help increase the percentage of women among staff and managers, AGRANA in 2012|13 held a "Daughters' Day" to raise girls' interest in the technical trades and professions. Also, since April 2013, staff of AGRANA Beteiligungs-AG have access to a company day-care centre at the Group's new office location in Vienna to make work and family life more compatible.

[1] *Source: OECD, Closing the Gender Gap – Act Now, Country Note Austria, March 2013*
[2] *Source: Vienna University of Technology, March 2013*

PROFIT: RESULTS AND ECONOMIC RESPONSIBILITY

SUSTAINABLE EARNINGS

The purpose of a business is to earn a profit. In pursuing this goal, however, AGRANA consistently puts long-term thinking ahead of short-term profit maximisation. Notably, the company takes the long view in the development of sustainable products, in ensuring environmentally friendly and resource-saving production, in the respectful treatment of internal and external stakeholders and in social engagement. In this way, AGRANA seeks to honour its responsibility as a corporate member of society in the 26 countries where the company operates.



To promote a shared understanding of and adherence to key legal and voluntary regulations, norms and values, AGRANA conducts both regular and ad-hoc trainings and audits in the areas relevant to business activities. Pictured are staff members from Internal Audit and Sustainability Management; from left to right: Slavica Radic, Hannes Meszner, Ulrike Middelhoff.

COMPLIANCE: APPLIED VALUES

With its worldwide business operations, AGRANA is subject to numerous legal provisions. In addition, the company has set out other important norms and values to guide its actions. The understanding of and compliance with legal requirements and voluntary commitments are the focus of regular training and audits.

AGRANA's norms and values

The norms, values and principles important to AGRANA and relevant to its business activities are set down in several documents, which are available to all employees via internal communication media. Training is provided to help ensure these norms and principles are understood and practiced. The two major sets of rules which apply across the entire Group are AGRANA's Corporate Compliance Principles and the AGRANA Code of Conduct. The Compliance Principles mainly address legal and voluntary standards regarding fair competition, transparency of financial reporting, and compliance with stock exchange laws and regulations. AGRANA's Code of Conduct deals primarily with social matters. Among other subjects, it prohibits discrimination and harassment, covers pay, other compensation and work hours, rules out child labour and forced labour, affirms freedom of association and collective bargaining, and speaks to health and safety topics. Its observance by suppliers and other partners is particularly important to AGRANA. The essence of both documents' content is also reflected in AGRANA's mission statement.

Anti-corruption

Prompted by a reform of Austria's corruption law that took effect in January 2013, the subject of corruption was thoroughly addressed in the 2012|13 reporting period. AGRANA as a processor of agricultural raw materials acts primarily as a supplier to other manufacturers, mainly in the food industry, and AGRANA's customers are thus in the private sector. Therefore only a relatively small, well-defined group of AGRANA employees and organisational bodies has contact with public officials in the course of its work. But to provide clear guidelines for all Austrian employees and bodies and ensure compliance with relevant legal requirements, AGRANA formulated an anti-corruption policy based on Austria's revised anti-corruption law. In particular, the policy sets out the rules for employees and bodies on accepting and giving gifts and hospitality.

In AGRANA's intra-Group risk analysis, close attention is devoted not just to corruption but also to fraud prevention. The Internal Audit department therefore conducts combined audits for corruption and fraud. In the 2012|13 financial year, with the help of a whistleblower, a conflict of interest on the part of the local management was uncovered in the Fruit segment in Mexico involving prohibited organisational links to suppliers and irregularities in financial reporting. The financial consequences and the effects on the Group's risk management are described in this annual report.

Nine corruption and fraud audits were conducted in 2012|13, covering 24.3% of the companies inside the report boundary.

Antitrust training using modern technology

To train employees efficiently in areas such as safety and quality management which require regular trainings and refresher courses, AGRANA has for some years been using an online e-learning platform. An e-learning programme on antitrust law was developed in 2012|13 based on this platform. Participants and AGRANA benefit from the resulting more flexible timing of training delivery, the simplified administration of the training and very transparent documentation of training effectiveness.

SUSTAINABILITY CREATES BUSINESS OPPORTUNITIES

Products from renewable resources

While the 1950s to 1970s saw synthetic adhesives based on petroleum derivatives displace protein- and starch-based glues, a countermovement can now be seen. In 2012|13, AGRANA developed a new generation of innovative starch products in the product area of green glues as a sustainable alternative to synthetic polymers.

One example application is the refining of graphic paper into high-gloss paper grades. Here, AGRANA's development of AmitroCoat means that, for the first time, a starch-based, sustainable product is available to replace the conventionally used synthetic latex as a binder in the high-quality market segment. The use of one tonne of AmitroCoat has an emission reduction potential of about 6 tonnes of CO_2 equivalent compared with synthetic latex. A paper mill with a production capacity of 100,000 tonnes of high-gloss paper for magazines could thus cut its emissions by about 10,000 tonnes of CO_2 equivalent per year.

SOCIAL ENGAGEMENT

Children looked after by the Limda project (winner of the 2011 MYKI Child Protection Award) were invited to a children's play at Austria's Poysbrunn castle in summer 2012.

Engaged especially through the arts, culture and education

In light of the importance of Austrian cultural history to the company's identity, the focus of AGRANA's social engagement in 2012|13 remained on supporting art and culture in Austria. Thus, AGRANA continued its long-standing sponsorship of Theater an der Wien, Musikfestival Grafenegg and Theater in der Josefstadt. Free tickets received in return were also donated to social institutions, whose clients thus gained access to these cultural offerings.

Besides the cultural sphere, a social involvement priority for AGRANA is to help children and youth. In Austria in the reporting period, the Group supported organisations and initiatives such as the Austrian League for Child and Youth Health, the MYKI Child Protection Award and the Sibling Group of Kinderhospiz Netz (Childrens Hospice Network), which helps the siblings of very sick children. AGRANA locations in Austria, Argentina, France, Mexico, Russia, Hungary and the USA offered plant tours specifically for schools, and supported educational, integrative and other social initiatives with donations in cash and in kind, as well as with hands-on assistance from their staff.

GLOBAL REPORTING INITIATIVE

GRI 3.1.	Description	Reported on page
1.1	Statement from the organisation's most senior decision-maker about the significance of sustainability to the organisation	01, 02ff.
Organisational Profile		
2.1	Name of the organisation	44
2.2	Primary brands, products, and/or services	45
2.3	Organisational structure, including business segments, Group companies, subsidiaries, and joint ventures	44
2.4	Location of organisation's headquarters	159
2.5	Number of countries where the organisation operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report	24ff.
2.6	Ownership structure and legal form	20, 74
2.7	Markets served (broken down by geography, sector and type of customer)	16ff.
2.8	Size of organisation	24ff.
2.9	Significant changes in size, structure or ownership during the reporting period	46
Report Parameters		
3.1	Reporting period	27
3.6	Report boundary (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures)	27
Governance, Commitments and Engagement		
4.1	Governance structure of the organisation, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organisational oversight	06ff.
4.4	Mechanisms for shareholders to provide recommendations to the highest governance body	06ff.
Environmental		
EN3	Direct energy used, by renewable and non-renewable primary source	32
EN16	Greenhouse gas emissions (from direct and indirect energy use) by weight; calculated on the basis of site-specific consumption values using the Greenhouse Gas Protocol	33
EN18	Initiatives to reduce greenhouse gas emissions, and reductions achieved	33
EN22	Total weight of waste by disposal method	31
Social Performance: Labour Practices		
LA1	Total workforce by employment type, contract type and region, broken down by gender	24ff., 36
LA10	Average hours of training per year per employee, by gender	37
Social Performance: Society		
SO2	Total number and percentage of Group companies that have been subject to a corruption risk analysis or corruption audit	40
SO4	Actions taken in response to incidents of corruption or fraud	40, 61, 72

GROUP MANAGEMENT REPORT 2012/13

ORGANISATIONAL STRUCTURE

AGRANA is a globally operating processor of agricultural raw materials, with its Sugar, Starch and Fruit segments manufacturing high-quality foods and many intermediate products for the downstream food industry as well as for non-food applications. With about 8,500 employees at 56 production sites on six continents, the Group generated revenue of approximately € 3.1 billion in the 2012|13 financial year. AGRANA was established in 1988 and has been quoted on the Vienna Stock Exchange since 1991.

AGRANA BETEILIGUNGS-AG
Revenue in 2012|13: € 3,065.9m

SUGAR SEGMENT Revenue in 2012|13: € 1,121.5m	STARCH SEGMENT Revenue in 2012|13: € 804.3m	FRUIT SEGMENT Revenue in 2012|13: € 1,140.1m
AGRANA Zucker GmbH	AGRANA Stärke GmbH	AGRANA Fruit S.A.S.
		AUSTRIA JUICE GmbH

56 production sites in 26 countries

10 production sites	5 production sites	41 production sites

8,449 employees in total

2,315 employees	950 employees	5,184 employees

BUSINESS SEGMENTS

AGRANA's three business segments – Sugar, Starch (including bioethanol) and Fruit – supply local manufacturers as well as major international groups, particularly in the food industry. In organic products, AGRANA is Europe's largest 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 both 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.

AGRANA GROUP FINANCIAL PERFORMANCE	2012|13	2011|12	Change
	€000	€000	%
Revenue	3,065,906	2,577,631	+18.9
EBITDA[1]	318,311	309,032	+3.0
Operating profit before exceptional items	236,900	232,424	+1.9
Operating margin before exceptional items	7.7%	9.0%	
Exceptional items	(19,077)	(1,433)	> +100
Operating profit after exceptional items [EBIT]	217,823	230,991	–5.7
Net financial items	(27,656)	(24,735)	–11.8
Profit before tax	190,167	206,256	–7.8
Profit for the period	156,482	155,673	+0.5
Purchases of property, plant and equipment and intangibles[2]	149,848	97,093	+54.3
Purchases of non-current financial assets	58	1,718	–96.6
Staff count	8,449	7,982	+5.9

[1] Before exceptional items.
[2] Excluding goodwill.

The consolidated financial statements for the 2012|13 financial year (the twelve months to the end of February 2013) were prepared in accordance with International Financial Reporting Standards (IFRS).

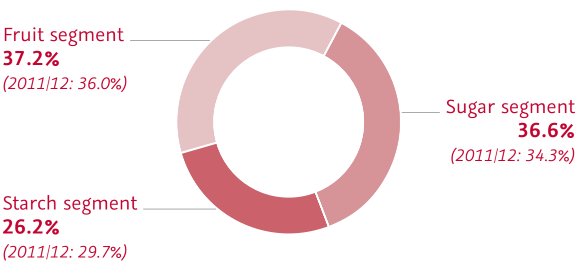
CHANGES IN THE SCOPE OF CONSOLIDATION

The merger of AGRANA Juice Holding GmbH, Gleisdorf, Austria, with Ybbstaler Fruit Austria GmbH, Kröllendorf/Allhartsberg, Austria, closed on 1 June 2012. Until 31 May 2012, AGRANA Juice Holding GmbH, Gleisdorf, Austria, was the parent company for the Group's juice activities.

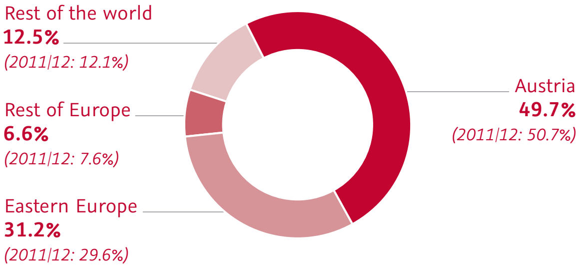
Since 1 June 2012, AUSTRIA JUICE GmbH (formerly known as YBBSTALER AGRANA JUICE GmbH), Kröllendorf/Allhartsberg, Austria, is the parent company for the juice activities.

With effect from 1 June 2012, in the course of this expansion of the juice activities, Ybbstaler Fruit Austria GmbH and Ybbstaler Fruit Polska Sp. Z.o.o, Chełm, Poland (principal business activity of both companies: production and marketing of beverage bases, fruit juice concentrates, natural

REVENUE BY SEGMENT



REVENUE BY REGION



aromas and fruit sweeteners) were fully consolidated in the Group financial statements for the first time. Also at 1 June 2012, the hitherto non-consolidated AGRANA d.o.o., Brčko, Bosnia-Herzegovina (principal business activity: trading of raw and white sugar) was included in the consolidated financial statements. In the Fruit segment, Flavors from Florida, Inc., Bartow, Florida, was liquidated in the 2012|13 financial year.

REVENUE AND EARNINGS

Revenue of the AGRANA Group rose in 2012|13 by € 488.3 million or 18.9% to € 3,065.9 million (prior year: € 2,577.6 million). The revenue expansion was driven primarily by positive volume and market price trends in the Sugar and Fruit segments. In the Sugar segment, the total revenue of € 1,121.5 million (prior year: € 884.4 million) reflected revenue growth in quota as well as in non-quota sugar, resulting primarily from higher sales volumes and also, in quota sugar, from higher selling prices. Revenue in the Starch segment expanded to € 804.3 million (prior year: € 764.3 million), driven especially by rising volumes. In the Fruit segment, AGRANA achieved revenue growth to € 1,140.1 million (prior year: € 928.9 million) on higher volumes, but also on price increases resulting from higher raw material costs; in fruit juice concentrates there was an extraordinary volume gain as a result of the merger with Ybbstaler Fruit Austria GmbH (see consolidated financial statements, from page 92).

Consolidated operating profit of € 236.9 million **before exceptional items** was slightly above the prior year's result of € 232.4 million. This excellent repeat performance in earnings was propelled by the Sugar and Fruit segments. The good sugar market conditions continued, especially in the first half of the financial year, and the fruit preparations business achieved growth in sales volumes and profit. Only in the Starch segment did AGRANA register a small decline in earnings since autumn 2012 as a result of higher raw material costs and more difficult market conditions.

In the fruit preparations business, reorganisation in Europe from the second quarter of 2012|13 and provisions for irregularities uncovered at the Mexican subsidiary, AGRANA Fruit México, S.A. de C.V., led to a **net exceptional items expense** of € 19.1 million (also see Fruit segment from page 61). In the prior year, a net exceptional items expense of € 1.4 million had resulted from the unwinding of the Chinese joint ventures between AGRANA and Yantai North Andre in the fruit juice concentrates business. AGRANA's **operating profit after exceptional items** in 2012|13 was € 217.8 million (prior year: € 231.0 million).

The **net financial items** expense increased to € 27.7 million (prior year: € 24.7 million) mainly as a result of a greater net interest expense (which rose by € 1.9 million). This reflected especially the higher borrowing needs for the increased working capital and the higher interest expense from new, long-term refinancings (e.g., through the Schuldscheindarlehen). The currency translation loss of € 0.7 million was nearly unchanged from the prior year's (€ 0.8 million).

Profit before tax eased somewhat from € 206.3 million in the prior year to € 190.2 million. After an income tax expense of € 33.7 million based on a tax rate of 17.7% (prior year: 24.5%), the Group's **profit for the period** was € 156.5 million (prior year: € 155.7 million). Profit for the period attributable to shareholders of AGRANA was € 149.4 million (prior year: € 152.4 million); earnings per share were € 10.52 (prior year: € 10.73).

INVESTMENT

In the 2012|13 financial year a total of € 149.8 million was invested in purchases of property, plant and equipment and intangible assets (prior year: € 97.1 million), exceeding the rate of depreciation by even more than in the prior year. The Sugar segment's € 55.9 million share of this capital expenditure (prior year: € 25.3 million) related mainly to the construction of the two low-temperature dryers at the Tulln and Leopoldsdorf sites in Austria; they began operation on schedule at the beginning of the 2012|13 campaign. In the Starch segment, AGRANA spent € 59.0 million on investments (prior year: € 29.3 million), notably for the construction of the wheat starch plant in Pischelsdorf, Austria. In the Fruit segment, € 34.9 million was invested (prior year: € 42.5 million), including for the relocation and expansion of the plant in Dachang, China.

FINANCIAL POSITION

Total assets at 28 February 2013 were € 2,578.2 million, an increase of € 216.1 million from the year-earlier level of € 2,362.1 million. As investment significantly exceeded depreciation, non-current assets grew by € 105.0 million. Current assets rose by € 111.1 million from the prior year. An increase in inventories stemmed largely from the higher quantities and raw material prices.

With total assets up by about 9% from 29 February 2012, AGRANA's equity ratio improved slightly from 45.4% to 47.0%. Net debt at 28 February 2013 was € 483.7 million, or just above the year-earlier level (€ 469.2 million), but the debt-equity gearing of 39.9% was lower, and thus better than, the prior year's (43.7%). Through the placement of a Schuldscheindarlehen in the first quarter of 2012|13 with a deal size of € 110 million and maturities of five, seven and ten years, the maturity profile of the Group's borrowings was further extended. Accordingly, non-current liabilities rose while current liabilities were reduced.

CASH FLOW

In 2012|13, operating cash flow before changes in working capital rose by 2.5% year-on-year to € 256.3 million (prior year: € 250.1 million). With steady profit for the period, this was attributable primarily to the change in depreciation, amortisation and impairment of non-current assets. After a significantly smaller increase in working capital than in 2011|12, of € 50.9 million (prior year: increase of € 206.3 million), net cash from operating activities amounted to € 204.8 million (prior year: € 43.2 million). Net cash used in investing activities was € 136.9 million (prior year: net cash used of € 97.9 million) on higher outflows for investment in property, plant and equipment and intangible assets. After a lower net increase in borrowings than in the prior year and after payment of the dividend for the 2011|12 financial year, net cash used in financing activities was € 21.6 million (prior year: net cash from financing activities of € 82.7 million).

SEGMENT FINANCIAL RESULTS

Sugar segment

€000	2012|13	2011|12
Total revenue	1,202,208	967,229
Inter-segment revenue	(80,692)	(82,812)
Revenue	1,121,516	884,417
EBITDA[1]	138,851	129,126
Operating profit[1]	119,115	112,268
Operating margin[1]	10.6%	12.7%
Exceptional items	0	0
Operating profit after exceptional items	119,115	112,268
Purchases of property, plant and equipment and intangibles[2]	55,903	25,328
Purchases of non-current financial assets	17	490
Staff count	2,315	2,249

In 2012|13 AGRANA grew revenue in the Sugar segment by 26.8% to € 1,121.5 million (prior year: € 884.4 million). Both with resellers and the sugar-using industry, the market-leading position was consolidated with high quota sugar sales and good service. In non-quota sugar sales as well (i.e., sugar deliveries to countries outside the EU and into the chemical industry), AGRANA achieved volume growth. The price trend for quota sugar was good, while prices for non-quota sugar decreased in line with world market quotations. The Sugar segment accounted for 36.6% of Group revenue (prior year: 34.3%).

The segment's operating profit of € 119.1 million before exceptional items surpassed the prior year's record result of € 112.3 million. Success factors were AGRANA's sufficient quantities of non-quota sugar, the flexible responses to opportunities arising from rapidly changing market conditions, and the good trajectory of quota sugar prices. The co-products business (dried beet pulp and molasses) also performed well, with good additional contribution margins thanks to the high grain prices. Through focused investment, numerous quality improvements and cost savings were also realised, especially in energy use.

Starch segment

€000	2012|13	2011|12
Total revenue	813,724	773,217
Inter-segment revenue	(9,420)	(8,941)
Revenue	804,304	764,276
EBITDA[1]	96,193	106,080
Operating profit[1]	72,614	81,948
Operating margin[1]	9.0%	10.7%
Exceptional items	0	0
Operating profit after exceptional items	72,614	81,948
Purchases of property, plant and equipment and intangibles[2]	59,081	29,303
Purchases of non-current financial assets	0	0
Staff count	950	911

[1] Before exceptional items.
[2] Excluding goodwill.

In 2012|13, higher sales volumes and better selling prices for saccharification products led to revenue growth of 5.2% in the Starch segment, to € 804.3 million (prior year: € 764.3 million). In bioethanol, sales prices were above the previous year's and sales volumes held steady at the prior-year level. In the financial year the relatively high prices in the sugar market continued to stimulate sales of starch saccharification products. The contribution of the Starch segment to Group revenue was 26.2%, compared with 29.7% in the prior year.

Operating profit of € 72.6 million before exceptional items was € 9.3 million less than the very good year-earlier result. The operating margin eased from 10.7% to 9.0% before exceptional items. While profitability in the first half of 2012|13 was still clearly above that of the year-earlier comparative period, lower selling prices as a result of the more intense competition, together with the increase in raw material costs, led to a significant decline in Starch segment operating profit in the second half. The higher earnings contribution from AGRANA Bioethanol GmbH only partly offset the declining results of AGRANA Stärke GmbH and the Romanian starch factory. The pre-exceptionals operating profit of the Hungarian joint venture, HUNGRANA, was steady relative to the prior year.

Fruit segment

€000	2012|13	2011|12
Total revenue	1,141,255	930,265
Inter-segment revenue	(1,169)	(1,327)
Revenue	1,140,086	928,938
EBITDA[1]	83,267	73,826
Operating profit[1]	45,171	38,208
Operating margin[1]	4.0%	4.1%
Exceptional items	(19,077)	(1,433)
Operating profit after exceptional items	26,094	36,775
Purchases of property, plant and equipment and intangibles[2]	34,864	42,462
Purchases of non-current financial assets	41	1,228
Staff count	5,184	4,822

[1] Before exceptional items.
[2] Excluding goodwill.

Revenue in the Fruit segment added 22.7% in 2012|13, rising to € 1,140.1 million, which was made possible above all by volume growth. In fruit preparations, sales quantities were expanded despite a difficult European market environment. Particularly in the US market, the winning of a new major customer and favourable market conditions for Greek yoghurt drove a pronounced volume gain. In Asia, and especially China, volumes also rose strongly. Eastern Europe and Africa likewise bore out the positive volume trend, with in some cases significant growth. Selling prices for fruit preparations were at elevated levels compared to the prior year, reflecting the rise in raw material costs. In the fruit juice concentrate business, the principal trend was volume-driven revenue growth, part of which came from the first-time, full consolidation of Ybbstaler Fruit Austria GmbH with effect from 1 June 2012. The share of the Fruit segment in Group revenue was 37.2% (prior year: 36.0%).

The Fruit segment's operating profit before exceptional items increased by 18.2% year-on-year to € 45.2 million. The encouraging revenue growth on constant margins in fruit preparations in the USA, Eastern Europe and Asia was able to make up for declines in other regions, particularly Europe, where cost optimisation measures were taken. In fruit juice concentrates, thanks especially to the second half of the year, a strong earnings result was achieved that was well above the prior year's. A positive earnings effect was generated by the first nine months of consolidation of Ybbstaler Fruit Austria-Gesellschaften as part of the new company, AUSTRIA JUICE (also see notes to the consolidated financial statements from page 92). Going forward, increasing synergy benefits are expected to accrue from the merging of processes and structures in the new organisation.

The net exceptional items expense in the Fruit segment is explained by reorganisation measures in the European fruit preparations business (€ 4.3 million) and by provisions for risks in connection with irregularities uncovered at the Mexican subsidiary, AGRANA Fruit México, S.A. de C.V. (€ 14.8 million). Details on this are given in the segment report on page 61.

EVENTS AFTER THE BALANCE SHEET DATE

No significant events occurred after the balance sheet date of 28 February 2013 that had a material effect on AGRANA's financial position, results of operations or cash flows.

SUGAR SEGMENT RESULTS	2012|13	2011|12	Change
	€m	€m	%
Revenue	1,121.5	884.4	+26.8
Operating profit before exceptional items	119.1	112.3	+6.1
Operating margin before exceptional items	10.6%	12.7%	
Purchases of property, plant and equipment and intangibles[1]	55.9	25.3	+120.9

[1] Excluding goodwill.

For us, "Results and Responsibility" means to provide security of sugar supply in our markets.

AGRANA Zucker GmbH, Vienna, as the parent company for the Group's Sugar activities, both has direct Austrian operations and acts as the holding company for the Sugar segment's businesses in Hungary, the Czech Republic, Slovakia, Romania, Bulgaria and Bosnia-Herzegovina. Also assigned to the Sugar segment are Instantina Nahrungsmittel Entwicklungs- und Produktionsgesellschaft m.b.H., Vienna, and AGRANA Beteiligungs-AG, Vienna, as the Group holding company.

MARKET ENVIRONMENT

World sugar market

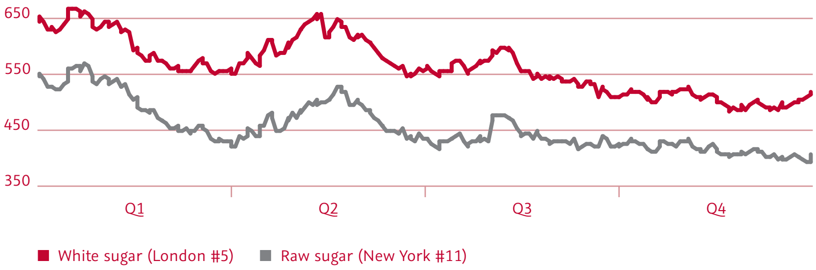
For the 2012|13 sugar marketing year (SMY, October 2012 to September 2013), F.O. Licht in its second, revised estimate from March 2013 of world sugar supply and demand puts production at 183.1 million tonnes (SMY 2011|12: 175.3 million tonnes) and consumption at 168.7 million tonnes (SMY 2011|12: 165.5 million tonnes). This implies a stabilisation in world sugar stocks at 78.5 million tonnes (SMY 2011|12: 68.5 million tonnes) or 46.5% (SMY 2011|12: 41.4%) of annual consumption.

WORLD SUGAR BALANCE	2012|13	2011|12	2010|11
	million tonnes	million tonnes	million tonnes
Opening stocks	**68.5**	**61.5**	**59.4**
Production	183.1	175.3	165.4
Consumption	168.7	165.5	160.7
Corrections	(4.4)	(2.8)	(2.6)
Closing stocks	**78.5**	**68.5**	**61.5**
In % of consumption	46.5	41.4	38.3

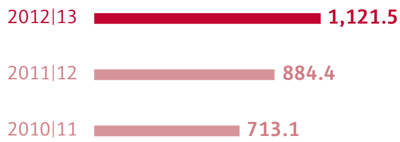
Source: F.O. Licht, Second Estimate of the World Sugar Balance 2012|13, dated 14 March 2013.

World market prices for sugar remained highly volatile in the financial year under review. After reaching a high of € 544 per tonne of white sugar in July 2012, quotations eased amid sharp swings, to € 398 per tonne at 28 February 2013.

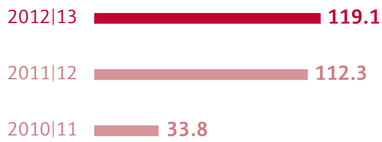
INTERNATIONAL SUGAR PRICES DURING AGRANA'S 2012|13 FINANCIAL YEAR
US$ per tonne



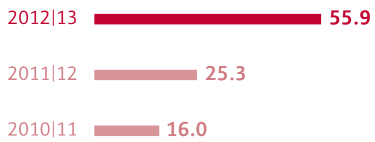
REVENUE
€m



OPERATING PROFIT BEFORE EXCEPTIONAL ITEMS
€m



PURCHASES OF PP&E AND INTANGIBLES
€m



EU sugar market

Sugar production in the EU-27 for the 2012|13 season is expected to fall by about 1.5 million tonnes from the prior year, to 17.1 million tonnes. Marked regional weather differences (from extreme drought to plentiful rain) during cultivation and harvesting can be seen as the reasons for this.

As in the prior year, the European Commission took two exceptional measures in SMY 2012|13. It again permitted the sale of non-quota sugar into the EU food market (through reclassification, which reduced the surplus levy payable). Additionally, a standing invitation was issued to bid for sugar imports at reduced tariffs for the periods from January to February 2013 and from May to June 2013.

The total ceiling for exports of European non-quota sugar for SMY 2012|13 is 1.35 million tonnes.

According to a proposal of the European Commission from October 2011, key parts of the EU sugar regime would expire on 30 September 2015. In the middle of March 2013 the European Parliament followed the January 2013 recommendation of its Agriculture Committee by voting in favour of keeping the sugar regime unchanged until the end of September 2020. On 19 March 2013 the EU agriculture ministers, meeting in the Council of the European Union, agreed to end the quota system on 30 September 2017. A tripartite meeting between the Commission, the Council and the European Parliament in the first half of 2013 is to produce a final decision on the future of the sugar regime by the summer.

Sugar exports

The WTO-II negotiations (the "Doha Round") that have run since 2001 have not yet been brought to a conclusion. For December 2013 a WTO Ministerial Conference is set to be held in Bali, Indonesia, and no conclusion can be expected by then.

RAW MATERIALS, CROPS AND PRODUCTION

For SMY 2012|13 the amount of area planted to sugar beet for the AGRANA Group was expanded to approximately 102,000 hectares (prior year: 92,000 hectares). Around 6,000 hectares of beet fields were lost from production in the spring as a result of unfavourable weather, but were largely replanted. Low or absent precipitation from July to September 2012 led to below-average yields in almost all growing regions, particularly in Slovakia, Hungary and Romania. Approximately 8,000 beet farmers (prior year: about 8,100) harvested more than 5.5 million tonnes of beet in the 2012|13 financial year (prior year: 5.9 million tonnes). The AGRANA Group's overall mean beet yield per hectare decreased to approximately 53 tonnes (prior year: about 66 tonnes). Owing to the high temperatures, the sucrose content of the crop was also sub-average in all regions, at 16.7% (prior year: 17.6%). The prices for sugar beet from the 2012|13 harvest were adjusted to the higher sugar prices.

AGRANA's seven beet-using sugar factories processed a total of about 48,800 tonnes of beet per day (prior year: 48,200 tonnes). Over an average campaign length of 117 days (prior year: 124 days), this raw material was processed into approximately 823,000 tonnes of sugar (prior year: 945,000 tonnes). Thus, while sugar production significantly exceeded AGRANA's EU beet sugar quota of 618,000 tonnes, production was down from the prior year. 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. To supply the Hungarian deficit market, the plant in Kaposvár, Hungary, refined raw sugar after the beet campaign, producing about 23,100 tonnes of white sugar (prior year: 50,200 tonnes in two campaigns). In total in the 2012|13 financial year (including Bosnia-Herzegovina and Romania) the Group refined about 296,600 tonnes of white sugar equivalent from raw sugar (prior year: 304,800 tonnes). In the organic beet campaign, AGRANA produced around 5,000 tonnes of organic sugar (prior year: about 7,000 tonnes).

As a result of the consistently lower sucrose content in the beet, the 2012|13 campaign saw an increase in energy consumption per tonne of white sugar equivalent produced. However, the total energy consumption for sugar production and for beet pulp drying (per unit of processed beet) was reduced. Thus, savings were achieved in Romania and Slovakia, as well as at the Austrian sites in Leopoldsdorf and Tulln through the addition of the low-temperature dryers for pressed (partially dehydrated) beet pulp. In Hungary, about 65% (prior year: 52%) of the primary energy requirement during the campaign was met from biogas produced in-house, thanks to the commissioning of a third biogas fermenter.

INVESTMENT

In the Sugar segment, capital expenditure in 2012|13 was € 55.9 million (prior year: € 25.3 million) for new assets and asset replacement. In Leopoldsdorf and Tulln, AGRANA invested in building two low-temperature dryers, which began operation at the start of the 2012|13 campaign and led to a significant reduction in energy consumption for pulp drying. In Kaposvár, Hungary, the thin-juice softening plant was brought on-stream and construction began on a 60,000 tonne capacity sugar silo. In Hrušovany in the Czech Republic, the new gas line was connected to the high pressure network and three steam boilers were successfully commissioned after conversion to gas firing. Through the upgrading of the evaporator station in Sereď, Slovakia, energy consumption for beet processing was cut considerably. Following the installation of the 1 kilogramme packaging machine in Buzău, Romania, the associated conveying paths were modernised accordingly. To do justice to the risen local market requirements, AGRANA built a new packaging centre in Brčko, Bosnia-Herzegovina.

TOP-LINE PERFORMANCE

In the year under review, the sales volumes of AGRANA Zucker GmbH in Austria were at the prior-year level. The stockpiling seen in the prior year – largely by Hungarian consumers and merchants near the Austrian-Hungarian border – was not repeated, and sales to retailers thus did not reach the same volumes as one year earlier (down 14.3%). The market position was nevertheless maintained. Sales into the food and beverage industry were stable as a result of intensive collaboration with local and international key accounts.

In 2012|13 AGRANA's sales volume in Hungary declined amid the difficult market environment (by 9.7%). Owing to a high sales tax rate, many small importers still neglect to charge or pay sales tax, thus gaining a competitive advantage over AGRANA and hurting prices and sales volumes. To supply the Hungarian market as well as possible, refining of imported raw sugar in Hungary continued in the year.

Within the Czech Republic, sugar sales volume in the financial year was approximately steady on balance at the prior-year level. While sales volume with food retailers increased – especially through relationships with international chains – volumes with the sugar processing industry eased by about 5%. Prices showed a positive overall trend compared to the prior year.

In Slovakia, the total volume of sugar sales in 2012|13 was in line with one year earlier. A small dip in sales to the food industry (down 2.2%) was balanced out by a positive trend in sales to food retailers (up 16.2%). Given the higher availability, exports of surplus sugar grew significantly.

AGRANA sold 19.8% more sugar in Romania in the 2012|13 financial year than in the year before. This reflected noticeably higher sales to retailers, as well as stronger deliveries to the food and beverage industry.

Within Bulgaria, through intensive marketing in the year, sales volume was boosted by 52.2%. The strongest volume growth, at about 53%, was attained in sales to retailers.

In the Western Balkans region, sugar sales quantities were expanded overall year-on-year (up 27.3%). This was driven primarily by a positive trend in Bosnia-Herzegovina and Macedonia. Marketing of surplus sugar volume to non-EU countries was approximately steady compared to the prior year.

STARCH SEGMENT RESULTS	2012|13	2011|12	Change
	€m	€m	%
Revenue	804.3	764.3	+5.2
Operating profit before exceptional items	72.6	81.9	−11.4
Operating margin before exceptional items	9.0%	10.7%	
Purchases of property, plant and equipment and intangibles[1]	59.1	29.3	+101.7

1 Excluding goodwill.

For us as the largest organic starch producer in Europe, "Results and Responsibility" means continuing to leverage this growth potential.

The Starch segment encompasses AGRANA Stärke GmbH with the potato starch factory in Gmünd, Austria, and the corn starch plant in Aschach, Austria. The company also manages and coordinates the international holdings in Hungary and Romania. As well, the bioethanol business forms part of the Starch segment.

MARKET ENVIRONMENT

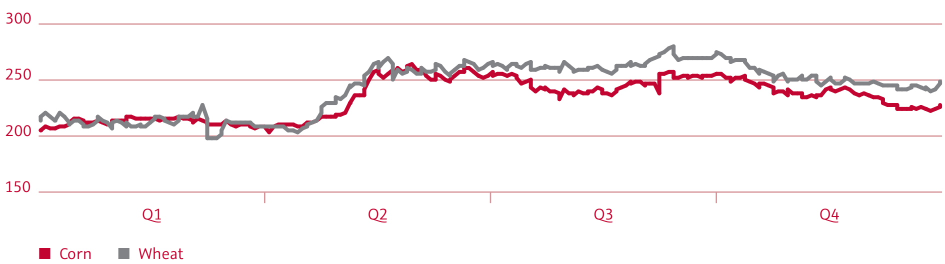
According to the forecast of the International Grains Council (IGC) for world grain supply and demand for the 2012|13[1] grain marketing year, both global production and consumption will drop compared to the previous year. As well, the estimated production of corn and wheat will be less than demand (corn: 850 million tonnes vs. 867 million tonnes; wheat: 656 million tonnes vs. 677 million tonnes), thus leading to a decrease in global stocks.

Buoyed by the tight supply on international commodity markets, futures prices remained high. Thus, corn quotations climbed steadily in spring 2012 to around € 195 per tonne (wheat: € 210 per tonne). As a result of a drought in the USA, a powerful upward surge in commodity prices set in in the middle of June, losing momentum towards the end of the year. At the start of March 2013 the corn quotation on the NYSE Liffe Paris was about € 225 per tonne and the wheat quotation about € 250 per tonne.

The isoglucose quota of the EU-27 in the 2012|13 marketing year is 690,000 tonnes, of which HUNGRANA holds the largest share at 220,000 tonnes.

COMMODITY PRICES DURING AGRANA'S 2012|13 FINANCIAL YEAR

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



[1] Grain marketing year: July to June

RAW MATERIALS, CROPS AND PRODUCTION

Potato starch

In the 2012|13 campaign the Austrian starch plant in Gmünd, in a campaign lasting 127 days (prior year: 145 days), processed about 217,900 tonnes of starch potatoes (prior year: 235,500 tonnes) with an average starch content of 18.5% (prior year: 19.2%). The organic portion was approximately 6%, as in the prior year. For the 2013 campaign year, AGRANA plans a starch potato contract volume of about 230,000 tonnes. About 24,000 tonnes of food potatoes (prior year: 25,000 tonnes) were processed into around 4,400 tonnes of long-life potato products (prior year: 4,600 tonnes), with an organic share of approximately 29% (prior year: 25%).

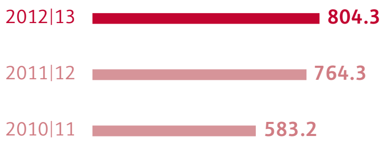
Corn starch

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 grew in the 2012|13 financial year to about 791,000 tonnes (prior year: 747,000 tonnes). Within this total, processing of freshly harvested, so-called wet corn accounted for approximately 173,000 tonnes by wet weight (prior year: 161,000 tonnes). The amount of specialty corn processed (waxy corn, organic corn, and Guaranteed Non-GMO corn) increased to about 59,000 tonnes (prior year: 57,000 tonnes).

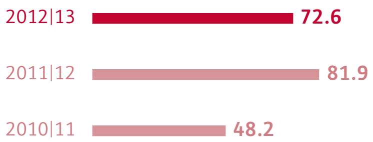
INVESTMENT

€ 59.1 million (prior year: € 29.3 million) was invested in the Starch segment during the 2012|13 financial year. The rise in investment compared to the prior year resulted largely from the construction of the wheat starch plant in Pischelsdorf, Austria. At the same site, to improve energy efficiency, AGRANA invested in waste heat recovery from feedstuff drying operations, and an administration building was constructed. The investment at Hungarian joint venture HUNGRANA in a straw-fired boiler for generating process heat from biomass was completed. Also, daily corn processing capacity in Hungary was increased to 3,500 tonnes. At the plant in Gmünd, Austria, the Group invested in a can filling line for infant formula. The project to expand corn storage capacity at the starch plant in Aschach, Austria, was concluded. At the Romanian plant in Țăndărei, one of the investments was in an increase in raw material processing capacity to 175 tonnes per day.

REVENUE
€m



OPERATING PROFIT BEFORE EXCEPTIONAL ITEMS
€m



PURCHASES OF PP&E AND INTANGIBLES
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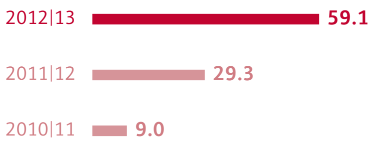


TOP-LINE PERFORMANCE

In 2012|13, revenue of AGRANA Stärke GmbH rose by about 6% as a result mainly of higher sales volumes of core and by-products and also of higher selling prices for saccharification and by-products. Selling prices for starch products were lower than in the prior year, for market reasons. This in combination with the higher raw material costs led to a decrease in operating profit before exceptional items. As a result of stable market demand and vigorous marketing, the volume of core products sold increased from the year before. Total sales volume (including by-products) rose marginally from 1,170,300 tonnes in the prior year to 1,182,300 tonnes. Sales of co-products (including feedstuffs purchased for resale) eased to 680,800 tonnes (prior year: 705,000 tonnes), primarily because of lower sales of feedstuffs purchased for resale. The tight worldwide supply of protein feeds caused prices for co-products (corn gluten feed, corn germ and potato proteins) to rise significantly from the prior year.

Revenue of HUNGRANA rose by approximately 11% in 2012|13. As in Austria, the reasons were higher selling prices of saccharification products (up 16%) and of by-products (up 8%) as well as higher sales quantities of core and by-products. Total sales volume (based on AGRANA's 50% share) grew to 530,800 tonnes from the prior year's 500,100 tonnes. The significantly increased raw material prices were made up for by the higher selling prices of saccharification and by-products, in combination with greater sales volumes.

In Romania the universally higher sales quantities, coupled with higher selling prices for co-products, generated revenue growth of approximately 29%. Substantially higher raw material prices and lower selling prices for the core products – particularly starch products – resulted in a significant decrease in operating profit.

BIOETHANOL

Economic policy environment

In October 2012 the European Commission published a proposal for a directive to incorporate the subject of indirect land use change (ILUC) into the existing renewable energy directive (2009/28/EC). AGRANA is monitoring the controversial debate at European level and is convinced that, through investment in modern technologies, all sustainability criteria can be fulfilled. Even today, bioethanol from Pischelsdorf, Austria, reduces CO_2 emission reductions by approximately 70% compared to petrol. In addition, the co-product ActiProt®, a premium protein feed, reduces the requirement for soy imports from overseas. For bioethanol production, AGRANA uses only Central European surplus feed grain.

The anti-dumping and anti-subsidy proceedings initiated at the end of 2011 against imports of bioethanol from the USA were concluded at the end of 2012 and in early 2013. For a period of five years from 25 February 2013, anti-dumping duties of € 49 per cubic metre will apply on ethanol imports from the USA.

AGRANA's bioethanol activities in 2012|13

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

Sales of bioethanol (on a consolidated basis including Austria and AGRANA's 50% share of results in Hungary; excluding industrial alcohol), at 331,500 cubic metres, were level with the prior year (331,300 cubic metres). The sales prices of bioethanol and ActiProt® were further raised from the prior-year levels.

At the Austrian bioethanol plant in Pischelsdorf, a total of about 568,000 tonnes (prior year: 554,000 tonnes) of grain was processed, with a ratio of wheat (incl. triticale) to corn of about 40 to 60 (the corn consisted of dry and wet corn and the latter was measured on a wet-weight basis in the ratio). As in the previous years, growers were offered cultivation contracts for ethanol grains for the 2013 crop.

The ethanol production in Hungary is integrated in the HUNGRANA starch factory in Szabadegyháza, which processes corn into starch, isoglucose and bioethanol. In the year, this facility used approximately 222,000 tonnes (prior year: 206,000 tonnes) of corn for processing into bioethanol (this figure represents only AGRANA's 50% share of HUNGRANA's total).

FRUIT SEGMENT RESULTS	2012|13	2011|12	Change
	€m	€m	%
Revenue	1,140.1	928.9	+22.7
Operating profit before exceptional items	45.2	38.2	+18.3
Operating margin before exceptional items	4.0%	4.1%	
Purchases of property, plant and equipment and intangibles[1]	34.9	42.5	–17.9

[1] Excluding goodwill.

For us, "Results and Responsibility" means ensuring world-wide high-quality processing of fruit for our customers.

AGRANA J&F Holding GmbH is the holding company for the Fruit segment. The coordination and operational management of the fruit preparations activities are provided by the holding company AGRANA Fruit S.A.S., based in Mitry-Mory, France. For the fruit juice concentrates business, the holding company is the newly formed AUSTRIA JUICE GmbH based in Kröllendorf/Allhartsberg, Austria, which resulted from the merger of AGRANA Juice and Ybbstaler (further details can be found in the notes to the consolidated financial statements from page 92).

MARKET ENVIRONMENT

In the 2012|13 financial year the fruit preparations market trended in different directions depending on the region. While sales volumes in the EU eased somewhat at a high absolute level, all other regions showed a very positive trend.

The market contraction in the EU, of between 2% and 3% overall, was noticeable especially in Germany, Austria and Southern and Southeastern Europe. In Southern Europe the euro crisis and the attendant high unemployment weighed on the market. In Germany and Austria, the economic uncertainty dampened consumer confidence as households preferred to save. An additional factor was that, in the EU, it is no longer permitted to advertise the functional health benefits of the products. This in combination with generally lower ad spending hurt the overall trajectory of the European market.

Outside the EU the market continued to grow briskly, at rates between 4% and 6%. This applied to nearly all countries, with the exception of Australia and South Korea as developed yoghurt markets, where growth was only 1% to 2%. Drivers of the market growth were new and attractive product offerings, such as Greek yoghurt with a high fruit content in the USA, and rising demand in emerging markets with still-low per-capita consumption of yoghurt.

In the concentrate business, there was a continuing discernible trend towards fruit juice beverages with low juice content. Fruit juices and nectars showed declining sales especially in Western Europe, the effect of which on earnings was partly cushioned by lower purchasing prices thanks to very good harvests in Poland and Hungary. In these two main sourcing markets of AUSTRIA JUICE, apple processing was therefore able to begin very early.

The price trends remained very volatile in the financial year. However, through the customary annual contracts, most of the production from the 2012 harvest was already sold worldwide while the campaign was still running.

Production sites

AGRANA Fruit 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 26 production sites for fruit preparations in 20 countries. The 2012|13 financial year saw the factory relocation and expansion in Dachang, China, and the decision to build a new plant in the US growth market. With the new facility in Lysander in the state of New York, AGRANA plans to meet the growing demand from customers in Canada and the Northeastern United States. At the same time, the small and unprofitable Flavors from Florida, Inc. in Bartow, Florida, was closed down.

Through the merger of AGRANA Juice with the Ybbstaler group into the new AUSTRIA JUICE GmbH (for details, also see the section "Changes in the Scope of Consolidation" on page 46, and the notes to the consolidated financial statements from page 92), AGRANA has become the leading manufacturer of **apple and berry juice concentrates** in Europe, with 15 production sites. The joining of forces is intended to raise synergies, strengthen international marketing capabilities and create further opportunities for growth. The company aims to further strengthen its leading position as a supplier of fruit juice concentrates, fruit purees, beverage bases, natural aromas and not-from-concentrate juices for the downstream beverage industry.

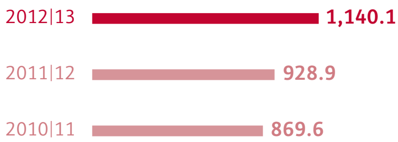
In Europe, AUSTRIA JUICE produces largely apple juice concentrate with a relatively high acid content for use in pure apple juices and non-alcoholic apple spritzers. The Chinese juice production site is in Xianyang City, located in the world's largest apple growing region, and thus enjoys access to a good supply of raw materials for making "sweet" (low-acid) Chinese apple juice concentrate. Besides apples, AGRANA also processes berries into berry juice concentrates for the international market.

RAW MATERIALS, CROPS AND PRODUCTION

On the fruit preparations side, the past financial year did not bring an appreciable improvement in raw material markets. Generally, fruit prices and the prices for sugar, starch and liquid sugar settled in at the high levels of the prior year. The reasons for this included, among others, the merely average spring and summer harvests in Europe, North America and China. Stone fruits and pomes, such as peaches and apricots, became slightly more expensive as a result of raw material price volatility in Spain and Greece. The situation was the same in North and Latin America, where prices regionally climbed even more than in Europe, buoyed primarily by the robust demand in emerging markets. Tropical fruit prices in the last marketing year were relatively stable from the prior year as a result of good crop production.

Within the AGRANA Group, adverse impacts of raw material prices were buffered by effective procurement strategies and the use of the global sourcing network.

REVENUE
€m



OPERATING PROFIT BEFORE EXCEPTIONAL ITEMS
€m

PURCHASES OF PP&E AND INTANGIBLES
€m

While in Western Europe the harvest in the fruit juice concentrates operations was significantly reduced from the previous year (especially in France and Italy), very plentiful crops were harvested in Poland and Hungary thanks to more windfall fruit. The apple processing season was concluded at the end of November in all locations except China. In China, greater availability of raw fruit made for higher processing volumes than in the year before.

The berry season was marked by (in some cases significantly) higher raw material prices as a result of lower harvest quantities. This was the case especially for strawberries and sour cherries. Only for black currants was there a notable easing of prices compared to the previous year. The berry processing season closed at the end of September.

The total production volume of fruit juice concentrates grew by about 75% in the 2012|13 financial year. This pronounced increase resulted both from the full consolidation of AUSTRIA JUICE GmbH and higher production quantities in China, Poland and Hungary.

INVESTMENT

The capital expenditure of € 34.9 million in the Fruit segment (prior year: € 42.5 million) largely represented maintenance investment and capacity expansion projects. In Serpuchov, Russia, the plant expansion was successfully concluded in October 2012. All activities in connection with the plant relocation and expansion in Dachang, China, were also completed as planned. The new plant began operation as early as November 2012, all production lines were transferred and the old factory closed. At the AGRANA facility in Centerville, Tennessee, an additional production line was installed, and in Mexico the pilot stage of dry fruit production was completed and its production stage launched. A sizeable amount was also invested in the purchase of stainless steel containers for transporting fruit preparations. Investment in the fruit juice concentrate operations related mainly to necessary asset replacement. In Hungary at the Vásárosnamény site a new production line for cloudy apple juice concentrate was implemented, and in Ukraine a fifth column was added to the vacuum evaporator.

TOP-LINE PERFORMANCE

In the 2012|13 financial year, sales volume in the fruit preparations activities was up by about 6% from the prior year. While a decrease was witnessed in the European Union, sales quantities outside the EU rose significantly, with half of this growth coming from North America.

Higher raw material costs were neutralised through increases in selling prices. In the EU, AGRANA was able to cushion the effect of the volume contraction through higher prices and margins.

Worldwide, AGRANA Fruit somewhat enlarged its market share and remains the undisputed market leader in the global fruit preparations market. The biggest gains were achieved in the USA, Eastern Europe, Turkey, Middle East/North Africa, Brazil and China. AGRANA Fruit is thus exploiting the dynamism of these growth regions and further expanding its market-leading position.

The substantial revenue growth of 49% in fruit juice concentrates from 2011|12 reflected both the full consolidation of AUSTRIA JUICE GmbH and the higher selling prices obtained for fruit juice concentrates. AUSTRIA JUICE markets its products globally, centred on the EU as the core market. Other major geographic markets are North America, Russia, the Middle East and Far East. For the apple juice concentrate produced in the Chinese plant, customer relationships are currently being cultivated in North America, Japan, South Africa and Australia. Partial successes on this front were already scored in recent months.

The fruit wine part of the business exhibited continuous organic growth in revenue and volume of 12% and 5%, respectively, compared with the prior financial year. Overall, Fruit segment operating profit before exceptional items was again significantly higher than one year earlier. Besides the first-time consolidation of the Ybbstaler activities, organic growth in sales volume and higher selling prices contributed to counterbalancing the cost increases.

EXCEPTIONAL ITEMS IN THE FRUIT SEGMENT

The Group's exceptional items in the 2012|13 financial year represented one-off effects in the fruit preparations business, as follows:

Reorganisation measures

In 2012|13, to be able to adapt better and more rapidly to market conditions in Europe – market stagnation, changes in consumer behaviour, and growing concentration in the dairy industry – the two European regions (Western and Central Europe) were combined into one. The six European fruit preparations plants are thus now managed together. In the past financial year, € 4.3 million was spent for this restructuring (for termination benefits and external consulting for process optimisation). The annual savings exceed the non-recurring costs and will unfold their full effect from the current new financial year.

Irregularities in Mexico

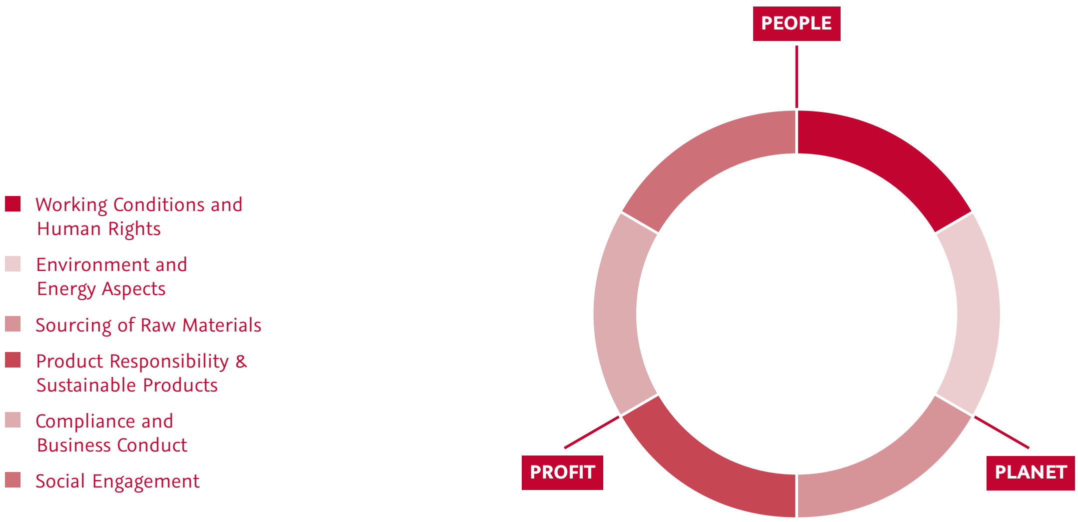
At AGRANA Fruit México, S.A. de C.V., evidence of embezzlement was discovered in the course of external and internal auditing. AGRANA immediately initiated organisational and personnel consequences and legal action against the managers involved and their close co-workers. In addition, AGRANA tightened the system of internal control and set aside provisions for doubtful receivables in the amount of approximately € 15 million. Further details on the irregularities and the implications of this case are provided in the section “Risk Management and System of Internal Control” on page 72.

As an international processor of agricultural raw materials, practicing sustainability management is integral to AGRANA's business activities. The Group's aim of harmonising economic viability with environmental and social responsibility is to some extent already inherently achieved by the intense focus on the frugal use of resources (through the extremely high utilisation of raw materials and exemplary energy efficiency). However, balancing and further improving this triple bottom line is naturally a permanent process without a fixed end point.

For us, "Results and Responsibility" means doing more for food safety and food defense than just to follow national laws and international standards.

The initiative launched in the previous financial year to put in place a Group-wide sustainability management system made further progress last year. It is based on the ISO 26000 Guidance Standard on Social Responsibility and on the Global Reporting Initiative (GRI Version 3.1), taking into account relevant considerations from the GRI's food processing sector supplement. In the analysis along the entire value chain, the following core subjects were identified as material:

AGRANA'S CORE SUSTAINABILITY SUBJECTS



For each of these subjects, issues were then identified for which to develop specific courses of action. Within a given issue, these actions should improve at least two of the three dimensions of sustainability (economic, environmental and social) without leading to a deterioration in the third. The approach is illustrated here using the example of product responsibility, one of the core subjects.

PRODUCT RESPONSIBILITY: A CORE SUBJECT IN SUSTAINABILITY MANAGEMENT AT AGRANA

Under the product responsibility topic, AGRANA identified the issues of food safety and food defense.

"Results and Responsibility"

The motto of this year's annual report also encompasses the subjects of food safety and food defense. To achieve the highest performance in these areas, AGRANA has gone beyond the respective national legal requirements by implementing and being externally certified to international standards. The central focus was placed on quality assurance.

Legal requirements and standards in the food sector

AGRANA, an Austrian industrial group with an international focus, has a worldwide presence with about 8,500 employees at 56 production sites on five continents. All foods made and supplied by AGRANA are compliant with the applicable national and regional laws and regulations. Foods manufactured at facilities within the European Union meet the requirements of EU General Food Law Regulation EC 178/2002, as amended. In addition, the Group is guided by the international minimum standards for food safety, such as the Codex Alimentarius (the food code of the Food and Agriculture Organisation (FAO) of the World Health Organisation). Through the quality management system in place, AGRANA ensures the internal traceability of its products. The company also maintains a hazard analysis and critical control point system (HAACP) tailored to the different production processes and conforming to the General Principles of Food Hygiene (CAC/RCP 1-1969). In the HAACP system, potential chemical, physical and microbiological health hazards are analysed and critical control points in the production process are determined and monitored. The HACCP system also forms an important part of various other food safety standards, such as ISO 22000 and the International Food Standard (IFS).

External certifications in the food sector

The AGRANA quality management system is designed to identify the various quality standards and requirements for the Group's products and processes and to ensure they are met. AGRANA has been certified to ISO 9001 since 1993. The quality management system is complemented by other standards of food safety and purity, including ISO 22000 and FSSC[1] 22000, IFS, BRC[2], AIB[3], Organic, Kosher and Halal.

The ISO 22000 standard specifies the requirements for a food safety management system able to produce safe products for the end-consumer. It is a global harmonised standard for all companies in the food value chain. As a result of the international scope of this norm, AGRANA has decided to adopt ISO 22000. It has now already been implemented throughout the Fruit segment with its worldwide operations.

FSSC 22000 contains a complete certification scheme for food safety systems based on existing certification standards. It fulfils the requirements of the Global Food Safety Initiative (GFSI) under the benchmarking procedure for food safety standards and was recognised by the GFSI as equivalent to other approved systems. For AGRANA, FSSC 22000 has the particular advantages of ease of integration in the existing ISO management system and of the standard's international acceptance. Under the heading of "food defense", FSSC 22000 (much like the IFS) requires assessment of the risk of criminal acts such as sabotage, vandalism and terrorism, along with the implementation of corresponding security measures.

The IFS, as a more product-oriented counterpart to FSSC 22000, is the food standard of the German and French retail industry and is likewise used for the inspection and certification of food safety systems. AGRANA has introduced the IFS as a second important food safety standard particularly in those plants which produce directly for retailers or in which products are further processed into retail store brands.

Food standards like the BRC, AIB, Organic (Regulation EC 834/2007, NOP[4]), Kosher (under Jewish dietary laws) and Halal (under Islamic dietary laws) are also upheld by the AGRANA quality management system and are implemented on a country-specific basis. Especially the rising demand for organic products and kosher foods has led to numerous certifications of AGRANA facilities worldwide under these categories.

The various standards specify continuous improvement processes. Major drivers of these processes, next to external certifications and customer and supplier audits, are internal audits in the plants by specially trained auditors.

[1] Food Safety System Certification
[2] British Retail Consortium
[3] American Institute for Baking
[4] National Organic Program, the US counterpart to the EU's organic food standard.

For us, "Results and Responsibility" means driving growth through innovation.

A key thrust of AGRANA's strategy for lasting success in the highly competitive market environment is to set market trends and differentiate itself from competitors through product innovation. In close partnership with customers, AGRANA's research and development (R&D) teams are always working on new recipes, specialty products and innovative applications for existing products.

AGRANA maintains several R&D facilities. The activities of Zuckerforschung Tulln Ges.m.b.H. (ZFT) range 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 products and production methods, in addition to longer-term R&D projects to provide AGRANA's international customers with innovative solutions in direct response to the needs of the market.

SUGAR SEGMENT

The project supported by Austria's Research Promotion Agency (FFG, or Forschungsförderungsgesellschaft) to evaluate the technological quality of sugar beet was largely completed. The underlying calculation method uses relatively easily analysed parameters while also providing an indication of the condition of beet in storage. The new refractometer formula gives AGRANA a more powerful predictive model both for the evaluation of new beet varieties and the calculation of quality premiums.

Through an international working group – organised by the European Society for Sugar Technology (ESST) – on elevated nitrite content in feedstuffs, important insights were gained into minimising nitrite formation in the extraction area, both at laboratory scale and directly in the production facilities. The results will be presented at the 2013 ESST conference in Warsaw.

The technology transfer approach initiated in prior years of taking process improvements and automation developments already operationalised in Austrian plants and rolling them out across the whole Sugar segment was continued to good effect in the last financial year. Thus, in 2012, measurement equipment for hardness measurement and for laboratory automation was successfully introduced internationally. Similarly, the plant in Romania accomplished a smooth switch from formalin to natural antibacterials for infection control in the extraction area.

The ZFT R&D centre for the first time conducted a segment-wide quality monitoring programme for white sugar. This brought the Group closer to the goal of being able to deliver to any customer from any plant.

Within the 2012|13 financial year, AGRANA developed a new organic raw sugar. After a trial production phase in summer 2012, the molasses made from organic beets was formulated into the end product in October and the product was successfully brought to market in January 2013.

STARCH SEGMENT

R&D in the Starch segment focuses on highly refined specialty products.

In the year under review, in food starches, AGRANA worked on the development of nutritionally active products from the different starch raw materials available (potato, corn and waxy corn). A technology development phase and the necessary product development were launched for the purpose. For the subsequent testing of the effectiveness of these products, AGRANA established the required in vitro analytical devices and procedures. A partnership was also formed with the University of Veterinary Medicine in Vienna. In a joint project with the University, financially supported by the FFG, an in vivo porcine model is to be developed to test the novel products in a preliminary stage to studies in humans.

In the development of specialised starches produced by enzyme treatment, the first positive application results were achieved, especially in ice-cream production and in aroma stabilisation. These findings are now being evaluated together with partners from science and industry.

The development of starch products for non-food applications, such as for the adhesives, construction and paper sectors, is another major focus of research and development.

In the development of new types of starch products with special stability and adhesive properties, very good substitutes are being created for synthetic glues in the paper processing industry. Thanks to their sustainable nature and economic advantages, these innovative adhesives show high potential, such as for lamination and bread bags. These natural adhesives, also referred to as green glues, can be employed as liquid or dry products depending on customer requirements.

For the DIY market segment, consumer adhesives were developed in cooperation with highly regarded companies. The use of modified starch products not only offers the environmental benefit of a smaller carbon footprint but also has quality and economic advantages.

In thermoplastic starches, working closely with customers, new products based on renewable resources were developed for the production of bioplastics. These starch products are used both in injection moulding (e.g., of compostable disposable foodservice packaging) and in foil extrusion (e.g., of bioplastic food storage bags). With a view to sustainability, the key target characteristics are biodegradability and suitability for use in consumer goods that will be in direct contact with foodstuffs.

R&D EXPENDITURE
€m

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

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

EMPLOYEES IN R&D

The sustainable iron chelators produced through biotechnology to mitigate nutrient deficiency in plants (expressed in symptoms such as chlorosis) are very close to market launch. The optimisation of fermentation parameters was continued with good results, raising product yield significantly. Fertiliser trials by internationally recognised institutions also showed good efficacy of the biodegradable iron chelate in promoting plant growth.

In the microbiology activities, an important advance in the modernisation of microorganism analysis was made by establishing a qPCR laboratory. Short for "quantitative real time polymerase chain reaction", the qPCR technique enables AGRANA to quantitatively and very rapidly analyse microorganisms in raw materials, processes and products. One application is in the definitive identification of pathogens such as bacteria and fungi on sugar beet or in silos.

FRUIT SEGMENT

In the 2012|13 financial year, the focus of fruit-related development activities at the Centre of Innovation and Excellence was on the continuation of the GENESIS project. It revolves around analysing and optimising the primary processing of freshly harvested fruit that will subsequently be turned into individually quick-frozen fruit pieces. In this context the R&D centre also increasingly worked on development requests from the individual plants.

A number of new insights were gained in 2012|13 that led or will lead to follow-up projects for further study. Overall, the centre completed nine projects last year and five more were in the industrial-scale trial stage. Of the finished initiatives, two notable ones were "liquid core" and "chocolate sauce homogenisation". In the former, fruit ingredients were developed for the ice-cream industry that remain liquid even at –10° C. The other project was concerned with improving the texture and mouth feel of chocolate sauces through homogenisation.

In the 2013|14 financial year, the research centre will prioritise projects for ensuring the best possible (natural) texture of fruit pieces in fruit preparations while at the same time preserving the flavour qualities (the natural fruit taste). Innovative solutions for the beverage sector will also be pursued.

In R&D for fruit juice concentrates, AGRANA last year worked on the optimisation of aroma yield and aroma quality in the production plants. The aim is to make aromas and beverage bases into a significant growth segment within AUSTRIA JUICE GmbH.

A project on which work had intensified in the prior year was successfully continued with the improved utilisation and marketing of process by-products like apple and blueberry pomace. The patent for the production of "apple flour" was issued in Austria and then expanded globally.

In 2012|13 AGRANA also made it a priority to evaluate and fine-tune the existing innovation processes. In close cooperation with the R&D departments of the business segments, the innovation process best suited for each individual department was defined and put in place. This will facilitate the monitoring of progress along the process chain and allow the easier determination and improvement of project efficiency.

In the 2012|13 financial year the AGRANA Group employed an average of 8,449 people (prior year: 7,982). Of this total, 1,993 worked in Austria (prior year: 1,812) and 6,456 in other countries (prior year: 6,170).

The average number of employees in each business segment was as follows:
- Sugar segment: 2,315 employees (prior year: 2,249).
- Starch segment: 950 employees (prior year: 911)
- Fruit segment: 5,184 employees (prior year: 4,822).

For us, "Results and Responsibility" means to both encourage and challenge our staff.

The average age of permanent employees[1] as of 28 February 2013 was 41 years, as in the prior year. 28.4% (prior year: 28.3%) of permanent employees were women, and 57.7% of salaried staff had an academic degree (prior year: 53.9%).

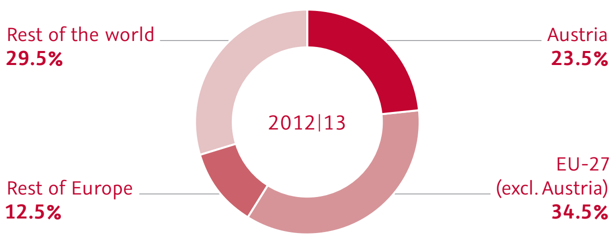
The increase in staff size in the Sugar segment is explained largely by the introduction of a four-shift schedule in Hungary and the associated hiring, as well as by a higher volume of sugar processing at the Tulln facility. In the Starch segment, volume- and project-driven capacity adjustments (particularly in the wheat starch project) entailed growth in the number of employees. The higher average staff count in the Fruit segment resulted both from the merger with Ybbstaler Fruit Austria GmbH and a greater requirement for seasonal labour in Morocco, Mexico and Ukraine as a consequence of larger harvest volumes.

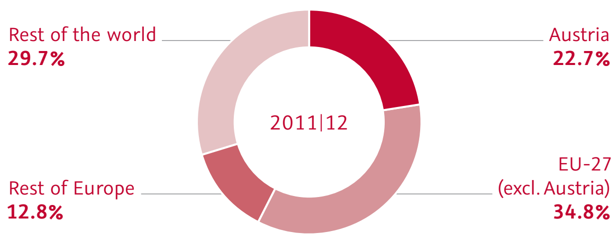
SUSTAINABLE HUMAN RESOURCES STRATEGY

AGRANA highly values an interpersonal and leadership style marked by cooperation and mutual esteem. Dedication, integrity and social awareness are promoted. Employees are supported in their development and encouraged to think and act like entrepreneurs. In support of this ideal, there is a Group-wide system of performance management, 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 2012|13 financial year, 6.0% of all employees (prior year: 5.8%) were covered by this incentive-enhanced compensation scheme.

As AGRANA is aware, lasting business success requires that, after hiring the right people, they are fully integrated in the company and their abilities continue to be developed. The past financial year therefore saw special initiatives for new hires in some parts of the Group. For example, an onboarding programme is to help them quickly find their bearings in their new job.

EMPLOYEES BY REGION





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

The smooth functioning of international collaboration within the company and the effective exchange of information across borders and business area boundaries are important for a global concern like AGRANA. Human resource management is increasingly mindful of this, from the very time of recruitment as well as in the development of continuing training programmes.

The basis for modern HR administration is a set of clearly defined processes, supported by an effective information technology infrastructure. In 2012|13, AGRANA therefore further improved and expanded the HR processes and relevant IT systems, especially SAP HR.

STAFF DEVELOPMENT AND TRAINING

As in the previous years, AGRANA organised numerous trainings, in subject areas spanning both professional skills and personal development. E-learning applications on a range of topics were also offered, including the base course "Foundations of Project Management", making the content more widely accessible. The top training priorities in 2012|13 remained management development and Group-wide project management.

In the year, AGRANA provided training to a total of 65 apprentices in Austria and Germany in preparation for careers as, among others, mechanical engineering technicians, electrical engineering technicians, plant electricians and process control technicians, metalworking technicians, chemical lab technicians, food technicians, mechatronics technicians, industrial sales representatives and computer technicians.

In the financial year, 14 participants were chosen from across the entire AGRANA Group for the new international trainee programme. They come from Austria, Romania, Bulgaria, Hungary, Ukraine and the USA and, over a 15-month period, will rotate through different positions in sales and raw materials operations. The cross-functional and cross-border experience which they will gain in the process is expected to help in the future in identifying and raising synergy potential in the Group and strengthening international cooperation.

About 30 members of staff and managers from the Group were selected for the AGRANA Competencies Training (ACT) programme, which is already being conducted for the third time. ACT is designed for individuals seen as having high potential and exceptional motivation. This third cycle of the programme will again consist of three modules and will begin in the second quarter of the 2013|14 financial year.

The Group-wide expenditure for external training and development in the 2012|13 financial year amounted to about € 2.3 million (prior year: € 2.2 million), or approximately 1.1% (prior year: also about 1.1%) of total wages and salaries.

STAFF HEALTH

Under the AGRANA Fit programme, with the goal of maintaining and improving employees' health and wellness, AGRANA in many locations offers preventive health checkups and/or vaccinations (for influenza, tick-borne encephalitis, etc.) as part of routine occupational health services. As well, some locations have individual arrangements with local fitness facilities and health care organisations.

In addition to sports and wellness events like ski days and back exercise classes, in-house football tournaments are becoming ever more popular, with benefits not only for fitness and health but also for cooperation and team spirit among AGRANA's employees. In Austria, numerous runners from the Group's staff again took part in the annual Wien Energie Business Run. In September 2012 the turnout, coming from all AGRANA business areas, was an impressive 41 teams of three persons each.

As a leader in the food industry, AGRANA also promotes its own employees' awareness of the importance of healthful nutrition rich in vitamins. This is highlighted by local initiatives such as the "Fruit Basket" – making free self-serve fresh fruit available at work – and the availability of free mineral water.

On the health and safety front, many activities were carried out Group-wide, including training in workplace accident prevention, fire prevention exercises and workshops on noise reduction and pollution control.

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

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

For us, "Results and Responsibility" means continually improving our risk management and eliminating weak points.

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

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

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

RISK POLICY

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

Throughout the Group, risks may be assumed only if they arise from the core business of the AGRANA Group and cannot be avoided, insured or hedged. The policy is to minimise risks to the extent reasonably possible while achieving an appropriate balance of risks and returns. The assumption of risks outside the operating business is prohibited.

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

SIGNIFICANT RISKS AND UNCERTAINTIES

The AGRANA Group is exposed to risks both from its business operations and from its national and international operating environment. The risks to the Group also reflect sustainability aspects, such as climate change. As a globally operating processor of agricultural raw materials, climate change risks relate primarily to the availability of these raw materials. With its energy-intensive production activities, particularly in the Sugar and Starch segments, AGRANA is also subject to risk from legislation on energy and the environment.

OPERATIONAL RISKS

Procurement risks

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

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

In the **Starch segment**, sufficient physical supply contracts are concluded to secure the required quantities of raw materials. When economical, the hedging can also take the form of futures contracts, which require management approval. The volume and results of these hedges are included in the monthly reporting and conveyed to AGRANA's Management Board. With starch products, higher raw material costs can also be rapidly passed through to customers.

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

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

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

Product quality and safety

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

Market risks and competitive risks

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

REGULATORY RISKS

Risks from the sugar regime

According to a proposal of the European Commission from October 2011, major parts of the EU sugar regime would expire on 30 September 2015. In the middle of March 2013 the European Parliament followed the January 2013 recommendation of its Agriculture Committee by voting to keep the sugar regime unchanged until the end of September 2020. On 19 March 2013 the EU agriculture ministers agreed in the Council of the European Union to end the quota system on 30 September 2017. A tripartite meeting between the Commission, the Council and the European Parliament in the first half of 2013 is to produce a final decision on the future of the sugar regime by the summer. Furthermore, national and international trade agreements can have a material effect on the financial results of the AGRANA Group. As part of the risk management process, potential impacts of these factors are analysed and evaluated from an early stage. Current developments and their implications are discussed in detail beginning on page 51 of this report, in the section on the Sugar segment.

EU renewable energy directive (2009/28/EC)

The EU renewables directive forms the basis for the requirement in place in Austria since October 2007 for the minimum bioethanol content in petrol. The prescribed blend proportion thus has a strong impact on the Group's bioethanol business. Based on the current status of Austrian and European legislation, it can be assumed that the present ethanol content will, at the least, be maintained. Nonetheless, new initiatives at EU level, the public debate and national law-making initiatives on this subject are all very closely monitored, analysed, and evaluated in the risk management process.

LEGAL RISKS

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

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

As noted in previous annual reports, antitrust investigations were initiated in the 2009|10 financial year into AGRANA's sugar business in Hungary. In December 2012 this inquiry was terminated by the Hungarian competition authority. In 2009|10 the Slovak competition authority opened an investigation into, among others, the local AGRANA sugar company. However, to date no further steps have been taken.

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

FINANCIAL RISKS

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

Interest rate risks

Interest rate risks arise from fluctuation in the value of fixed interest financial instruments as a result of changes in market interest rates; this is referred to as interest rate price risk. By contrast, floating rate investments or borrowings are subject to minimal price risk, as their interest rate is adjusted to market rates very frequently. However, the fluctuation in market interest rates creates risk as to the amounts of future interest rate payments; this is referred to as interest rate cash flow risk. In accordance with IFRS 7, the existing interest rate risks are determined by calculating Cash-Flow-at-Risk and the modified duration and are presented in detail in the notes to the consolidated financial statements.

Currency risks

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

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

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

Liquidity risks at single-company or country level

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

Risks of default on receivables

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

Risks from irregularities

The auditing of the 2011|12 annual financial statements of AGRANA Fruit México, S.A. de C.V., Michoacán, Mexico, uncovered grounds for suspicion that various business transactions were not in compliance with the AGRANA Code of Conduct and that their financial reporting did not meet the applicable external and internal accounting standards. These irregularities related primarily to loans and advance payments made to suppliers of raw materials and semi-finished goods.

Through intensive investigations in 2012|13 by AGRANA's Internal Audit department and experienced local internal finance specialists and the independent auditor, it was determined that embezzlement had occurred, the origins of which reached back at least two years. A cover-up had prevented the detection of the embezzlement through the regular internal controls and external audit.

The Mexican company's CEO, CFO and head of purchasing were dismissed at the beginning of June 2012 and some of their close colleagues were also given notice of termination. These positions were immediately filled with managers from within the Group.

The in-depth investigation of the fraud and concealment activities revealed that the problems were far more extensive than it initially appeared. The former management in some cases had direct and/or indirect ownership interests in more than one dozen supplier, customer and financing companies and these firms were granted improper advantages at AGRANA's expense. For example, significant up-front financings were provided and loans extended either interest-free or at non-market rates.

To date as of the time of this reporting, six criminal complaints had been filed against former managers. Civil actions are also being prepared. At the same time, an insurance claim was filed under the fidelity bond insurance held; at the time of preparation of the Group financial statements, no confirmation of cover by the insurer was in hand.

Through the rigorous investigation and establishment of the facts of the case in Mexico, the confidence in the propriety of the local business transactions under the new management has been restored. In order to prevent, to the greatest extent possible, any recurrence of such a case at a company of the AGRANA Group, the control and monitoring system was further expanded and tightened, both internally and externally.

AGGREGATE RISK

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

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

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

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

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

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

The monthly financial reporting produced by Controlling portrays the performance of all Group companies. The contents of this report are standardised across the Group and include detailed sales data, the balance sheet, income statement and the financials 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 managers responsible. The implementation of the actions proposed by Internal Audit is assured by follow-up verifications.

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

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

The share capital of AGRANA Beteiligungs-AG at the balance sheet date of 28 February 2013 was € 103.2 million, divided into 14,202,040 voting ordinary no-par value bearer shares. There are no other classes of shares.

Z&S Zucker und Stärke Holding AG ("Z&S"), based in Vienna, is the majority shareholder, 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"), Mannheim, Germany, and 50% owned by Zucker-Beteiligungs-gesellschaft 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.

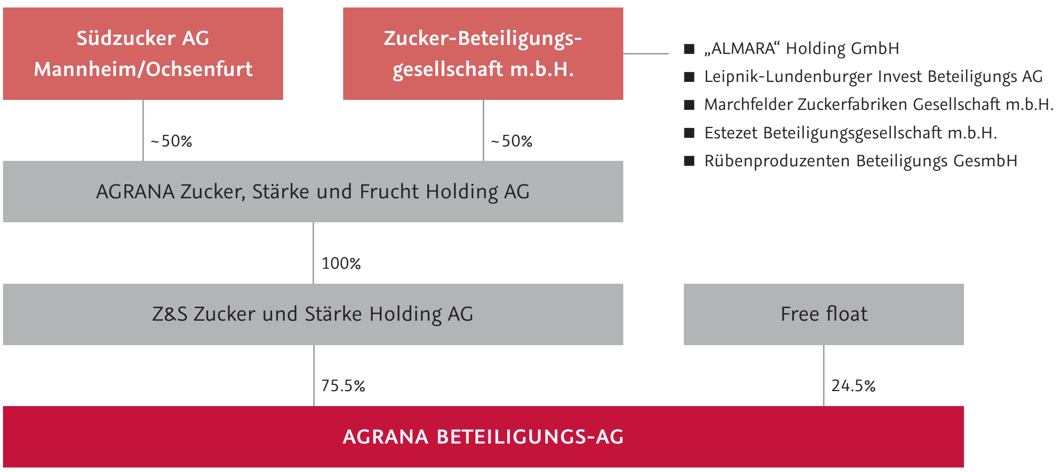
The London, UK-based financial services company Prudential plc together with some of its subsidiaries holds, in the form of free float, more than 15% of the share capital of AGRANA Beteiligungs-AG.

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, beyond the extent provided by law, have powers to issue or repurchase shares.

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

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



The very profitable 2012|13 financial year represents a challenging baseline for the Group's performance in 2013|14. In view of the sound balance sheet structure on 28 February 2013 and the diversified business model, AGRANA believes it is well positioned for the new financial year, but expects a lower earnings trend.

At present, the Group believes 2013|14 will bring a slight increase in **Group revenue** driven primarily by volume growth. However, AGRANA does not expect to be able to match the past two years' very good **operating profit before exceptional items**.

For us, "Results and Responsibility" means not to rest on the success of a current record result but to do everything in our power to ensure sustained, long-term positive performance.

In the **Sugar segment**, AGRANA foresees stable revenue and continues to work on the expansion of the strong market position in Central and Eastern Europe and on safeguarding full capacity utilisation in both beet sugar production and refining. For the 2013|14 sugar marketing year, it is therefore intended to expand beet crop areas; for the sugar refining requirements, sufficient raw sugar supply has already been contracted for. Overall sales volume should thus be pushed up further. As a result of lower world market quotations, of more expensive raw materials (beet) and – due to the lower harvest volume – of higher production costs in the 2012|13 campaign, a satisfactory year is thus expected on balance, although earnings will come in significantly below the record results of the past two years.

In the **Starch segment**, revenue is forecast to rise significantly in 2013|14. The top reason will be the coming on-stream of the wheat starch factory in Pischelsdorf, where native wheat starch, wheat gluten and wheat bran are being produced for the first time beginning in the summer. As a result of the still subdued economic outlook particularly in Southern and Southeastern Europe, competition in this region can be expected to be tougher than in the prior year. In bioethanol, AGRANA expects stable results. The raw material supply for the corn starch and bioethanol plants in Austria, Hungary and Romania has largely been contractually secured until up to the 2013 harvest. With the expected general expansion in areas planted to corn, prices are projected to be stable or – if the crop develops well – even to ease beginning at the time of the harvest. At the Hungarian joint venture, AGRANA anticipates a raw-materials-related decrease in earnings. As well, start-up losses should be expected to accompany the commissioning of the wheat starch plant in Pischelsdorf, Austria. In the Starch segment, AGRANA therefore predicts a pre-exceptionals operating profit below that of 2012|13.

In the **Fruit segment**, an upward trend in revenue and earnings is projected for 2013|14. In the fruit preparations business, the EU market is expected to see a stabilisation, with AGRANA's sales volume in this region likely to be in line with last year's. For the North and South America, Eastern Europe, Middle East/Africa and Asia regions, AGRANA expects dynamic growth thanks primarily to the continuing increase in per-capita consumption of fruit yoghurts. Operating profit before exceptional items should rise on stable raw material prices amid growing sales quantities and cost savings in Europe and in administration. Revenue in the fruit juice concentrates business is expected to be comparable to that in the 2012|13 financial year. A goal of AUSTRIA JUICE is the sustainable expansion of beverage bases and aromas as strategic businesses. The earnings trend in juice concentrates will depend partly on the market situation for apple juice concentrate after the 2013 harvest. Currently the expectation is that pre-exceptionals operating profit will increase from the prior-year level. On balance in the Fruit segment, with the likely positive sales volume trend and stable selling prices, AGRANA expects a significant rise in operating profit before exceptional items.

PLANNED INVESTMENT

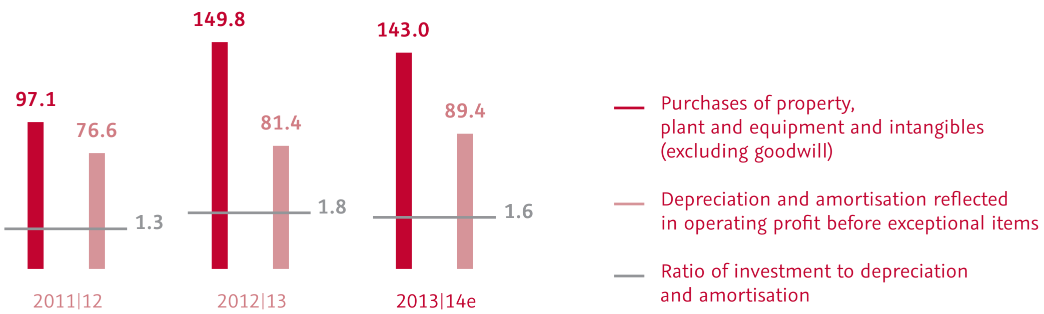
In the current 2013|14 financial year as last year, AGRANA intends to continue to invest vigorously and at a level well in excess of depreciation. Total investment for all three segments will reach about € 143 million, thus providing solid support for the Group's lasting growth.

Investment planned for the **Sugar segment** in the 2013|14 financial year is approximately € 49 million. The spending priorities lie in packaging, storage, and quality improvement measures. In Tulln, Austria, the existing molasses desugaring facility is to be modernised. In Kaposvár, Hungary, aside from the completion of the 60,000 tonne capacity sugar silo, a central packaging centre for Hungary is to be built. To further improve sugar quality, beet thin-juice softening plants are to be installed in Hrušovany and Opava, both located in the Czech Republic. The site in Roman, Romania, is to receive a biological waste water treatment plant.

In the **Starch segment**, with its total budgeted capital spending of about € 38 million, the top investment priority is the completion of the Austrian wheat starch plant in Pischelsdorf, which is to go into operation in the second quarter of the current financial year. At the starch factory in Aschach, Austria, the waxy corn derivative production capacity is being expanded. In the facility in Gmünd, Austria, the Group is investing in a new, higher-throughput bagging system for the drum drying plant.

The planned level of capital investment in the **Fruit segment** for 2013|14 is approximately € 56 million. About € 26 million is to be spent for the construction of the new US plant in Lysander, New York. To keep up with volume growth, it is planned to invest a further € 3.2 million in stainless steel containers. Investment activity in Europe has been reduced in light of the market stagnation. Besides numerous replacement and maintenance investment projects, the foremost investment priority in the fruit juice concentrates business is the continual improvement of product quality. In Vásárosnamény, Hungary, current investments include the expansion of tank storage for organic not-from-concentrate juice. Additionally, a uniform ERP system is being implemented across all juice companies.

INVESTMENT VS. DEPRECIATION €m



CONSOLIDATED FINANCIAL STATEMENTS 2012|13

AGRANA GROUP (UNDER IFRS)

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 28 FEBRUARY 2013

	€000	2012/13	2011/12
(1)	Revenue	3,065,906	2,577,631
(2)	Changes in inventories of finished and unfinished goods	70,284	187,035
(2)	Own work capitalised	4,955	4,208
(3)	Other operating income	29,804	36,908
(4)	Cost of materials	(2,234,147)	(1,919,755)
(5)	Staff costs	(274,307)	(245,197)
(6)	Depreciation, amortisation and impairment losses	(81,411)	(76,608)
(7)	Other operating expenses	(363,261)	(333,231)
(8)	**Operating profit after exceptional items**	**217,823**	**230,991**
(9)	Finance income	16,475	13,212
(10)	Finance expense	(44,131)	(37,947)
	Net financial items	**(27,656)**	**(24,735)**
	Profit before tax	**190,167**	**206,256**
(11)	Income tax expense	(33,685)	(50,583)
	Profit for the period	**156,482**	**155,673**
	– *Attributable to shareholders of the parent*	*149,419*	*152,360*
	– *Attributable to non-controlling interests*	*7,063*	*3,313*
(12)	Earnings per share under IFRS (basic and diluted)	€ 10.52	€ 10.73

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 28 FEBRUARY 2013

€000	2012|13	2011|12
Profit for the period	156,482	155,673
Other comprehensive (expense)/income		
Currency translation differences	(5,502)	(11,134)
Available-for-sale financial assets	473	747
Tax effect of available-for-sale financial assets	(250)	(149)
Cash flow hedges	2,846	(3,926)
Tax effect of cash flow hedges	(762)	931
Change in actuarial gains and losses on defined benefit pension obligations and similar liabilities	(6,885)	(3,981)
Tax effect of change in actuarial gains and losses on defined benefit pension obligations and similar liabilities	1,755	1,038
Other comprehensive (expense) for the period	(8,325)	(16,474)
Total comprehensive income for the period	**148,157**	**139,199**
– *Attributable to shareholders of the parent*	*139,633*	*137,906*
– *Attributable to non-controlling interests*	*8,524*	*1,293*

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 28 FEBRUARY 2013

	€000	2012|13	2011|12
	Profit for the period	156,482	155,673
	Depreciation, amortisation and impairment of non-current assets	81,870	76,608
	Changes in non-current provisions	(455)	(2,515)
	Other non-cash expenses and income	18,413	20,349
	Operating cash flow before changes in working capital	**256,310**	**250,115**
	Gains on disposal of non-current assets	**(672)**	**(627)**
	Changes in inventories	(41,840)	(238,956)
	Changes in receivables, deferred tax assets and current assets	27,723	(76,923)
	Changes in current provisions	2,392	(13,009)
	Changes in payables (excluding borrowings)	(38,504)	125,470
	Effect of movements in foreign exchange rates on non-cash items	(653)	(2,889)
	Changes in working capital	**(50,882)**	**(206,307)**
(13)	**Net cash from operating activities**	**204,756**	**43,181**
	Proceeds from disposal of non-current assets	2,275	2,680
	Purchases of property, plant and equipment and intangible assets, net of government grants	(148,973)	(96,942)
	Proceeds from disposal of securities	248	3,588
	Purchases of non-current financial assets	(59)	(1,718)
	Proceeds/(outflows) from purchases of businesses	9,625	(5,465)
(14)	**Net cash (used in) investing activities**	**(136,884)**	**(97,857)**
	Capital increase in a subsidiary through non-controlling interests	3,765	4,140
	Changes in non-current borrowings	96,698	65,086
	Changes in current borrowings	(69,582)	48,319
	Dividends paid	(52,447)	(34,839)
(15)	**Net cash (used in)/from financing activities**	**(21,566)**	**82,706**
	Net increase in cash and cash equivalents	**46,306**	**28,030**
	Effect of movements in foreign exchange rates on cash and cash equivalents	(401)	47
	Cash and cash equivalents at beginning of period	98,504	70,427
	Cash and cash equivalents at end of period	**144,409**	**98,504**

CONSOLIDATED BALANCE SHEET AT 28 FEBRUARY 2013

	€000	28 February 2013	29 February 2012
	ASSETS		
	A. Non-current assets		
(16)	Intangible assets	249,338	248,383
(17)	Property, plant and equipment	685,481	595,924
(18)	Securities	105,264	104,909
(18)	Investments in non-consolidated subsidiaries and outside companies, and loan receivables	5,745	7,265
(19)	Receivables and other assets	18,945	6,558
(20)	Deferred tax assets	33,021	29,764
		1,097,794	**992,803**
	B. Current assets		
(21)	Inventories	851,492	768,569
(19)	Trade receivables and other assets	472,084	492,720
	Current tax assets	11,271	8,173
(22)	Securities	1,198	1,352
	Cash and cash equivalents	144,409	98,504
		1,480,454	**1,369,318**
	Total assets	**2,578,248**	**2,362,121**
	EQUITY AND LIABILITIES		
(23)	**A. Equity**		
	Share capital	103,210	103,210
	Share premium and other capital reserves	411,362	411,362
	Retained earnings	611,464	524,900
	Equity attributable to shareholders of the parent	1,126,036	1,039,472
	Non-controlling interests	86,060	33,516
		1,212,096	**1,072,988**
	B. Non-current liabilities		
(24a)	Retirement and termination benefit obligations	58,534	52,674
(24b)	Other provisions	15,179	12,397
(25)	Borrowings	428,788	332,090
(26)	Other payables	2,283	2,013
(27)	Deferred tax liabilities	14,355	17,253
		519,139	**416,427**
	C. Current liabilities		
(24b)	Other provisions	29,186	26,777
(25)	Borrowings	305,802	341,885
(26)	Trade and other payables	471,421	469,465
	Current tax liabilities	40,604	34,579
		847,013	**872,706**
	Total equity and liabilities	**2,578,248**	**2,362,121**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 28 FEBRUARY 2013

€000	Share capital	Share premium and other capital reserves	Available-for-sale reserve	Cash flow hedge reserve	Reserve for actuarial gains and losses
					Attributable to the shareholders
					Retained
2012|13					
At 1 March 2012	**103,210**	**411,362**	**4,097**	**(1,608)**	**(9,799)**
Fair value movements under IAS 39	0	0	387	1,285	0
Change in actuarial gains and losses on defined benefit pension obligations and similar liabilities	0	0	0	0	(6,706)
Tax effects	0	0	(73)	(370)	1,710
Currency translation loss	0	0	0	0	0
Other comprehensive income/(expense) for the period	**0**	**0**	**314**	**915**	**(4,996)**
Profit for the period	0	0	0	0	0
Total comprehensive income for the period	**0**	**0**	**314**	**915**	**(4,996)**
Dividends paid	0	0	0	0	0
Transfer to reserves	0	0	0	0	0
Additional contributions from other shareholders	0	0	0	0	0
Changes in equity interests and in scope of consolidation	0	0	0	0	0
Other changes	0	0	0	0	0
At 28 February 2013	**103,210**	**411,362**	**4,411**	**(693)**	**(14,795)**
					611,464
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

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
414,230	**(34,380)**	**152,360**	**1,039,472**	**33,516**	**1,072,988**
0	0	0	1,672	1,470	3,142
0	0	0	(6,706)	(179)	(6,885)
0	0	0	1,267	(347)	920
0	(6,019)	0	(6,019)	517	(5,502)
0	**(6,019)**	**0**	**(9,786)**	**1,461**	**(8,325)**
0	0	149,419	149,419	7,063	156,482
0	**(6,019)**	**149,419**	**139,633**	**8,524**	**148,157**
0	0	(51,127)	(51,127)	(1,319)	(52,446)
101,233	0	(101,233)	0	0	0
0	0	0	0	3,765	3,765
(1,729)	0	0	(1,729)	41,812	40,083
(213)	0	0	(213)	(238)	(451)
513,521	**(40,399)**	**149,419**	**1,126,036**	**86,060**	**1,212,096**
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**

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
2012|13					
Total revenue	1,202,208	813,724	1,141,255	(91,281)	3,065,906
Inter-segment revenue	(80,692)	(9,420)	(1,169)	91,281	0
Revenue	**1,121,516**	**804,304**	**1,140,086**	**0**	**3,065,906**
EBITDA	138,851	96,193	83,267	0	318,311
Depreciation, amortisation and impairment of property, plant and equipment and intangibles[1]	(19,736)	(23,579)	(38,096)	0	(81,411)
Operating profit before exceptional items	**119,115**	**72,614**	**45,171**	**0**	**236,900**
Exceptional items	0	0	(19,077)	0	(19,077)
Operating profit after exceptional items	119,115	72,614	26,094	0	217,823
Segment assets	1,849,353	541,734	1,156,696	(969,535)	2,578,248
Segment liabilities	915,807	246,787	844,695	(641,137)	1,366,152
Purchases of property, plant and equipment and intangibles[1]	55,903	59,081	34,864	0	149,848
Purchases of non-current financial assets	17	0	41	0	58
Total capital expenditure	55,920	59,081	34,905	0	149,906
Staff count	2,315	950	5,184	0	8,449

[1] Excluding goodwill.

€000	Sugar	Starch	Fruit	Consoli-dation	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	1,769,069	450,363	1,025,869	(883,180)	2,362,121
Segment liabilities	899,530	202,728	752,890	(566,016)	1,289,132
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

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

The exceptional items – a net expense of € 19,077 thousand – related to reorganisation measures (€ 4,307 thousand) and to financial irregularities in Mexico (€ 14,770 thousand). The expense is reported in the consolidated income statement within staff costs (€ 2,505 thousand) and other operating expenses (€ 16,572 thousand).

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

[1] Excluding goodwill.

1.2. SEGMENTATION BY REGION

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

€000	2012|13	2011|12
Revenue		
Austria	1,524,219	1,306,761
Hungary	306,763	273,985
Romania	228,706	183,098
Rest of EU	454,113	366,616
EU-27	2,513,801	2,130,460
Rest of Europe (Bosnia-Herzegovina, Russia, Serbia, Turkey, Ukraine)	168,349	135,865
Other foreign countries	383,756	311,306
Total	**3,065,906**	**2,577,631**

Group revenue grew by approximately 18.9% from the prior year. The revenue generated by the Eastern European companies was € 957,514 thousand (prior year: € 763,300 thousand), or about 31.2% 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	2012|13	2011|12
Purchases of property, plant and equipment and intangibles[1]		
Austria	86,587	39,602
Hungary	13,759	13,078
Romania	9,238	3,795
Rest of EU	17,463	15,972
EU-27	127,047	72,447
Rest of Europe (Bosnia-Herzegovina, Russia, Serbia, Turkey, Ukraine)	6,827	10,137
Other foreign countries	15,974	14,509
Total	**149,848**	**97,093**

[1] Excluding goodwill.

2. BASIS OF PREPARATION

AGRANA Beteiligungs-AG (“the Company”) is the parent company and has its registered office at Friedrich-Wilhelm-Raiffeisen-Platz 1, 1020 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 2012|13 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.

The amended IFRS 7 (Financial Instruments: Disclosures – 2010) became effective for AGRANA for the 2012|13 financial year (i.e., its application became mandatory). The amendment to IFRS 7 relates to disclosures on derecognition of transferred financial assets and is not relevant to AGRANA.

The following standards and interpretations either have been adopted by the European Union and will become effective for the 2013|14 financial year or later, or have been issued by the IASB but not yet adopted by the EU. In the latter case, the effective year given in the table represents the expected time of adoption.

Standard/Interpretation		Issued by the IASB	Effective for AGRANA from financial year	Adopted by the EU
IAS 1	Presentation of Financial Statements (Amended)	16 Jun 2011	2013|14	5 Jun 2012
IAS 12	Income Taxes (Amended)	20 Dec 2010	2013|14	11 Dec 2012
IAS 19	Employee Benefits (Revised)	16 Jun 2011	2013|14	5 Jun 2012
IAS 27	Separate Financial Statements (Revised)	12 May 2011	2014|15	11 Dec 2012
IAS 28	Investments in Associates and Joint Ventures (Revised)	12 May 2011	2014|15	11 Dec 2012
IAS 32	Financial Instruments: Presentation (Amended)	16 Dec 2011	2014|15	13 Dec 2012
IFRS 7	Financial Instruments: Disclosures (Amended)	7 Oct 2010	2013|14	13 Dec 2012
IFRS 9	Financial Instruments	16 Dec 2011	2015|16	Not to date
IFRS 10	Consolidated Financial Statements	12 May 2011	2014|15	11 Dec 2012
IFRS 11	Joint Arrangements	12 May 2011	2014|15	11 Dec 2012

Expected impacts on AGRANA

The amendments revise the presentation of items in other comprehensive income by requiring their separation into two categories: Items that may subsequently be reclassified (“recycled”) to profit or loss, and items that will not be so reclassified.

Deferred tax relating to investment property will henceforth be measured on the basis of the presumption that the asset is intended to be sold. The amendment does not have an effect on the consolidated financial statements of AGRANA, as the Group currently does not hold any investment property.

The key change is that actuarial gains and losses require immediate and complete recognition in the current period in other comprehensive income (and thus in equity). 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 the discount rate for the obligation. The required disclosures in the financial statements have also been significantly expanded. The revised 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. AGRANA early-adopted the new way of recognising actuarial gains and losses in 2011|12. From the other changes, adverse effects in the low single-digit million range are expected on balance in pension and partial-retirement provisions.

The standard is renamed from “Consolidated and Separate Financial Statements” to “Separate Financial Statements” and now covers only separate IFRS accounts.

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

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

The amendments lead to expanded disclosures in the notes on instances of netting. No material effects are expected for the AGRANA Group.

The new IFRS 9 standard sets out the classification and measurement requirements for financial assets and liabilities. Work to update the issued standard has already begun. The categories and associated measurement benchmarks are being revised. The existing classification and measurement model of IAS 39 is to be eliminated. The original effective date of IFRS 9 was postponed. The delay results from the fact that the publication of the second phase of IFRS 9 (relating to impairment methodology) and of the third phase (relating to hedge accounting) is still outstanding. 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.

IFRS 10 replaces the guidelines in IAS 27 (Consolidated and Separate Financial Statements) and SIC 12 (Consolidation – Special Purpose Entities) on control and consolidation. IFRS 10 changes the definition of control such that the same criteria will be applied to all companies in determining a relationship of control. Having control now means having exposure or rights to variable returns and the ability to affect those returns through power over an investee. AGRANA does not expect an impact on the consolidated financial statements.

The new standard defines two types of joint arrangements – joint operations and joint ventures. The existing option to account for jointly controlled entities using proportionate consolidation is removed. Partner entities in a joint venture (joint venturers) must now use the equity method of accounting. The accounting rules for parties to joint operations (joint operators) become consistent with the existing accounting treatment of jointly controlled assets and jointly controlled operations. In AGRANA’s consolidated financial statements, seven companies are currently included by proportionate consolidation. The transition to equity accounting will have impacts particularly on the reporting of sales revenue, operating profit before exceptional items, and the balance sheet.

Standard/Interpretation		Issued by the IASB	Effective for AGRANA from financial year	Adopted by the EU
IFRS 12	Disclosure of Interests in Other Entities	12 May 2011	2014|15	11 Dec 2012
IFRS 13	Fair Value Measurement	12 May 2011	2013|14	11 Dec 2012
Various	Annual Improvements Project 2009–2011	17 May 2012	2013|14	27 Mar 2013
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	19 Oct 2011	2013|14	11 Dec 2012

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, 66 (prior year: 63) companies besides the parent were fully consolidated in the Group financial statements and 7 (prior year: 7) companies were proportionately consolidated.

An overview of the fully consolidated and proportionately consolidated entities and other business interests is given beginning on page 143.

The number of companies that were fully or proportionately consolidated changed as follows in the 2012|13 financial year:

	Full consolidation	Proportionate consolidation
At 1 March 2012	63	7
Change in method of inclusion	2	0
First-time inclusion	2	0
Merger	0	0
Deconsolidation	(1)	0
At 28 February 2013	**66**	**7**

Expected impacts on AGRANA

IFRS 12 sets out the required disclosures for entities that report in accordance with IFRS 10 (Consolidated Financial Statements), IFRS 11 (Joint Arrangements) and IAS 28 (Investments in Associates and Joint Ventures). It will have the effect of expanding disclosure requirements.

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 application of the new standard will expand disclosures in the financial statements.

The improvements relate mainly to IAS 1 (Clarification of the requirements for comparative information), IAS 16 (Classification of servicing equipment), IAS 32 (Tax effect of distributions to holders of equity instruments) and IAS 34 (Interim financial reporting and segment information for total assets and liabilities).

IFRIC 20 sets out the accounting requirements for stripping costs in the operation of surface mines. The AGRANA Group does not have operations which fall under the scope of this IFRIC.

First-time inclusion in the consolidated financial statements

- Ybbstaler Fruit Austria GmbH, Kröllendorf/Allhartsberg, Austria
  Activity: Production and marketing of beverage bases, fruit juice concentrates, natural aromas and fruit sweeteners
  Included from: June 2012
  Equity interest: 100%
  Cash portion of historical cost: See “Details of Ybbstaler consolidation” below.

- Ybbstaler Fruit Polska Sp. Z.o.o, Chełm, Poland
  Activity: Production and marketing of beverage bases, fruit juice concentrates, natural aromas and fruit sweeteners
  Included from: June 2012
  Equity interest: 100%
  Cash portion of historical cost: See “Details of Ybbstaler consolidation” below.

Changes in method of inclusion

- AUSTRIA JUICE GmbH (formerly known as YBBSTALER AGRANA JUICE GmbH), Kröllendorf/Allhartsberg, Austria
  Activity: Holding company
  Included from: June 2012
  Nature of change: From “non-consolidated subsidiaries” to “fully consolidated subsidiaries”
  Equity interest: 100%
  Cash portion of historical cost: € 1,000 thousand

The effects of the inclusion of the Ybbstaler companies are described under “Details of the Ybbstaler consolidation” below.

- AGRANA d.o.o., Brčko, Bosnia-Herzegovina
  Activity: Trading of raw sugar and white sugar
  Included from: June 2012
  Nature of change: From "non-consolidated subsidiaries" to "fully consolidated subsidiaries"
  Equity interest: 100%
  Cash portion of historical cost: € 100 thousand
  The inclusion of AGRANA d.o.o. did not give rise to goodwill or negative goodwill.

Deconsolidation

The deconsolidation related to the liquidation of US company Flavors from Florida, Inc., Bartow, Florida, and entailed the disposal of goodwill in the amount of € 1,257 thousand.

Details of Ybbstaler consolidation

The merger of AGRANA Juice Holding GmbH, Gleisdorf, Austria, with Ybbstaler Fruit Austria GmbH, Kröllendorf/Allhartsberg, Austria, closed on 1 June 2012. Until 31 May 2012, AGRANA Juice Holding GmbH, Gleisdorf, Austria, was the parent company for the Group's juice activities.

Since 1 June 2012, the Juice activities are combined in AUSTRIA JUICE GmbH (formerly known as YBBSTALER AGRANA JUICE GmbH), Kröllendorf/Allhartsberg, Austria.

AUSTRIA JUICE GmbH, Kröllendorf/Allhartsberg, Austria, is 50.01% owned by AGRANA and 49.99% owned by RWA Raiffeisen Ware Austria AG ("RWA"), Vienna, Austria, and is fully consolidated in the Group financial statements of AGRANA Beteiligungs-AG.

The merger of AGRANA Juice Holding GmbH and Ybbstaler Fruit Austria GmbH is intended to raise synergies. The goal of AUSTRIA JUICE GmbH is to strengthen international marketing capabilities and thus create further opportunities for growth. The company aims to establish itself as a leading supplier of fruit juice concentrates, fruit purees, beverage bases, natural aromas, as well as not-from-concentrate juices for the downstream beverage industry. The company, which employs about 800 people, has its registered office in Kröllendorf/Allhartsberg, Austria, and operates 15 sites in Austria, Denmark, Germany, Hungary, Poland, Romania, Ukraine and China.

With the closing of the transaction, two Ybbstaler companies and the shares of the AGRANA Juice companies were transferred to AUSTRIA JUICE GmbH. The two Ybbstaler firms (Ybbstaler Fruit Austria GmbH and Ybbstaler Fruit Polska Sp. Z.o.o, which is based in Chełm, Poland) are – directly or indirectly – wholly owned by AUSTRIA JUICE GmbH.

On 1 June 2012, in the course of the business combination, AGRANA acquired 50.01% of the shares of Ybbstaler Fruit Austria GmbH while at the same time ceding 49.99% of the shares of AGRANA Juice Holding GmbH to RWA. As the consideration given by AGRANA consisted of shares of AUSTRIA JUICE GmbH, these represent the purchase cost and are measured at fair value at the acquisition date.

The net assets at initial full consolidation and the goodwill arising on acquisition were as shown below:

€000	Fair value at acquisition date
Non-current assets	23,262
Inventories	41,083
Receivables and other assets	29,751
Cash, cash equivalents and securities	9,625
Current assets	80,459
Total assets	**103,721**
Less non-current liabilities	(2,981)
Less current liabilities	(67,399)
Net assets (i.e., equity)	**33,341**
Less non-controlling interests	(16,843)
Goodwill	6,871
Cost	**23,369**

The following factors led to the recognition of goodwill:

- An appropriate balance of internal production and buying-in with a view to risk mitigation
- Cost synergies in administration
- Completion of the product portfolio
  (fruit juice concentrates, fruit juices, fruit wines, beverage bases, aromas)
- Complementary main geographic markets of the merged companies
- Broader combined customer portfolio
- Transfer of know-how in production technology and quality parameters
- Global presence both in sales and sourcing

Equity attributable to non-controlling interests increased by € 41,648 thousand at the acquisition date. By the date of the release of the consolidated financial statements for publication, the purchase price allocation was final. The net assets additionally identified amounted to € 2,053 thousand before deferred tax. In the financial year under review, during the period from 1 June 2012 to 28 February 2013 the fully consolidated Ybbstaler companies contributed € 100,292 thousand to Group revenue and € 2,273 thousand to Group net profit. If the acquisition had occurred at the beginning of the financial year, the revenue contribution would have been € 133,709 thousand and the contribution to profit for the period would have been € 2,776 thousand. In the 2012|13 financial year, the purchase price allocation had the effect of reducing profit for the period by € 1,030 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., Szabadegyháza, 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	28 Feb 2013	29 Feb 2012
Non-current assets	94,668	99,536
Inventories	26,409	25,571
Receivables and other assets	59,554	79,628
Cash, cash equivalents and securities	17,961	10,055
Current assets	103,924	115,254
Total assets	**198,592**	**214,790**
Equity	92,679	91,129
Non-current liabilities	5,352	10,104
Current liabilities	100,561	113,557
Total equity and liabilities	**198,592**	**214,790**
Revenue	358,580	370,172
Net other (expense)	(331,867)	(336,644)
Profit for the period	**26,713**	**33,528**

3.1. BALANCE SHEET DATE

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

4. CONSOLIDATION METHODS

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

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

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

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

5. CURRENCY TRANSLATION DIFFERENCES

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

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

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

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

		Rate at reporting date		Average rate for year	
€	Currency	28 Feb 2013	29 Feb 2012	1 Mar 2012–28 Feb 2013	1 Mar 2011–29 Feb 2012
Argentina	ARS	6.60	5.82	6.03	5.79
Australia	AUD	1.28	1.24	1.25	1.33
Bosnia-Herzegovina	BAM	1.96	1.96	1.96	1.96
Brazil	BRL	2.59	2.29	2.57	2.33
Bulgaria	BGN	1.96	1.96	1.96	1.96
Czech Republic	CZK	25.64	24.84	25.18	24.74
China	CNY	8.17	8.46	8.12	8.89
Denmark	DKK	7.46	7.44	7.45	7.45
Egypt	EGP	8.94	8.18	8.03	8.26
Fiji	FJD	2.36	2.35	2.31	2.47
Hungary	HUF	295.80	288.71	288.39	283.64
Mexico	MXN	16.76	17.19	16.88	17.41
Morocco	MAD	11.13	11.18	11.09	11.24
Poland	PLN	4.16	4.14	4.16	4.18
Romania	RON	4.36	4.35	4.46	4.25
Russia	RUB	40.08	39.14	39.97	40.85
Serbia	CSD	111.52	110.19	113.85	102.33
South Korea	KRW	1,423.71	1,502.28	1,440.48	1,536.01
South Africa	ZAR	11.76	10.01	10.81	10.21
Turkey	TRY	2.36	2.35	2.32	2.37
USA	USD	1.31	1.34	1.29	1.38
Ukraine	UAH	10.47	10.75	10.32	11.04

6. ACCOUNTING POLICIES

6.1. INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

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

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

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

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

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

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

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

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

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

6.2. GOVERNMENT ASSISTANCE

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

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

6.3. FINANCIAL INSTRUMENTS

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

Financial assets
- Securities, and investments in non-consolidated subsidiaries and outside companies
- 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.

■ Foreign currency receivables are measured at middle rates of exchange in effect at the balance sheet date.

Payables

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

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

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

6.4. INVENTORIES

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

6.5. EMISSION ALLOWANCES

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

6.6. IMPAIRMENT

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

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

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

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

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

6.7. EMPLOYEE BENEFIT OBLIGATIONS

■ The AGRANA Group maintains both defined contribution and defined benefit 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 3.5% (prior year: 4.5%).

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

6.8. OTHER PROVISIONS

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

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

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

6.9. DEFERRED TAXES

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

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

■ Deferred taxes are measured on the basis of legislation in force or enacted at the balance sheet date, in the amount expected to be payable. Future changes in tax rates are taken into account if the change in tax rate has already been enacted in law at the time of preparation of the financial statements.

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

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

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

6.10. RECOGNITION OF REVENUE AND COSTS

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

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

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

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

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

6.11. CRITICAL ASSUMPTIONS AND JUDGEMENTS

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

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

– The impairment testing of goodwill (carrying amount at 28 February 2013: € 227,934 thousand), other intangible assets (carrying amount at 28 February 2013: € 21,404 thousand) and property, plant and equipment (carrying amount at 28 February 2013: € 685,481 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 7.6% to 8.7% (prior year: 9.1% to 9.6%).

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

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

– The measurement of existing retirement and termination benefit obligations (carrying amount at 28 February 2013: € 58,534 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	(3,507)	4,162
Termination benefits	(2,390)	2,745

– The recognition of deferred tax assets (carrying amount at 28 February 2013: € 33,021 thousand) is based on the assumption that sufficient tax income will be realised in the future to utilise tax loss carryforwards.

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

– In determining the amount of other provisions (carrying amount at 28 February 2013: € 44,365 thousand), management exercises judgement as to whether AGRANA is likely to incur an outflow of resources from the obligation concerned and whether the amount of the obligation can be estimated reliably. Provisions are measured at the amount of the likely outflow of resources.

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

7. NOTES TO THE CONSOLIDATED INCOME STATEMENT

Note (1)

7.1. REVENUE

€000	2012|13	2011|12
By nature of activity		
Revenue from sale of finished goods	2,761,091	2,382,924
Revenue from sale of goods purchased for resale	300,998	188,289
Service revenue	3,817	6,418
Total	**3,065,906**	**2,577,631**

The regional analysis of revenue is presented in the Segment reporting section (see page 86).

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

Note (2)

7.2. CHANGE IN INVENTORIES AND OWN WORK CAPITALISED

€000	2012|13	2011|12
Change in inventories of finished and unfinished goods	70,284	187,035
Own work capitalised	4,955	4,208

The increase of € 70,284 thousand in inventories of finished and unfinished goods (prior year: increase of € 187,035 thousand) occurred mainly in the Sugar segment, at an increase of € 24,764 thousand (prior year: increase of € 126,925 thousand), and in the Fruit segment (particularly the juice activities), at an increase of € 40,526 thousand (prior year: increase of € 51,121 thousand).

Note (3)

7.3. OTHER OPERATING INCOME

€000	2012|13	2011|12
Income from		
Insurance benefits and payments for damages	9,438	5,327
Disposal of non-current assets other than financial assets	2,010	314
Rent and leases	1,149	1,174
Beet and pulp cleaning, transport and handling	791	10,672
Derivatives	478	2,885
Services rendered to third parties	134	2,828
Currency translation gains	0	2,961
Other items	15,804	10,747
Total	**29,804**	**36,908**

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

Note (4)

7.4. COST OF MATERIALS

€000	2012|13	2011|12
Costs of		
Raw materials	1,301,633	1,114,154
Consumables and goods purchased for resale	881,995	752,921
Purchased services	50,519	52,680
Total	**2,234,147**	**1,919,755**

Note (5)

7.5. STAFF COSTS

€000	2012|13	2011|12
Wages and salaries	215,711	192,416
Social security taxes	51,978	46,748
Expenses for retirement benefits	1,606	1,790
Expenses for termination benefits	5,012	4,243
Total	**274,307**	**245,197**

Additions to the provisions for retirement and termination are reported in staff costs, without their interest component. Net interest expense of € 2,579 thousand (prior year: € 2,651 thousand) arising from these items is included in net financial items.

In the 2012|13 financial year an expense of € 6,302 thousand (prior year: € 6,617 thousand) was recognised for contributions to government pension plans.

Expenses for termination benefits included € 2,505 thousand of exceptional items.

Average number of employees during the financial year

	2012|13	2011|12
By employee category		
Wage-earning staff	6,007	5,695
Salaried staff	2,361	2,228
Apprentices	81	59
Total	**8,449**	**7,982**
By region		
Austria	1,993	1,812
Hungary	546	475
Romania	740	756
Rest of EU	1,627	1,546
EU-27	4,906	4,589
Rest of Europe (Bosnia-Herzegovina, Russia, Serbia, Turkey, Ukraine)	1,054	1,025
Other foreign countries	2,489	2,368
Total	**8,449**	**7,982**

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

	2012|13	2011|12
Wage-earning staff	156	278
Salaried staff	71	86
Total	**227**	**364**

Note (6)

7.6. DEPRECIATION, AMORTISATION AND IMPAIRMENT

€000	2012|13			2011|12		
	Total	Amortisation, depreciation	Impairment	Total	Amortisation, depreciation	Impairment
Intangible assets	6,693	6,552	141	8,180	8,180	0
Property, plant and equipment	74,718	73,922	796	68,428	68,428	0
Depreciation, amortisation and impairment recognised in operating profit before exceptional items	**81,411**	**80,474**	**937**	**76,608**	**76,608**	**0**
Depreciation, amortisation and impairment recognised in operating profit after exceptional items	**81,411**	**80,474**	**937**	**76,608**	**76,608**	**0**
Financial assets	460	0	460	0	0	0
Depreciation, amortisation and impairment recognised in net financial items	**460**	**0**	**460**	**0**	**0**	**0**
Total	**81,871**	**80,474**	**1,397**	**76,608**	**76,608**	**0**

The impairment charges in the year related mainly to write-downs on machinery in the Sugar segment and on land and buildings in the Fruit segment (in Køge, Denmark). Impairment of financial assets related largely to the write-down on a South American non-consolidated joint venture in the Sugar segment.

Impairment by segment was as follows:

€000	2012|13	2011|12
Sugar segment	1,105	0
Starch segment	18	0
Fruit segment	274	0
Total	**1,397**	**0**

Note (7)

7.7. OTHER OPERATING EXPENSES

€000	2012|13	2011|12
Selling and freight costs	129,324	117,562
Operating and administrative expenses	122,964	112,809
Exceptional items	16,572	1,433
Operating expenses arising from third-party inputs	11,598	11,394
Advertising expenses	7,985	10,542
Research and development expenses (external)	7,772	6,466
Other taxes	7,463	5,952
Rent and lease expenses	7,449	7,304
Reclassification of non-quota sugar	7,295	4,659
Production levy	4,412	4,589
Damage payments	2,697	1,842
Lease expenses	2,673	2,187
Currency translation losses	2,521	0
Derivatives	2,303	234
Losses on disposal of non-current assets	1,627	500
Payments to beet farmers	0	28,600
Other items	28,606	17,158
Total	**363,261**	**333,231**

Internal and external R&D costs totalled € 18,186 thousand (prior year: € 15,139 thousand).

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

The costs incurred in the financial year for external auditor KPMG Austria AG Wirtschaftsprüfungs- und Steuerberatungsgesellschaft were € 584 thousand (prior year: € 320 thousand). Of this total, € 414 thousand related to the audit of the consolidated financial statements (including the audit of the separate financial statements of individual subsidiaries and joint ventures), € 64 thousand was for other assurance services, and € 106 thousand represented other non-audit services.

Note (8)

7.8. OPERATING PROFIT AFTER EXCEPTIONAL ITEMS

€000	2012|13	2011|12
Operating profit before exceptional items	236,900	232,424
Exceptional items	(19,077)	(1,433)
Total	**217,823**	**230,991**

The exceptional items expense of € 19,077 thousand resulted from non-recurring effects in the fruit preparations activities and is reported in the consolidated income statement within staff costs (€ 2,505 thousand) and other operating expenses (€ 16,572 thousand).

Reorganisation measures

In 2012|13, to be able to adapt better and more rapidly to market conditions in Europe – market stagnation, changes in consumer behaviour, and growing concentration in the dairy industry – the two European regions (Western and Central Europe) were combined into one. The six European fruit preparations plants are thus now managed together. In the financial year, € 4,307 thousand was spent for this restructuring (for termination benefits and external consulting regarding process optimisation). The annual savings exceed the non-recurring costs and will unfold their full effect for the first time in the current new financial year.

Irregularities in Mexico

At AGRANA Fruit Mexico, external and internal audit activities uncovered irregularities in financial conduct with adverse effects on the company. AGRANA immediately took organisational and personnel measures and initiated legal action against the managers and staff involved. In addition, AGRANA tightened the system of internal control and set aside provisions for doubtful receivables in the amount of approximately € 14,770 thousand.

Note (9)

7.9. FINANCE INCOME

€000	2012|13	2011|12
Interest income	12,073	10,864
Other finance income		
Share of results of non-consolidated subsidiaries	1,005	1,029
Gains on derivatives	2,786	1,166
Other items	611	153
Total	**16,475**	**13,212**

Interest income by segment was as follows:

€000	2012|13	2011|12
Sugar segment	8,670	9,338
Starch segment	586	331
Fruit segment	2,817	1,195
Total	**12,073**	**10,864**

Note (10)

7.10. FINANCE EXPENSE

€000	2012|13	2011|12
Interest expense	36,075	32,984
Other finance expenses		
Currency translation losses	670	775
Losses from derivatives	2,684	2,369
Other items	4,702	1,819
Total	**44,131**	**37,947**

Interest expense by segment was as follows:

€000	2012|13	2011|12
Sugar segment	6,836	9,817
Starch segment	3,408	3,363
Fruit segment	25,831	19,804
Total	**36,075**	**32,984**

Interest expense includes the interest component of allocations to the provisions for retirement and termination benefits. In the financial year, this interest component was € 2,579 thousand (prior year: € 2,651 thousand).

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

€000	2012|13	2011|12
Net interest (expense)	(24,002)	(22,120)
Currency translation differences	(670)	(775)
Share of results of non-consolidated subsidiaries and outside companies	1,005	1,029
Net (loss) on disposal of non-consolidated subsidiaries and outside companies	(459)	(174)
Other financial items	(3,530)	(2,695)
Total	**(27,656)**	**(24,735)**

Net currency translation differences on financing activities amounted to a loss of € 670 thousand (prior year: loss of € 775 thousand). This represented the balance of a realised gain of € 1,063 thousand (prior year: realised loss of € 2,078 thousand) and an unrealised loss of € 1,733 thousand (prior year: 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	2012|13	2011|12
Current tax expense	39,367	47,990
– *Of which Austrian*	*16,006*	*20,973*
– *Of which foreign*	*23,361*	*27,017*
Deferred tax expense	(5,682)	2,593
– *Of which Austrian*	*(1,2519*	*3,395*
– *Of which foreign*	*(4,431)*	*(802)*
Total tax expense	**33,685**	**50,583**
– *Of which Austrian*	*14,755*	*24,368*
– *Of which foreign*	*18,930*	*26,215*

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

€000	2012|13	2011|12
Increase/(decrease) in deferred tax assets in the consolidated balance sheet	3,257	(1,698)
Decrease in deferred tax liabilities in the consolidated balance sheet	2,898	159
Total change in deferred taxes before changes in scope of consolidation	**6,155**	**(1,539)**
– *Of which from changes in scope of consolidation, recognised directly in equity*	*(406)*	*0*
– *Of which from other changes recognised directly in equity [fair value changes,cash flow hedges, IAS 19, and other]*	*879*	*1,054*
– *Of which from changes recognised in the income statement*	*5,682*	*(2,593)*

Reconciliation of profit before tax to income tax expense

€000	2012|13	2011|12
Profit before tax	190,167	206,256
Standard Austrian tax rate	25%	25%
Nominal tax expense at standard Austrian rate	**47,542**	**51,564**
Tax effect of		
Different tax rates applied on foreign income	(7,602)	(9,103)
Tax-exempt income and tax deductions	(1,590)	(1,554)
Non-tax-deductible expenses and additional tax debits	3,235	1,789
Non-recurring tax (income)/expenses	(4,032)	2,481
Non-temporary differences resulting from consolidation	(3,868)	5,406
Income tax expense	**33,685**	**50,583**
Effective tax rate	**17.7%**	**24.5%**

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, AGRANA Juice Sales & Customer Service GmbH and AUSTRIA Juice GmbH.

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

In the interest of conservative planning, deferred taxes reflect carryforwards of tax losses only to the extent that sufficient taxable profit is likely to be earned over the next five years to utilise the deferred tax assets. € 8,377 thousand (prior year: € 12,692 thousand) of potential tax assets were not recognised. At the balance sheet date there were cumulative unused tax losses of € 37,919 thousand (prior year: € 62,074 thousand).

At the balance sheet date the deferred tax assets and liabilities recognised directly in equity amounted to a net asset of € 4,063 thousand (prior year: € 2,619 thousand).

Note (12)

7.12. EARNINGS PER SHARE

		2012|13	2011|12
Profit for the period attributable to shareholders of the parent (AGRANA Beteiligungs-AG)	€000	149,419	152,360
Average number of shares outstanding		14,202,040	14,202,040
Earnings per share under IFRS (basic and diluted)	€	10.52	10.73
Dividend per share	€	3.60[1]	3.60

Subject to the Annual General Meeting's approval of the proposed allocation of profit for the 2012|13 financial year, AGRANA Beteiligungs-AG will pay a dividend of € 51,127 thousand (prior year: € 51,127 thousand).

[1] Proposal to the Annual General Meeting.

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 € 256,310 thousand (prior year: € 250,115 thousand), or 8.36% of revenue (prior year: 9.70%). The item "other non-cash expenses and income" consisted of, among other items, the unrealised foreign currency translation losses reflected in net financial items, with a positive effect of € 1,733 thousand in this part of the cash flow statement (prior year: translation gains with a negative impact of € 1,303 thousand); a negative effect of € 6,581 thousand from deferred taxes (prior year: positive effect of € 1,539 thousand); a positive impact of € 2,927 thousand from non-cash current taxes (prior year: positive effect of € 18,680 thousand); the positive effect of the non-cash net exceptional items expense of € 19,077 thousand from reorganisation and the irregularities in Mexico (prior year: positive effect of € 1,433 thousand from the unwinding of joint ventures in China); and the deconsolidation of goodwill in Flavors from Florida, Inc., Bartow, Florida, with a positive effect of € 1,257 thousand in this section of the cash flow statement. After changes in working capital, net cash from operating activities was € 204,756 thousand (prior year: € 43,181 thousand).

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

€000	2012|13	2011|12
Interest received	17,555	15,893
Interest paid	33,387	29,838
Tax paid	36,439	29,310
Dividends received	1,005	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, € 136,884 thousand was required to fund the investing activities (prior year: € 97,857 thousand).

Outflows from purchases of property, plant and equipment and intangible assets increased to € 148,973 thousand (prior year: € 96,942 thousand).

Proceeds from disposal of non-current assets were € 2,275 thousand (prior year: € 2,680 thousand).

In the financial year, inflows were recognised from the acquisition of businesses related to the consolidation of Ybbstaler. The inflows resulted from € 9,625 thousand of cash and cash equivalents acquired through the business combination.

Note (15)

8.3. CASH FLOWS FROM FINANCING ACTIVITIES

In the 2012|13 financial year, borrowings increased by a total of € 58,883 thousand (prior year: increase of € 113,405 thousand). Of this, € 31,767 thousand stemmed from the change in scope of consolidation; only € 27,116 thousand of the total thus represented cash inflows.

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 **2012|13**	**Goodwill**	**Concessions, licences, sugar quota, similar rights**	**Total**
Cost			
At 1 March 2012	222,332	86,235	308,567
Currency translation differences	(12)	5	(7)
Changes in scope of consolidation	5,614	(31)	5,583
Additions	0	1,856	1,856
Reclassifications	0	88	88
Disposals	0	(2,167)	(2,167)
At 28 February 2013	**227,934**	**85,986**	**313,920**
Accumulated amortisation and impairment			
At 1 March 2012	0	60,184	60,184
Currency translation differences	0	(30)	(30)
Changes in scope of consolidation	0	(145)	(145)
Amortisation for the period	0	6,552	6,552
Impairment	0	141	141
Reclassifications	0	(4)	(4)
Disposals	0	(2,116)	(2,116)
At 28 February 2013	**0**	**64,582**	**64,582**
Carrying amount at 28 February 2013	**227,934**	**21,404**	**249,338**

€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**
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**

■ The disposals of € 2,167 thousand of non-goodwill intangible assets related primarily to disposals of software (€ 2,166 thousand).

■ The amount of € 5,614 thousand associated with changes in the scope of consolidation represented the net effect of two factors: the addition of the Ybbstaler companies (€ 6,871 thousand) and the disposal of Flavors from Florida, Inc., Bartow, Florida (a negative effect of € 1,257 thousand).

■ 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 € 204,460 thousand (prior year: € 198,858 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 8.2% (prior year: 9.5%) for the Fruit segment, at 8.7% (prior year: 9.6%) for the Starch segment and at 7.6% (prior year: 9.1%) 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. All goodwill reported in the consolidated financial statements was shown to be free of impairment.

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

Note (17)

9.2. PROPERTY, PLANT AND EQUIPMENT

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

€000	Land, leasehold rights and buildings	Technical plant and machinery	Other plant, furniture and equipment	Assets under construction	Total
2011|12					
Cost					
At 1 March 2011	469,404	993,995	171,636	29,588	1,664,623
Currency translation differences	(5,202)	(7,734)	(597)	(271)	(13,804)
Changes in scope of consolidation	1,057	2,353	161	88	3,659
Additions	18,657	22,736	11,574	39,476	92,443
Reclassifications	8,485	15,988	1,819	(26,479)	(187)
Disposals	(3,232)	(2,524)	(2,941)	(44)	(8,741)
Government grants	(8)	(319)	(22)	0	(349)
At 29 February 2012	**489,161**	**1,024,495**	**181,630**	**42,358**	**1,737,644**
Accumulated depreciation and impairment					
At 1 March 2011	251,401	703,026	131,951	536	1,086,914
Currency translation differences	(2,294)	(4,855)	(485)	0	(7,634)
Changes in scope of consolidation	293	926	51	0	1,270
Depreciation for the period	13,700	44,129	10,545	54	68,428
Reclassifications	50	40	0	0	90
Disposals	(2,279)	(2,288)	(2,781)	0	(7,348)
At 29 February 2012	**260,871**	**740,978**	**139,281**	**590**	**1,141,720**
Carrying amount at 29 February 2012	**228,290**	**283,517**	**42,349**	**41,768**	**595,924**

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

€000	2012|13	2011|12
Sugar segment	55,903	25,328
Starch segment	59,081	29,303
Fruit segment	34,864	42,462
Total	**149,848**	**97,093**

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

■ Government grants consisted of investment assistance in Hungary in the Sugar segment.

■ No interest expense was recognised.

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

€000	2012|13	2011|12
Cost	245	246
Less accumulated depreciation and impairment	(62)	(98)
Carrying amount	**183**	**148**

■ 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	2012|13	2011|12
In the subsequent year	3,561	2,446
In years 2 to 5	9,381	4,656
In more than 5 years	6,989	487

■ 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
2012|13			
At 1 March 2012	7,265	104,909	112,174
Currency translation differences	0	3	3
Changes in scope of consolidation	40	1	41
Additions	0	58	58
Impairment	(460)	0	(460)
Disposals	(1,100)	0	(1,100)
Fair value changes under IAS 39	0	293	293
At 28 February 2013	**5,745**	**105,264**	**111,009**
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**

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

- The securities were predominantly securities of Austrian issuers.

- Within disposals of investments, € 1,000 thousand related to AUSTRIA JUICE GmbH, Kröllendorf/Allhartsberg, Austria, and € 100 thousand was associated with AGRANA d.o.o., Brčko, Bosnia-Herzegovina.

- The impairment related largely to the write-down on of a South American non-consolidated joint venture in the Sugar segment.

Note (19)

9.4. RECEIVABLES AND OTHER ASSETS

€000	28 Feb 2013	29 Feb 2012
Trade receivables	315,108	290,760
– *Of which due after more than 1 year*	*14*	*117*
Amounts due from affiliated companies	11,190	22,904
– *Of which due after more than 1 year*	*0*	*30*
Receivable under government grants	6,189	3,800
– *Of which due after more than 1 year*	*6,189*	*0*
Amounts due from associates in the Südzucker group	4,750	2,708
Positive fair value of derivatives	3,446	6,335
Receivable for legacy soil reclamation	1,081	1,650
– *Of which due after more than 1 year*	*863*	*1,432*
Insurance and damage payments	595	655
– *davon Restlaufzeit von mehr als 1 Jahr*	*589*	*646*
Reimbursement receivable under the sugar regime	477	5,374
Security deposits	56	52
Other assets	43,775	39,588
– *Of which due after more than 1 year*	*11,158*	*4,161*
Financial instruments	**386,667**	**373,826**
– *Of which due after more than 1 year*	*18,813*	*6,386*
VAT credits and other tax credits	86,408	99,284
– *Of which due after more than 1 year*	*132*	*172*
Accrued income	9,334	7,408
Prepaid expenses	8,620	18,760
Total	**491,029**	**499,278**
– *Of which due after more than 1 year*	*18,945*	*6,558*

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

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

€000	28 Feb 2013	29 Feb 2012
Carrying amount of trade receivables, gross	326,663	297,914
Less provisions for impairment of trade receivables	(11,555)	(7,154)
Carrying amount, net	**315,108**	**290,760**

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

€000	2012|13	2011|12
Provision at 1 March	7,154	7,895
Currency translation adjustments/Other change	(22)	(289)
Added	6,544	1,159
Used	(748)	(525)
Released	(1,373)	(1,086)
Provision at 28/29 February	**11,555**	**7,154**

The partial release of the provision resulted in interest income of € 21 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.

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

€000	28 Feb 2013	29 Feb 2012
Trade receivables past due and with no impairment provided		
Up to 30 days	32,160	27,568
31 to 90 days	11,432	9,551
More than 90 days	8,056	8,807
Total	**51,648**	**45,926**

Note (20)

9.5. DEFERRED TAX ASSETS

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

€000	28 Feb 2013	29 Feb 2012
Deferred tax assets		
Intangible assets and property, plant and equipment	3,805	9,646
Non-current financial assets (primarily “one-seventh” write-downs on non-consolidated subsidiaries and on outside companies)	9,435	9,188
Inventories	6,002	6,128
Receivables, other assets and accrued income	10,151	1,517
Carryforwards of unused tax losses	6,695	3,510
Retirement, termination and long-service benefit obligations	5,563	4,388
Other provisions and liabilities	6,227	7,567
Total deferred tax assets	**47,878**	**41,944**
Deferred tax assets offset against deferred tax liabilities relating to the same tax authority	(14,857)	(12,180)
Net deferred tax assets	**33,021**	**29,764**

Deferred tax liabilities are detailed in note 27.

Note (21)

9.6. INVENTORIES

€000	28 Feb 2013	29 Feb 2012
Raw materials and consumables	201,688	198,369
Finished and unfinished goods	607,776	500,447
Goods purchased for resale	42,028	69,753
Total	**851,492**	**768,569**

The carrying amount of those inventories measured at fair value less costs to sell was € 48,730 thousand (prior year: € 19,826 thousand).

Write-downs of € 8,939 thousand were recognised on inventories (prior year: € 1,101 thousand).

Note (22)

9.7. SECURITIES

Securities held as current assets had a carrying amount of € 1,198 thousand (prior year: € 1,352 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 82 to 83.

- 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 2012|13 financial year. Retained earnings consist of the available-for-sale reserve, the cash flow hedge reserve, the effects of consolidation-related foreign currency translation, and accumulated profits/losses.

Disclosures on capital management

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

€000	28 Feb 2013	29 Feb 2012
Total equity	1,212,096	1,072,988
Total assets	2,578,248	2,362,121
Equity ratio	**47.0%**	**45.4%**

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

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

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

Note (24)

9.9. PROVISIONS

€000	28 Feb 2013	29 Feb 2012
Provisions for		
Retirement benefits	31,341	29,615
Termination benefits	27,193	23,059
Other	44,365	39,174
Total	**102,899**	**91,848**

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

%	28 Feb 2013	29 Feb 2012
Expected rate of wage and salary increases		
Austria/Europe	0.00–2.50	2.50
Mexico/USA	3.00–6.00	3.50–5.56
Expected rate of pension increases		
Austria/Europe	0.00–2.25	2.00
Mexico/USA	0.00	0.00–4.52
Discount rate		
Austria/Europe	3.50	4.50
Mexico/USA	3.50–6.75	4.50–7.85

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:

%		28 Feb 2013	29 Feb 2012
Expected rate of return on plan assets	Europe:	3.50	4.50
	Mexico:	6.75	7.00

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

€ 665 thousand (prior year: € 990 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	28 Feb 2013	29 Feb 2012	28 Feb 2011	28 Feb 2010	28 Feb 2009
Retirement benefits	38,846	35,729	34,924	36,462	35,780
Termination benefits	27,527	23,432	21,373	20,867	19,147

Historical information on the retirement benefit obligation

€000	28 Feb 2013	29 Feb 2012	28 Feb 2011	28 Feb 2010	28 Feb 2009
Present value of obligation	38,846	35,729	34,924	36,462	35,780
Plan assets	7,505	6,114	5,640	4,767	3,587
Unfunded obligation	31,341	29,615	29,284	31,695	32,193

The provisions showed the following movements:

€000	Retirement benefits	Termination benefits
2012|13		
Provision in balance sheet at 1 March 2012	29,615	23,059
Current service cost	599	1,283
Interest cost	1,547	1,032
Expected income from plan assets	(302)	(1)
Total amount recognised in income statement	1,844	2,314
Changes in scope of consolidation	0	1,456
Benefits paid	(3,252)	(2,491)
Contributions to plan assets	(961)	0
Currency translation differences	17	3
Actuarial loss (OCI)	4,078	2,852
Provision in balance sheet at 28 February 2013	**31,341**	**27,193**
Past service cost	0	311
Fair value of plan assets	7,505	23
Present value of obligation at 28 February 2013	**38,846**	**27,527**

€000	Retirement benefits	Termination benefits
2011|12		
Provision in balance sheet at 1 March 2011	29,284	21,350
Current service cost	580	851
Interest cost	1,666	985
Expected income from plan assets	(256)	(2)
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)	2,251	1,645
Provision in balance sheet at 29 February 2012	**29,615**	**23,059**
Past service cost	0	350
Fair value of plan assets	6,114	23
Present value of obligation at 29 February 2012	**35,729**	**23,432**

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 € 1,085 thousand (prior year: loss of € 587 thousand).

€000	28 Feb 2013	29 Feb 2012	28 Feb 2011	28 Feb 2010	28 Feb 2009
Experience adjustments	(1,085)	(587)	(1,226)	(1,418)	(3,272)

The movement in plan assets was as follows:

€000	2012|13	2011|12
Fair value of plan assets at 1 March	6,114	5,640
Currency translation differences	1	(3)
Actual income/(expenses) from plan assets	429	(177)
Employer contributions to plan assets	961	654
Fair value of plan assets at 28/29 February	**7,505**	**6,114**

The plan assets consist primarily of investments in an external pension fund. The investments within this pension fund consisted of 56% bonds (prior year: 62%), 32% equities (prior year: 15%) and 12% other assets (prior year: 22%).

Note (24b)

b) Other provisions

€000	Recultivation	Staff costs including long-service awards	Uncertain liabilities	Total
2012|13				
At 1 March 2012	3,820	12,343	23,011	39,174
Currency translation differences	0	10	(132)	(122)
Changes in scope of consolidation	0	479	244	723
Used	(84)	(2,591)	(3,781)	(6,456)
Released	(27)	(1,761)	(6,820)	(8,608)
Added	88	7,127	12,439	19,654
At 28 February 2013	**3,797**	**15,607**	**24,961**	**44,365**
– *Of which due within 1 year*	*28*	*6,195*	*22,963*	*29,186*
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*

Of the total other provisions, € 15,179 thousand (prior year: € 12,397 thousand) were classified as non-current liabilities and € 29,186 thousand (prior year: € 26,777 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 (€ 2,995 thousand; prior year: € 1,507 thousand), beet transitional storage costs charged by VÖR (Vereinigung der österreichischen Rübenbauernorganisationen, the umbrella organisation of Austrian beet farmers) (€ 3,973 thousand; prior year: € 3,566 thousand), and other risk provisions (€ 4,320 thousand; prior year: € 3,580 thousand).

Note (25) 9.10. BORROWINGS

€000	28 Feb 2013	Of which due in Up to 1 year	1 to 5 years	More than 5 years	29 Feb 2012	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	484,407	*235,781*	*164,461*	*84,165*	473,827	*271,866*	*178,893*	*23,068*
Borrowings from affiliated companies in the Südzucker group	250,000	*70,000*	*180,000*	*0*	200,000	*70,000*	*30,000*	*100,000*
Lease liabilities	183	*21*	*162*	*0*	148	*19*	*129*	*0*
Borrowings	**734,590**	***305,802***	***344,623***	***84,165***	**673,975**	***341,885***	***209,022***	***123,068***
Securities (non-current assets)	(105,264)				(104,909)			
Securities (current assets)	(1,198)				(1,352)			
Cash and cash equivalents	(144,409)				(98,504)			
Net debt	**483,719**				**469,210**			

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

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

€000	28 Feb 2013	29 Feb 2012
Mortgage liens	702	703
Other liens	7,900	19,391
Total	**8,602**	**20,094**

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

Note (26) 9.11. TRADE AND OTHER PAYABLES

€000	28 Feb 2013	Of which due in Up to 1 year	More than 1 year	29 Feb 2012	Of which due in Up to 1 year	More than 1 year
Trade payables	313,462	*313,462*	*0*	299,397	*299,397*	*0*
Amounts due to affiliated companies in the Südzucker group	50,661	*50,661*	*0*	52,267	*52,267*	*0*
Financial other payables	86,257	*83,974*	*2,283*	93,261	*91,248*	*2,013*
Non-financial other payables	23,324	*23,324*	*0*	26,553	*26,553*	*0*
– *Of which deferred income*	*4,890*	*4,890*	*0*	*5,238*	*5,238*	*0*
– *Of which prepayments*	*242*	*242*	*0*	*964*	*964*	*0*
– *Of which other tax*	*12,549*	*12,549*	*0*	*15,384*	*15,384*	*0*
– *Of which social security*	*5,643*	*5,643*	*0*	*4,967*	*4,967*	*0*
Total	**473,704**	***471,421***	***2,283***	**471,478**	***469,465***	***2,013***

Trade payables included obligations to beet growers of € 122,787 thousand (prior year: € 127,728 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	28 Feb 2013	29 Feb 2012
Deferred tax liabilities		
Non-current assets	15,845	15,951
Inventories	2,653	1,978
Receivables, other assets and accrued income	1,730	2,627
Untaxed reserves in separate financial statements	6,155	6,070
Provisions and other liabilities	2,829	2,807
Total deferred tax liabilities	**29,212**	**29,433**
Deferred tax assets offset against deferred tax liabilities relating to the same tax authority	(14,857)	(12,180)
Net deferred tax liabilities	**14,355**	**17,253**

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). See table on page 125.

Bank loans and overdrafts, other loans from non-Group entities (excluding finance leases) and amounts due to affiliated companies amounted to € 734,407 thousand (prior year: € 673,827 thousand) and carried interest at an average rate of 2.63% (prior year: 3.21%). 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.

	Average effective interest rate 2012|13	2011|13	28 Feb 2013	Of which due in Up to 1 year	1 to 5 years	More than 5 years	29 Feb 2012	Of which due in Up to 1 year	1 to 5 years	More than 5 years
	%	%	€000	€000	€000	€000	€000	€000	€000	€000
Fixed rate										
EUR	3.54	3.80	284,982	*4,336*	*238,541*	*42,105*	233,589	*42,593*	*69,488*	*121,508*
	3.54	**3.80**	**284,982**	***4,336***	***238,541***	***42,105***	**233,589**	***42,593***	***69,488***	***121,508***
Variable rate										
ARS	20.61	0.00	690	*690*	*0*	*0*	0	*0*	*0*	*0*
BAM	4.70	5.35	254	*254*	*0*	*0*	344	*344*	*0*	*0*
CNY	5.94	6.10	11,125	*9,901*	*1,224*	*0*	5,980	*5,980*	*0*	*0*
EGP	8.00	8.18	1,180	*1,180*	*0*	*0*	397	*397*	*0*	*0*
EUR	1.21	2.12	364,052	*218,492*	*103,500*	*42,060*	340,493	*199,633*	*139,300*	*1,560*
GBP	0.00	1.56	0	0	0	0	1	*1*	*0*	*0*
HUF	6.33	7.65	30,924	*30,924*	*0*	*0*	46,691	*46,691*	*0*	*0*
KRW	4.34	5.22	5,268	*5,268*	*0*	*0*	3,328	*3,328*	*0*	*0*
PLN	4.60	5.54	22,072	*22,072*	*0*	*0*	7,306	*7,306*	*0*	*0*
MXN	10.50	6.25	5,125	*3,929*	*1,196*	*0*	20,763	*20,763*	*0*	*0*
USD	1.88	1.61	8,735	*8,735*	*0*	*0*	14,935	*14,830*	*105*	*0*
	2.05	**2.87**	**449,425**	***301,445***	***105,920***	***42,060***	**440,238**	***299,273***	***139,405***	***1,560***
Total	**2.63**	**3.21**	**734,407**	***305,781***	***344,461***	***84,165***	**673,827**	***341,866***	***208,893***	***123,068***

The fixed interest portion of bank loans and overdrafts and amounts due to affiliated companies was € 284,982 thousand (prior year: € 233,589 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, € 702 thousand (prior year: € 703 thousand) of bank loans and overdrafts were secured by mortgage liens and € 7,900 thousand (prior year: € 19,391 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 € 45,905 thousand to € 144,409 thousand. In addition, there were securities in the amount of € 1,198 thousand (prior year: € 1,352 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, arising especially from changes in commodity prices for sugar in the world market, energy and grain prices, and selling prices for sugar and ethanol.

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

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

	Notional principal amount		Fair value	
€000	28 Feb 2013	29 Feb 2012	28 Feb 2013	29 Feb 2012
Purchase USD	65,547	4,711	(1,307)	105
Sale USD	30,205	6,637	(758)	13
Purchase AUD	388	403	1	(4)
Purchase CZK	15,288	15,898	(290)	130
Purchase HUF	30,274	18,548	(896)	740
Sale HUF	7,485	0	73	0
Purchase PLN	58,538	95,833	518	3,037
Sale PLN	9,294	1,000	(22)	(10)
Purchase DKK	0	1,211	0	0
Sale GBP	1,467	0	80	0
Currency derivatives	218,486	144,241	(2,601)	4,011
Interest rate derivatives	125,117	171,439	(8,000)	(6,165)
Commodity derivatives	43,606	66,546	(345)	(5,856)
Total	**387,209**	**382,226**	**(10,946)**	**(8,010)**

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

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

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

Fair value changes of derivatives employed to hedge future cash flows (cash flow hedges) are initially recognised directly in equity. Only when the cash flows are realised are the value changes recognised in profit or loss. The fair value of cash flow hedges at 28 February 2013 was a liability of € 368 thousand (prior year: liability of € 3,616 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.

		28 Feb 2013		29 Feb 2012	
€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	20,264	20,264	19,909	19,909
Securities (non-current)		**105,264**	**105,264**	**104,909**	**104,909**
Investments in non-consolidated subsidiaries and outside companies	Available-for-sale financial assets	278	278	278	278
Investments in non-consolidated subsidiaries and outside companies	Available-for-sale financial assets (at cost)	5,467	5,467	6,987	6,987
Investments in non-consolidated subsidiaries and outside companies, and loan receivables (non-current assets)		**5,745**	**5,745**	**7,265**	**7,265**
Trade receivables	Loans and receivables	315,108	315,108	290,760	290,760
Other financial assets[1]	Loans and receivables	68,113	68,113	76,731	76,731
Derivative financial assets	Derivatives at fair value through equity (hedge accounting)	2,101	2,101	3,495	3,495
Derivative financial assets	Derivatives at fair value through profit or loss (held for trading)	1,345	1,345	2,840	2,840
Trade receivables and other assets		**386,667**	**386,667**	**373,826**	**373,826**
Securities (current)	Available-for-sale financial assets	1,198	1,198	1,352	1,352
Securities (current)		**1,198**	**1,198**	**1,352**	**1,352**
Cash and cash equivalents	Loans and receivables	**144,409**	**144,409**	**98,504**	**98,5047**
Total		**643,283**	**643,283**	**585,856**	**585,856**

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

		28 Feb 2013		29 Feb 2012	
€000	**Measurement category under IAS 39**	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Financial liabilities					
Bank loans and overdrafts, and other loans from non-Group entities	Liabilities at (amortised) cost	484,407	490,342	473,827	476,513
Borrowings from affilated companies in the Südzucker group	Liabilities at (amortised) cost	250,000	257,508	200,000	205,390
Borrowings		**734,407**	**747,850**	**673,827**	**681,903**
Trade payables	Liabilities at (amortised) cost	313,462	313,462	299,397	299,397
Other payables[1]	Liabilities at (amortised) cost	122,526	122,526	131,183	131,183
Derivative liabilities	Derivatives at fair value through equity (hedge accounting)	2,469	2,469	0	0
Derivative liabilities	Financial liabilities at fair value through profit or loss (held for trading)	11,923	11,923	14,345	14,345
Trade and other payables		**450,380**	**450,380**	**444,925**	**444,925**
Total		**1,184,787**	**1,198,230**	**1,118,752**	**1,126,828**

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

	28 Feb 2013		29 Feb 2012	
€000	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Total by measurement category under IAS 39				
Available-for-sale financial assets	21,740	21,740	21,539	21,539
Available-for-sale financial assets (at cost)	90,467	90,467	91,987	91,987
Loans and receivables	527,630	527,630	465,994	465,994
Liabilities at (amortised) cost	(1,170,395)	(1,183,838)	(1,104,407)	(1,112,483)
Derivatives at fair value through equity (hedge accounting)	(368)	(368)	3,495	3,495
Financial assets/liabilities at fair value through profit or loss (held for trading)	(10,578)	(10,578)	(11,505)	(11,505)

[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
2012|13				
Securities (non-current)	Available-for-sale financial assets	20,264	0	0
Securities (current)	Available-for-sale financial assets	1,198	0	0
Investments in non-consolidated subsidiaries and outside companies (non-current)	Available-for-sale financial assets	0	0	278
Financial assets available-for-sale		**21,462**	**0**	**278**
Derivative assets	Derivatives at fair value through equity (hedge accounting)	0	2,101	0
Financial assets at fair value through equity		**0**	**2,101**	**0**
Derivative assets	Financial assets at fair value through profit or loss (held for trading)	0	1,345	0
Financial assets at fair value through profit or loss (held for trading)		**0**	**1,345**	**0**
Financial assets at fair value		**21,462**	**3,446**	**278**
Derivative liabilities	Derivatives at fair value through equity (hedge accounting)	0	2,469	0
Financial liabilities at fair value through equity		**0**	**2,469**	**0**
Derivative liabilities	Financial liabilities at fair value through profit or loss (held for trading)	0	11,923	0
Financial liabilities at fair value through profit or loss (held for trading)		**0**	**11,923**	**0**
Financial liabilities at fair value		**0**	**11,923**	**0**

€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 (hedge accounting)	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 assets 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**

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
2012|13								
Net interest income/(expense)	0	0	6,177	(19,039)	0	(12,862)	0	(12,862)
Interest on derivatives	0	0	0	0	(8,561)	(8,561)	0	(8,561)
Interest component of retirement benefit provisions	0	0	0	0	0	0	(2,579)	(2,579)
Total net interest income/(expense)	0	0	6,177	(19,039)	(8,561)	(21,423)	(2,579)	(24,002)
Share of results of non-consolidated subsidiaries and outside companies	546	0	0	0	0	546	0	546
Total share of results of non-consolidated subsidiaries and outside companies	546	0	0	0	0	546	0	546
Currency translation losses	0	0	0	(670)	0	(670)	0	(670)
Total other net financial items	0	0	0	(3,632)	0	(3,632)	0	(3,632)
Net financial items from derivatives	0	0	0	0	102	102	0	102
Total net financial items	0	0	0	(4,302)	102	(4,200)	0	(4,200)
Total net gains/(losses) in net financial items	**546**	**0**	**6,177**	**(23,341)**	**(8,459)**	**(25,077)**	**(2,579)**	**(27,656)**
Net loss on derivatives	0	0	(1,401)	0	0	(1,401)	0	(1,401)
Currency translation losses	0	0	0	0	(2,521)	(2,521)	0	(2,521)
Impairment loss on receivables	0	0	(4,401)	0	0	(4,401)	0	(4,401)
Impairment loss on other assets	0	0	(6,643)	0	0	(6,643)	0	(6,643)
Total net (losses) in operating profit before exceptional items	**0**	**0**	**(12,445)**	**0**	**(2,521)**	**(14,966)**	**0**	**(14,966)**
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)**

"Total other net financial items" included financing costs of € 2,590 thousand not amortised over the term of the financing using the effective interest method.

The consolidated financial statements include impairment charges of € 1,587 thousand on other current assets and of € 5,056 thousand on other non-current assets. Also included are impairment charges of € 7,695 thousand on current prepayments to suppliers.

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 € 501,668 thousand (prior year: € 541,352 thousand) to credit risk consisted of the carrying amounts of all receivables and other current assets plus contingent liabilities, and was equivalent to the carrying amount of these instruments. AGRANA does not consider the actual credit risk to be material.

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

Liquidity risk

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

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

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

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

The following maturity profile shows the effects of the cash outflows from liabilities as at 28 February 2013 on the Group's liquidity situation. All cash outflows are undiscounted.

					Contractual payment outflows			
€000	Carrying amount	Total	Up to 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years
28 February 2013								
Borrowings								
Bank loans and overdrafts, and other loans from non-Group entities	484,407	511,588	243,451	72,182	9,258	45,689	52,816	88,192
Borrowings from affiliated companies in the Südzucker group	250,000	271,615	76,550	34,953	54,692	3,558	101,862	0
Obligations under finance leases	183	200	22	178	0	0	0	0
	734,590	**783,403**	**320,023**	**107,313**	**63,950**	**49,247**	**154,678**	**88,192**
Trade and other payables								
Trade payables	313,462	313,462	313,462	0	0	0	0	0
Other financial obligations	136,918	136,918	134,635	2,283	0	0	0	0
– Of which interest rate derivatives	*8,000*	*8,000*	*8,000*	*0*	*0*	*0*	*0*	*0*
– Of which currency derivatives	*3,413*	*3,413*	*3,413*	*0*	*0*	*0*	*0*	*0*
– Of which commodity derivatives	*1,000*	*1,000*	*1,000*	*0*	*0*	*0*	*0*	*0*
– Of which other derivatives	*1,979*	*1,979*	*1,979*	*0*	*0*	*0*	*0*	*0*
	450,380	**450,380**	**448,097**	**2,283**	**0**	**0**	**0**	**0**

€000	Carrying amount	Contractual payment outflows: 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**

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

€000	Carrying amount	Contractual payment outflows: Total	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
Total	**76,228**	**72,744**	**50,456**	**22,288**	**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. Since the 2011|12 financial year, to measure and control these risks, 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:

€000	Value-at-Risk from borrowings 28 Feb 2013	Value-at-Risk from borrowings 29 Feb 2012	Value-at-Risk from operating receivables/payables 28 Feb 2013	Value-at-Risk from operating receivables/payables 29 Feb 2012
Sum of absolute net positions of the currency pairs	224,734	213,413	169,014	93,588
Value-at-Risk diversified	8,862	10,401	9,975	3,885

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

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

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

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

For active hedging of risks, the AGRANA Group mainly uses forward foreign exchange contracts. In the financial year under review, forward foreign exchange contracts were employed to hedge revenue, purchasing commitments and foreign currency borrowings totalling a gross € 374,850 thousand (prior year: € 367,596 thousand) against exchange rate fluctuation. The following currencies were hedged:

	2012|13		2011|12	
'000	Hedged currency	EUR	Hedged currency	EUR
Hungarian forint (HUF)	21,980,932	75,225	27,504,889	97,683
US dollar (USD)	195,307	152,077	192,787	137,015
Czech koruna (CZK)	582,212	23,222	178,616	7,464
Romanian leu (RON)	104,603	22,901	123,527	29,799
Polish zloty (PLN)	412,024	94,332	380,197	92,693
Australian dollar (AUD)	1,320	1,050	793	457
Danish krone (DKK)	14,150	1,903	18,520	2,485
British pound (GBP)	2,692	3,269	0	0
Canadian dollar (CAD)	1,230	871	0	0
Total		**374,850**		**367,596**

Interest rate risk

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

Risks from potential changes in interest rates are reported on an "at risk" basis. AGRANA distinguishes between Cash-Flow-at-Risk (CFaR) for variable rate borrowings and Value-at-Risk (VaR) for changes in market interest rates on fixed rate borrowings.

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

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

€000	28 Feb 2013	29 Feb 2012
Net position of variable interest borrowings	449,425	418,237
Cash-Flow-at-Risk diversified	3,069	2,147
Net position of fixed interest borrowings	280,808	233,737
Value-at-Risk upon change in interest rates	10,039	8,424

The floating rate borrowings are subject to interest rate risk. To hedge against this risk, interest rate swaps were entered into for a portion of the borrowings, thus achieving fixed interest rates on this portion.

Commodity price risk

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

At the balance sheet date the Group had open commodity derivative contracts to purchase 4,064 tonnes of raw sugar in Eastern Europe (prior year: 16,510 tonnes), to sell 23,500 tonnes of white sugar (prior year: 20,500 tonnes), to purchase 55,100 tonnes of wheat for the Austrian bioethanol production facility (prior year: 63,900 tonnes), to sell 26,960 tonnes of gasoline (prior year: 59,730 tonnes), and to purchase 7,500 tonnes of corn (prior year: no derivatives). These positions represented an aggregate contract amount of € 43,606 thousand (prior year: € 66,545 thousand) and, based on the underlying closing prices, had a negative fair value of € 345 thousand (prior year: positive fair value of € 5,997 thousand).

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

	28 Feb 2013		29 Feb 2012	
€000	**Sensitivity if 10% higher**	**Sensitivity if 10% lower**	**Sensitivity if 10% higher**	**Sensitivity if 10% lower**
Change in value of commodity derivatives	4,043	(4,557)	5,918	(5,015)
– *Of which through equity*	*7,201*	*272*	*3,424*	*(3,424)*

Legal risks

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

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

As noted in previous annual reports, antitrust investigations were initiated in the 2009|10 financial year into AGRANA's sugar business in Hungary. In December 2012 this inquiry was closed by the Hungarian competition authority. In 2009|10 the Slovak competition authority opened an investigation into, among others, the local AGRANA sugar company. However, to date no further steps have been taken.

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

10.5. CONTINGENT LIABILITIES AND COMMITMENTS

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

€000	28 Feb 2013	29 Feb 2012
Guarantees	27,937	41,073
Warranties, cooperative liabilities	1,647	1,649
Contingent liabilities	**29,584**	**42,722**

Guarantees issued on behalf of related companies amounted to € 14,363 thousand (prior year: € 15,082 thousand).

The guarantees are not expected to be utilised.

Commitments were as presented in the table below:

€000	28 Feb 2013	29 Feb 2012
Present value of lease payments due within 5 years	12,942	7,102
Commitments for the purchase of property, plant and equipment	21,403	41,760
Commitments	**34,345**	**48,862**

11. EVENTS AFTER THE BALANCE SHEET DATE

No other significant events occurred after the balance sheet date of 28 February 2013 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-Beteiligungsgesellschaft m.b.H., Vienna, as shareholders of AGRANA Zucker, Stärke und Frucht Holding AG, Vienna. AGRANA's consolidated financial statements are included in the consolidated accounts of Südzucker AG Mannheim/Ochsenfurt.

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

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

€000	Indirect shareholders	Companies with significant influence	Joint ventures (50%)	Total
2012|13				
Revenue	241,558	0	18,528	260,086
Credit relationships	(251,254)	(46,478)	10,102	(287,630)
Participation capital	0	91,462	0	91,462
Bank balances	0	16,137	0	16,137
Net interest (expense)/income	(7,227)	2,550	269	(4,408)
Guarantees issued	8,200	87,958	20,908	117,066
Guarantees utilised	5,590	40,863	19,171	65,624
2011|12				
Revenue	127,948	0	10,390	138,338
Credit relationships	(200,233)	(111,474)	24	(311,683)
Participation capital	0	91,464	0	91,464
Bank balances	0	37,138	0	37,138
Net interest (expense)/income	(7,772)	1,771	135	(5,866)
Guarantees issued	8,200	99,458	30,719	138,377
Guarantees utilised	6,164	84,023	29,802	119,989

At the balance sheet date, borrowings from related parties amounted to € 297,732 thousand (prior year: € 311,707 thousand); these borrowings were on normal commercial terms. Of this total, € 195,475 thousand represented non-current borrowings (prior year: € 160,087 thousand).

With related parties, there were current net trade payables of € 32,035 thousand from the sale and purchase of goods (prior year: net receivables of € 35,773 thousand).

In respect of joint venture partners, there were other receivables of € 116 thousand (prior year: € 154 thousand).

The remuneration of the members of the Management Board of AGRANA Beteiligungs-AG totalled € 2,983 thousand (prior year: € 2,584 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 € 1,508 thousand (prior year: € 1,109 thousand). The performance-based elements of the compensation are linked to the amount of the dividend to be paid for the financial year completed. The Management Board member of AGRANA Beteiligungs-AG appointed on the basis of the syndicate agreement between Südzucker AG Mannheim/Ochsenfurt, Mannheim, Germany, and Zucker-Beteiligungsgesellschaft m.b.H., Vienna, does not receive compensation for serving in this capacity.

On 2 July 2012 the Annual General Meeting approved an annual aggregate remuneration for the Supervisory Board of € 200 thousand (prior year: € 200 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 2012|13 financial year, pension fund contributions of € 684 thousand (prior year: € 690 thousand) were paid, while € 848 thousand (prior year: € 783 thousand) was added to provisions for pension obligations within the balance sheet item "other provisions". An amount of € 3,285 thousand (prior year: € 2,437 thousand) was recognised in the balance sheet at 28 February 2013.

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 142.

On 29 April 2013 the Management Board of AGRANA Beteiligungs-AG released the consolidated financial statements for review by the Supervisory Board and the Audit Committee and for presentation to the Annual General Meeting and subsequent publication. The Supervisory Board has responsibility for reviewing the consolidated financial statements and stating whether it approves them.

Vienna, 29 April 2013

Johann Marihart
Chief Executive Officer

Fritz Gattermayer
Member of the Management Board

Walter Grausam
Member of the Management Board

Thomas Kölbl
Member of the Management Board

LIST OF MEMBERS OF AGRANA'S BOARDS

MANAGEMENT BOARD

Johann Marihart
Chief Executive Officer

Fritz Gattermayer
Member

Walter Grausam
Member

Thomas Kölbl
Member

SUPERVISORY BOARD

Christian Konrad
Chairman

Wolfgang Heer
First Vice-Chairman

Erwin Hameseder
Second Vice-Chairman

Jochen Fenner
Member

Hans-Jörg Gebhard
Member

Ernst Karpfinger
Member

Thomas Kirchberg
Member

Josef Pröll
Member

Employee representatives

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

Gerhard Glatz

Stephan Savic

Peter Vymyslicky

SUBSIDIARIES AND BUSINESS INTERESTS AT 28 FEBRUARY 2013

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

Name of company	City/town	Country	Equity interest	
			Direct	Indirect
AGRANA Beteiligungs-AG (the parent company)	Vienna	Austria	–	–
I. Subsidiaries				
Fully consolidated subsidiaries				
AGRANA AGRO SRL	Roman	Romania	–	100.00%
AGRANA BIH Holding GmbH	Vienna	Austria	–	75.00%
AGRANA Bioethanol GmbH	Vienna	Austria	–	74.90%
AGRANA Bulgaria AD	Sofia	Bulgaria	–	100.00%
AGRANA BUZAU SRL	Buzău	Romania	–	100.00%
AGRANA d.o.o.	Brčko	Bosnia-Herzegovina	–	100.00%
AGRANA Fruit Argentina S.A.	Buenos Aires	Argentina	–	99.99%
AGRANA Fruit Australia Pty Ltd.	Central Mangrove	Australia	–	100.00%
AGRANA Fruit Austria GmbH	Gleisdorf	Austria	–	100.00%
AGRANA Fruit Brasil Indústria, Comércio, Importacao e Exportacao Ltda.	São Paulo	Brazil	–	77.91%
AGRANA Fruit Brasil Participacoes Ltda.	São Paulo	Brazil	–	99.99%
AGRANA Fruit Dachang Co., Ltd.	Dachang	China	–	100.00%
AGRANA Fruit Fiji Pty Ltd.	Sigatoka	Fiji	–	100.00%
AGRANA Fruit France S.A.	Paris	France	–	100.00%
AGRANA Fruit Germany GmbH	Konstanz	Germany	–	100.00%
AGRANA Fruit Istanbul Gida Sanayi ve Ticaret A.S.	Zincirlikuyu	Turkey	–	100.00%
AGRANA Fruit Korea Co. Ltd.	Seoul	South Korea	–	100.00%
AGRANA Fruit Latinoamerica S. de R.L. de C.V.	Michoacán	Mexico	–	99.99%
AGRANA Fruit Luka TOV	Vinnytsia	Ukraine	–	99.97%
AGRANA Fruit México, S.A. de C.V.	Michoacán	Mexico	–	100.00%
AGRANA Fruit Polska SP z.o.o.	Ostrołęka	Poland	–	100.00%
AGRANA Fruit S.A.S.	Paris	France	–	100.00%
AGRANA Fruit Services GmbH	Vienna	Austria	–	100.00%
AGRANA Fruit Services Inc.	Brecksville	USA	–	100.00%
AGRANA Fruit Services S.A.S.	Paris	France	–	100.00%
AGRANA Fruit South Africa (Proprietary) Ltd.	Cape Town	South Africa	–	100.00%
AGRANA Fruit Ukraine TOV	Vinnytsia	Ukraine	–	99.80%
AGRANA Fruit US, Inc.	Brecksville	USA	–	100.00%
AGRANA Group-Services GmbH	Vienna	Austria	–	100.00%
AGRANA Internationale Verwaltungs- und Asset-Management GmbH	Vienna	Austria	–	100.00%
AGRANA J&F Holding GmbH	Vienna	Austria	98.91%	1.09%
AGRANA Juice Denmark A/S	Køge	Denmark	–	50.01%
AGRANA Juice Holding GmbH	Gleisdorf	Austria	–	50.01%
AGRANA Juice Magyarorzság Kft.	Vásárosnamény	Hungary	–	50.01%
AGRANA Juice Poland Sp. z.o.o.	Białobrzegi	Poland	–	50.01%
AGRANA Juice Romania Vaslui s.r.l.	Vaslui	Romania	–	50.01%
AGRANA Juice Sales & Customer Service GmbH	Gleisdorf	Austria	–	50.01%
AGRANA Juice Sales & Marketing GmbH	Bingen	Germany	–	50.01%
AGRANA Juice Service & Logistik GmbH	Bingen	Germany	–	50.01%
AGRANA Juice Ukraine TOV	Vinnytsia	Ukraine	–	50.01%
AGRANA JUICE (XIANYANG) CO., LTD	Xianyang City	China	–	50.01%
AGRANA Magyarország Értékesitési Kft.	Budapest	Hungary	–	100.00%
AGRANA Marketing- und Vertriebsservice Gesellschaft m.b.H.	Vienna	Austria	100.00%	–

Name of company	City/town	Country	Equity interest	
			Direct	Indirect
Agrana Nile Fruits Processing S.A.E.	Qalyoubia	Egypt	–	51.00%
AGRANA Stärke GmbH	Vienna	Austria	98.91%	1.09%
AGRANA TANDAREI SRL	Țăndărei	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%	–
AUSTRIA JUICE GmbH	Kröllendorf/ Allhartsberg	Austria	–	50.01%
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.	Paris	France	–	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	–	87.59%
Moravskoslezské Cukrovary A.S.	Hrušovany	Czech Republic	–	97.66%
o.o.o. AGRANA Fruit Moscow Region	Serpuchov	Russia	–	100.00%
S.C. A.G.F.D. Tandarei s.r.l.	Țăndărei	Romania	–	99.99%
S.C. AGRANA Romania S.A.	Bukarest	Romania	–	91.33%
Slovenské Cukrovary s.r.o.	Sereď	Slovakia	–	100.00%
Ybbstaler Fruit Austria GmbH	Kröllendorf/ Allhartsberg	Austria	–	50.01%
Ybbstaler Fruit Polska Sp. Z.o.o	Chełm	Poland	–	50.01%
Yube d.o.o.	Požega	Serbia	–	100.00%
Non-consolidated subsidiaries				
AGRANA Skrob s.r.o.	Hrušovany	Czech Republic	–	100.00%
Reporting date: 31 Dec 2012 | Equity: € 38.9 thousand | Profit for the period: € 38.8 thousand				
Company for trade and services AGRANA-STUDEN Serbia d.o.o. Beograd	Belgrade	Serbia	–	100.00%
Reporting date: 31 Dec 2012 | Equity: € 37.1 thousand | Loss for the period: € 211.8 thousand				
Dr. Hauser Gesellschaft m.b.H.	Hamburg	Germany	–	100.00%
Reporting date: 28 Feb 2013 | Equity: € 92.7 thousand | Loss for the period: € 4.9 thousand				
Hungaro Ybbstal Kft	Veszprém	Hungary	–	100.00%
Reporting date: 31 Dec 2012 | Equity: € 58.0 thousand | Loss for the period: € 2.9 thousand				
Österreichische Rübensamenzucht Gesellschaft m.b.H.	Vienna	Austria	–	86.00%
Reporting date: 30 Apr 2012 | Equity: € 1,339.0 thousand | Loss for the period: € 238.2 thousand				
PERCA s.r.o.	Hrušovany	Czech Republic	–	100.00%
Reporting date: 31 Dec 2012 | Equity: € 428.8 thousand | Profit for the period: € 48.1 thousand				
SC Ybbstaler Frucht Romania srl	Oradea	Romania	–	100.00%
Reporting date: 31 Dec 2012 | Equity: € 12.9 thousand | Loss for the period: € 15.5 thousand				
"Tremaldi" Beteiligungsverwaltung GmbH	Vienna	Austria	–	100.00%
Reporting date: 31 Dec 2012 | Equity: € 21.8 thousand | Loss for the period: € 2.5 thousand				
Ybbstal Getränkegrundst. VertriebsgmbH	Munich	Germany	–	100.00%
Reporting date: 31 Dec 2012 | Equity: € 72.3 thousand | Profit for the period: € 13.9 thousand				
Zuckerforschung Tulln Gesellschaft m.b.H.	Vienna	Austria	100.00%	–
Reporting date: 31 Dec 2012 | Equity: € 3,965.8 thousand | Profit for the period: € 1,600.9 thousand				

Name of company	City/town	Country	Equity interest Direct	Equity interest Indirect
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. *Reporting date: 31 Dec 2012 | 100%: Equity: € 2,119.2 thousand | Profit for the period: € 171.5 thousand*	Brčko	Bosnia-Herzegovina	–	50.00%
AGRAGOLD d.o.o. *Reporting date: 31 Dec 2012 | 100%: Equity: € 847.1 thousand | Profit for the period: € 120.3 thousand*	Zagreb	Croatia	–	50.00%
AGRAGOLD dooel Skopje *Reporting date: 31 Dec 2012 | 100%: Equity: € 56.0 thousand | Profit for the period: € 8.0 thousand*	Skopje	Macedonia	–	50.00%
AGRAGOLD trgovina d.o.o. *Reporting date: 31 Dec 2012 | 100%: Equity: € 627.2 thousand | Profit for the period: € 143.5 thousand*	Ljubljana	Slovenia	–	50.00%
SCO STUDEN & CO. BRASIL EXPORTACAO E IMPORTACAO LTDA. *Reporting date: 31 Dec 2012 | 100%: Equity: € –13.3 thousand | Loss for the period: € 1.2 thousand*	São Paulo	Brazil	–	37.75%

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the accompanying consolidated financial statements of AGRANA Beteiligungs-Aktiengesellschaft, Vienna, for the year from 1 March 2012 to 28 February 2013. These consolidated financial statements comprise the consolidated statement of financial position as of 28 February 2013, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the fiscal year ending on 28 February 2013 and the notes, comprising a summary of significant accounting policies and other explanatory information.

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 in accordance with International Standards on Auditing, issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC). Those standards require that we comply with professional guidelines and that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion
Our audit did not give rise to any objections. In our opinion, which is based on the results of our audit, the consolidated financial statements comply with legal requirements and give a true and fair view of the financial position of the Group as of 28 February 2013 and of its financial performance and its cash flows for the year from 1 March 2012 to 28 February 2013 in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU.

REPORT ON THE MANAGEMENT REPORT FOR THE GROUP

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

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

Vienna, 29 April 2013

KPMG Austria AG
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

signed by:

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

(Austrian Chartered Accountants)

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

STATEMENT BY THE MEMBERS OF THE MANAGEMENT BOARD

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

- the consolidated financial statements of AGRANA Beteiligungs-AG for the year ended 28 February 2013, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, give a true and fair view of the financial position, results of operations and cash flows of the AGRANA Group;

- the Group management report for the 2012|13 financial year presents the business performance, financial results and situation of the AGRANA Group so as to provide a true and fair view of the Group's financial position, results of operations and cash flows, together with a description of the principal risks and uncertainties faced by the Group.

Vienna, 29 April 2013

Johann Marihart
Chief Executive Officer

Fritz Gattermayer
Member of the Management Board

Walter Grausam
Member of the Management Board

Thomas Kölbl
Member of the Management Board

OTHER INFORMATION 2012/13

PARENT COMPANY INCOME STATEMENT
FOR THE YEAR ENDED 28 FEBRUARY 2013
UNDER AUSTRIAN COMMERCIAL CODE (UGB)
AGRANA BETEILIGUNGS-AG

€000	2012|13	2011|12
1. Revenue	71	69
2. Other operating income	37,478	34,245
3. Staff costs	(19,511)	(18,065)
4. Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	(1,418)	(1,569)
5. Other operating expenses	(24,096)	(23,295)
6. Operating (loss) [subtotal of items 1 to 5]	**(7,476)**	**(8,615)**
7. Income from investments in subsidiaries and other companies	53,825	53,825
– Of which from subsidiaries: € 53,820 thousand (prior year: € 53,820 thousand)		
8. Income from other non-current securities	5,207	5,215
9. Other interest and similar income	4,761	1,312
– Of which from subsidiaries: € 4,606 thousand (prior year: € 1,307 thousand)		
10. Income from valuation gains on non-current financial assets	1,211	0
11. Expenses from non-current financial assets	(1,661)	0
– Of which from impairment: € 1,661 thousand (prior year: € 0)		
– Of which from subsidiaries: € 1,661 thousand (prior year: € 0)		
12. Expenses from non-current financial assets and from current securities	(440)	0
13. Interest and similar expense	(2,815)	(2)
14. Net financial items [subtotal of items 7 to 13]	**60,089**	**60,350**
15. Profit before tax [subtotal of items 1 to 14]	**52,612**	**51,735**
16. Income tax credit	81	808
17. Profit for the period	**52,693**	**52,543**
18. Profit brought forward from prior year	3,612	2,196
19. Net profit available for distribution	**56,305**	**54,739**

PARENT COMPANY BALANCE SHEET AT 28 FEBRUARY 2013

UNDER AUSTRIAN COMMERCIAL CODE (UGB)

AGRANA BETEILIGUNGS-AG

€000	28 February 2013	29 February 2012
ASSETS		
A. Non-current assets		
I. Intangible assets	1,584	1,641
II. Property, plant and equipment	1,587	1,047
III. Non-current financial assets	617,941	489,135
	621,112	**491,823**
B. Current assets		
I. Receivables and other assets	140,767	140,031
II. Cash and bank balances	198	84
	140,965	**140,115**
Total assets	**762,077**	**631,938**
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	56,305	54,739
– Of which brought forward from prior year: € 3,612 thousand (prior year: € 2,196 thousand)		
	592,433	**590,867**
B. Provisions		
I. Provisions for retirement, termination and long-service benefit obligations	3,520	3,013
II. Provisions for tax and other liabilities	32,046	25,505
	35,565	**28,518**
C. Payables		
I. Borrowings	110,087	0
II. Other payables	23,993	12,553
	134,079	**12,553**
Total equity and liabilities	**762,077**	**631,938**
Contingent liabilities	320,211	465,821

PROPOSED APPROPRIATION OF PROFIT
UNDER AUSTRIAN COMMERCIAL CODE (UGB)
AGRANA BETEILIGUNGS-AG

	2012|13
	€
The financial year to 28 February 2013 closed with the following net profit available for distribution	56,304,834
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	5,177,490
	56,304,834

A

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

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

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

B

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

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

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.

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.*

Emission: Generally signifies the release of noxious substances such as pollutants or greenhouse gases into the environment. A typical example are car exhaust fumes.

Enzymes: Enzymes are protein molecules acting as catalysts by accelerating chemical reactions. For example, enzymes break up starch into dextrose molecules. They thus play an important role in fermentation. *See fermentation.*

Ethanol: Ethanol is a form of alcohol and is a clear, flammable liquid. It is also known as pure alcohol, grain alcohol or drinking alcohol, and is found in drinks such as wine and beer. In recent years, ethanol has acquired great importance outside the beverage industry as a biofuel referred to as bioethanol. *See bioethanol.*

EU Biofuels Directive: The so-called Biofuels Directive of the European Parliament and European Council dated 26 March 2009 regulates the use of biofuels and other renewable fuels (for example, wind and solar energy, geothermal and hydropower) in the transport sector. The Directive specifies the percentage of renewable fuels within total fuel consumption, but does not prescribe how these targets must be reached (blending of biogenic with fossil fuels, or use of alternative fuels). Under the Directive, fuels defined as biogenic include bioethanol, biodiesel, biogas, biomethanol, biodimethyl ether, bio-ETBE, bio-MTBE, synthetic biofuels and pure plant oils.

EU energy allocation method: In life cycle analysis, greenhouse gas emissions can be allocated to bioethanol and its by-products using the so-called substitution method or the energy allocation method. The substitution method is suitable for political analyses under the specifications of the EU. The energy allocation method is to be used for regulatory purposes as well as for calculating emissions of individual producers and fuels.

EU sugar regime: *See sugar regime.*

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.

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.

ISO (International Organisation for Standardisation): The International Organisation for Standardisation (widely known as ISO) is the leading international association of national standard-setting bodies and develops international standards in all areas but electricity and electronics, which are the responsibility of the International Electrotechnical Commission (IEC), and telecommunication, which is the province of the International Telecommunication Union (ITU). Together, these three organisations form the World Standards Cooperation, or WSC.

Isoglucose: Isoglucose, a liquid, is a sweetener based on starch that has been converted to sugar. At a fructose content of 42%, it has the same sweetness as sugar and is therefore used as a sugar substitute. The fructose content can be raised to as much as 55% through further process stages. Isoglucose is manufactured from grains, especially corn.

M

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

Marketing year for grains: This period runs from July to June of the following year.

Molasses: Sweet, dark-brown by-product of sugar manufacturing, with the consistency of syrup. It still contains about 50% sugar, which cannot be further crystallised. Molasses is used predominantly in the manufacture of yeast and alcohol, and as a cattle feed supplement.

Minimum price for sugar beet: The EU sugar regime sets a minimum price for quota beets specific to a certain delivery stage and quality standard. For other delivery terms or quality levels, price adjustments are made.

Modified starch: Modified starches are obtained by physical, enzymatic or chemical processes and are starch products that meet higher technological requirements. Important properties remain intact after modification. Modified starches are used in the food industry and in industrial applications where they are superior to natural starch in qualities such as stability against heat and acidity, shear strength, and freezing and thawing properties. Modified starches used as food additives must be declared as such if they are chemically changed. Otherwise – if modified physically (through heat or pressure) or enzymatically – they are considered food ingredients and have no E number.

N

Native starch: *See starch.*

Non-quota sugar: Under the EU sugar regime, non-quota sugar is sugar that exceeds the production quota. This can be marketed as industrial (non-food) sugar for use primarily in the chemical or pharmaceutical industry (e.g., to produce yeast, citric acid and vitamins), or can be exported into non-EU countries or carried over to the next sugar marketing year.

P

Prime Market: A subsegment of the "equity market.at" market segment of the Vienna Stock Exchange. The Prime Market comprises the shares of companies admitted to listing in the Official Market or Second Regulated Market and meeting the special additional requirements for admission to the Prime Market. These securities are traded via the Xetra trading system using the Continuous Trading procedure, in conjunction with auctions.

Production levy: The production levy for sugar quotas is € 12 per tonne. From the 2007|08 sugar marketing year, up to one-half of the levy can be paid by the sugar beet farmers. For isoglucose, the amount of the levy is 50% of that for sugar. The production levy is an administrative tax paid to the EU.

Production quota: *See sugar quota.*

Q

Quota: *See sugar quota.*

Quota sugar: The amount of sugar produced and marketed in the course of a sugar marketing year within the allotted production quota.

Quota sugar beets: The amount of sugar beet necessary to fully utilise the production quota for sugar.

R

Raw sugar: Raw sugar is a semi-finished form of cane sugar (or of beet sugar) in which the sugar crystals are not yet completely freed from the adhering non-sugar materials, which give it its brown colour.

Reference price: The reference price set in the EU sugar regime for EU quota sugar is used to find the minimum prices for sugar beets and does not have any direct effect on the market price, which is determined by supply and demand.

Refining: The term "refining" in its general sense refers to a technical process for the cleaning, processing, separation or concentration of raw materials. In the case of sugar, it means the de-coloration of brown raw sugar (from sugar cane or sugar beet) through repeated recrystallisation.

S

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 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.

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

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.

AGRANA Annual Report 2012|13: reports.agrana.com

AGRANA BETEILIGUNGS-AG

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Forward-looking statements
This annual report contains forward-looking statements, which are based on assumptions and estimates made by the Management Board of AGRANA Beteiligungs-AG. Although these assumptions, plans and projections represent the Management Board’s current intentions and best knowledge, a large number of internal and external factors may cause actual future developments and results to differ materially from these assumptions and estimates. Some examples of such factors are, without limitation: negotiations concerning world trade agreements; changes in the overall economic environment, especially in macroeconomic variables such as exchange rates, inflation and interest rates; EU sugar policy; consumer behaviour; and public policy related to food and energy. AGRANA Beteiligungs-AG does not guarantee in any way that the actual future developments and actual future results achieved will match the assumptions and estimates expressed or made in this annual report, and does not accept any liability in the event that assumptions and estimates prove to be incorrect.

As a result of the standard round-half-up convention used in rounding individual amounts and percentages, this report may contain minor, immaterial rounding errors.

PERFORMANCE INDICATORS AND THEIR MEANING

AGRANA GROUP (UNDER IFRS)

Abbreviation if any	**Indicator** *Definition*		**2012|13**	**2011|12**
	Borrowings *= Bank loans and overdrafts, and other loans from non-Group entities* *+ borrowings from affiliated companies* *+ lease liabilities*	€000	734,590	673,975
CE	Capital employed *= (PP&E + intangibles including goodwill) + working capital I*	€000	1,766,471	1,617,553
	Dividend yield *= Dividend per share ÷ closing share price*	%	3.5	4.3
EBITDA	Earnings before interest, tax, depreciation and amortisation *= Operating profit* *+ depreciation and amortisation (before exceptional items)*	€000	318,311	309,032
EBITDA margin	*= EBITDA × 100 ÷ revenue*	%	10.4	12.0
EPS	Earnings per share *= Profit/(loss) for the period ÷ number of shares outstanding*	€	10.52	10.73
	Equity ratio *= Equity ÷ total assets*	%	47.0	45.4
EVS	Equity value per share *= Equity attributable to shareholders of the parent* *÷ number of shares outstanding*	€	79.3	73.2
FCF	Free cash flow *= Net cash flow from/used in operating activities* *+ net cash from/used in investing activities*	€000	67,872	(54,676)
	Gearing *= Net debt ÷ total equity × 100*	%	39.9	43.7
	Intangible assets including goodwill	€000	249,338	248,383
	Net debt *= Borrowings less (cash + cheques + other bank deposits* *+ current securities + non-current securities)*	€000	483,719	469,210
	Operating margin = Operating profit before exceptional items × 100 ÷ revenue	%	7.7	9.0
	Operating profit before exceptional items *= Earnings before interest, tax and exceptional items*	€000	236,900	232,424
P/E	Price/earnings ratio *= Closing share price at financial year end ÷ earnings per share*		9.6	7.8
PP&E	Property, plant and equipment	€000	685,481	595,924
ROCE	Return on capital employed *= Operating profit before exceptional items ÷ capital employed*	%	13.4	14.4
ROS	Return on sales = Profit/(loss) before tax × 100 ÷ revenue	%	6.2	8.0
WC I	Working capital I *= Inventories + trade receivables + other assets* *– current provisions – current prepayments received* *– trade payables – other payables*	€000	831,652	773,246

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