AGRANA

THE COMPLETE PACKAGE: SYNERGIES

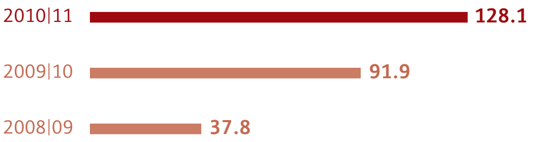
CONTENTS:
ANNUAL REPORT
2010/2011

REVENUE

€m

OPERATING PROFIT BEFORE EXCEPTIONAL ITEMS

€m

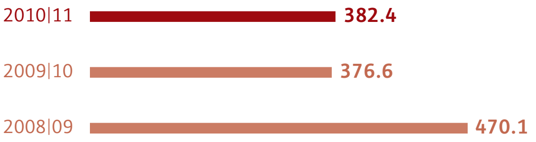


EQUITY

€m

NET DEBT

€m



FINANCIAL CALENDAR FOR 2011|12

13 May 2011	Press conference on annual results for 2010|11
01 July 2011	Annual General Meeting for 2010|11
06 July 2011	Dividend payment and ex-dividend date
14 July 2011	Results for first quarter of 2011|12
13 October 2011	Results for first half of 2011|12
12 January 2012	Results for first three quarters of 2011|12

KEY FINANCIALS
(BASED ON IFRS)

		2010|11	2009|10	2008|09	2007|08	2006|07[1]
FINANCIAL PERFORMANCE[2]						
Revenue	€m	2,165.9	1,989.2	2,026.3	1,892.3	1,915.8
EBITDA	€m	207.2	176.2	119.2	184.5	187.5
EBITDA margin	%	9.6	8.9	5.9	9.8	9.8
Operating profit before exceptional items [EBIT]	€m	128.1	91.9	37.8	111.4	107.0
Operating margin before exceptional items	%	5.9	4.6	1.9	5.9	5.6
Operating profit after exceptional items[3]	€m	128.1	86.9	34.6	101.5	105.8
Profit/(loss) before tax	€m	109.1	87.4	(32.4)	73.1	93.5
Profit/(loss) for the period	€m	86.7	72.7	(15.9)	63.8	71.1
Attributable to shareholders of the parent	€m	84.5	72.2	(11.6)	64.3	68.9
Attributable to non-controlling interests	€m	2.2	0.5	(4.3)	(0.5)	2.2
Operating cash flow before changes in working capital	€m	169.3	149.6	97.2	140.8	150.5
Purchases of property, plant and equipment and intangibles[4]	€m	55.9	48.4	73.8	207.7	157.4
Purchases of non-current financial assets	€m	0.1	0.9	1.7	3.4	5.6
Staff count[5]		8,243	7,927	8,244	8,140	8,223
Return on sales	%	5.0	4.4	(1.6)	3.9	4.9
Return on capital employed	%	9.3	6.9	2.8	8.2	8.6
SHARE DATA AT LAST DAY OF FEBRUARY						
Closing price	€	79.20	71.56	47.50	72.09	76.00
Earnings per share	€	5.95	5.08	(0.82)	4.53	4.85
Dividend per share	€	2.40[6]	1.95	1.95	1.95	1.95
Dividend yield	%	3.0[6]	2.7	4.1	2.7	2.6
Dividend payout ratio	%	40.3[6]	38.4	Neg.	43.1	40.2
Price/earnings ratio		13.3	14.1	Neg.	15.9	15.7
Market capitalisation	€m	1,124.8	1,016.3	674.6	1,023.8	1,079.4
FINANCIAL STRENGTH						
Total assets	€m	1,992.2	1,887.9	1,996.2	2,203.9	1,931.7
Share capital	€m	103.2	103.2	103.2	103.2	103.2
Non-current assets	€m	981.8	962.2	978.0	1,018.4	933.3
Equity	€m	970.7	904.7	825.9	922.1	895.5
Equity ratio	%	48.7	47.9	41.4	41.8	46.4
Net debt	€m	382.4	376.6	470.1	567.7	339.4
Gearing (net debt to total equity)	%	39.4	41.6	56.9	61.6	37.9

[1] As a result of a change in year end in the Fruit segment, the 2006|07 financial year represented a period of 14 months.
[2] More detailed information concerning the calculation of individual performance indicators can be found on page 132.
[3] Exceptional items include restructuring.
[4] Excluding goodwill.
[5] In the entire report, any references to staff, employees and other synonyms for these terms refer equally to female and male employees. The staff count represents the average number of employees for the financial year.
[6] Dividend proposal to the Annual General Meeting on 1 July 2011.

ANNUAL REPORT 2010|11

YEAR ENDED 28 FEBRUARY 2011
AGRANA BETEILIGUNGS-AG

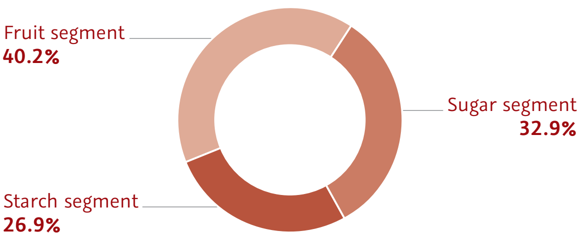
THE REWARDS OF SYNERGY – AGRANA'S PERFORMANCE IN 2010|11 FINANCIAL YEAR

- Historic highs in revenue and in pre-exceptionals operating profit
- Revenue growth of 8.9% to € 2,165.9 million (prior year: € 1,989.2 million) on higher volumes
- Improvement of 39.4% in operating profit before exceptional items, to € 128.1 million (prior year: € 91.9 million)
- Increase in operating margin to 5.9% (prior year: 4.6%)
- Return on capital employed of 9.3% (prior year: 6.9%)
- Improvement of 19.3% in profit for the period, to € 86.7 million (prior year: € 72.7 million)
- Earnings per share of € 5.95 (prior year: € 5.08)
- Equity ratio of 48.7% (prior year: 47.9%)
- Net debt of € 382.4 million only up slightly (prior year: € 376.6 million)
- Improved gearing of 39.4% (prior year: 41.6%)
- Dividend proposal to AGM: € 2.40 per share (prior year: € 1.95)
- AGRANA included in VÖNIX Sustainability Index

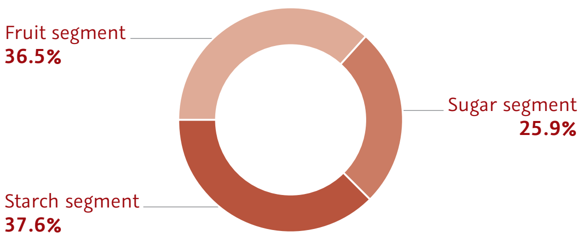
AGRANA QUICK FACTS

- Leading sugar manufacturer in Central, Eastern and Southeastern Europe
- Major manufacturer of custom starch products in Europe and largest producer of bioethanol in Austria and Hungary
- World market leader in the production of fruit preparations
- One of the largest producers of fruit juice concentrates in Europe
- 8,243 employees worldwide
- 52 production sites in 25 countries around the world

REVENUE BY SEGMENT IN 2010|11



OPERATING PROFIT BEFORE EXCEPTIONAL ITEMS BY SEGMENT IN 2010|11



AGRANA PROFILE

AGRANA is a globally operating processor of agricultural raw materials, with its Sugar, Starch and Fruit segments manufacturing high-quality foods and many intermediate products for the downstream food industry as well as for non-food applications. With about 8,200 employees at 52 production sites on five continents, the Group generated revenue of almost € 2.2 billion in the 2010|11 financial year. AGRANA was established in 1988 and has been quoted on the Vienna Stock Exchange since 1991. Its financial year is 1 March to 28 or 29 February.

Many AGRANA products are an integral part of daily life for people everywhere. The diverse portfolio extends from sugar for foods, to starch for food and industrial uses, to bioethanol as a sustainable, lower-CO_2 fuel, to fruit juice concentrates and fruit preparations for yoghurts.

AGRANA BETEILIGUNGS-AG
Revenue in 2010|11: € 2,165.9m

SUGAR SEGMENT Revenue in 2010|11: € 713.1m	**STARCH SEGMENT** Revenue in 2010|11: € 583.2m	**FRUIT SEGMENT** Revenue in 2010|11: € 869.6m
AGRANA Zucker GmbH	AGRANA Stärke GmbH	AGRANA Fruit S.A.S.
		AGRANA Juice Holding GmbH

52 production sites in 25 countries

10 production sites	5 production sites	37 production sites

8,243 employees in total

2,245 employees	880 employees	5,118 employees

BUSINESSES

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

The **Sugar** segment represents AGRANA's original core business. Sugar products 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 such as "Wiener Zucker" in Austria and "Koronás Cukor" in Hungary, AGRANA offers a wide range of sugars and sugar specialty products for consumers.

Starch is the Group's second core business. 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 fuel with a reduced CO_2 footprint, is part of the Starch segment.

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

VISION AND STRATEGY

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

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

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

DIFFERENTIATION FROM COMPETITORS

AGRANA aims to distinguish itself from competitors by high product quality and exceptional service. AGRANA is creative, flexible, dedicated and always seeking new markets for its products. The company's innovative power and research and development work, together with the tailoring of new products to customer requirements, drive AGRANA's leadership in the marketplace.

AGRANA IN THE STOCK MARKET

AGRANA went public in 1991 in Vienna. Since 2002 the company has been listed in the Prime Market segment. Südzucker AG Mannheim/Ochsenfurt, based in Mannheim, Germany, and Zucker-Beteiligungsgesellschaft m.b.H., based in Vienna, together hold 75.5% of the share capital (through Z&S Zucker und Stärke Holding AG, Vienna). Of the free float of 24.5%, Prudential plc, based in London, United Kingdom, holds more than 50%.

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

CORPORATE GOVERNANCE

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

The members of the Management Board of AGRANA are:

- Johann Marihart,
  Chief Executive Officer since 1992
- Fritz Gattermayer,
  Member of the Management Board since 2009
- Walter Grausam,
  Member of the Management Board since 1995
- Thomas Kölbl,
  Member of the Management Board since 2005

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

ENVIRONMENT, SUSTAINABILITY AND PEOPLE

AGRANA strives to honour its obligations to society in all business areas and in every respect. Harmony between business success and environmental and social responsibility is an important principle at AGRANA. In the environmental dimension, sustainability as a daily practice is an integral aspect of the Group's philosophy. AGRANA aims for the most circular flow of resources possible, by utilising by-products and leveraging the latest environment-friendly technologies. The joining of SEDEX in 2009 and the inclusion in the VÖNIX Sustainability Index in 2010 are proof of AGRANA's social responsibility in action.

FOOD AND PRODUCT SAFETY

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


AGRANA

THE COMPLETE PACKAGE: VALUE ADDED

CONTENTS:
SYNERGIES IN PROCESSING

AGRANA's aim is to minimise the dependence of its results on raw material markets as much as possible. This is achieved by adding value through processing, while raising synergies within and between all three segments. This makes AGRANA a stronger company and provides critical competitive advantage.

Dear Investor,

It is a pleasure to report to you on 2010|11 – a record year. Despite an extremely volatile business environment, we were able to boost revenue by 8.9% to about € 2.2 billion. Operating profit before exceptional items jumped to € 128.1 million, an increase of 39.4% from the previous year.

Purposeful investment in our production capacity in Hungary, in our starch business in Austria, in the bioethanol activities and in the sugar and fruit businesses laid the foundation for the significant sales volume growth in the year behind us. This positive volume trend will continue to drive business performance in the year ahead.

This was the best year in our history – *AGRANA weathered the volatility in markets, and thrived.*

The powerful volatility in world market prices for agricultural raw materials was one of our greatest challenges last year. The dual key to success was to reflect purchasing price increases swiftly in selling prices, and to realise substantial cost savings through internal organisational and structural changes. These measures also allowed us to adjust more rapidly and nimbly to the changing market conditions and significantly increase efficiency. Thus, the interchange and coordination between the various business segments and departments was enhanced. In sales, for example, we stepped up the cross-selling between segments, and in purchasing and logistics we combined our internal activities to gain economies of scale.

In effect, last year we made AGRANA more closely integrated and synergistic, heightening the Group’s flexibility and efficiency in adapting to the increasingly complex environment in which we operate. Risk diversification through a good balance between our three equally vital business segments was and remains extremely important to us.

SUGAR SEGMENT

For the sugar market, the financial year under review – the first in which the new regulatory environment created by the reform of the EU sugar regime applied in the form effective until 2015 – brought a recovery in prices in the EU. Our non-quota sugar sales quantities saw gratifying growth. As well, particularly in the second half of the year, the world market price was well above European levels.

Revenue in the Sugar segment for the 2010|11 financial year grew by 4.2% to € 713.1 million. The segment’s operating profit before exceptional items, at € 33.1 million, more than doubled from the prior year, as did the operating margin, which rose to 4.6%. AGRANA will continue efforts to strengthen its competitiveness and increase regional market penetration.

STARCH SEGMENT

Sales volumes in the Starch segment as well expanded in the year for all groups of core products and by-products. The market trend in all sectors was characterised by strong demand. The business performance in the bioethanol operations was also very positive.

With revenue growth of 16.8% to € 583.2 million and a 17.3% increase in operating profit to € 48.2 million, Starch was AGRANA's fastest-growing segment. Starch also again achieved the highest operating margin of any of our segments, at 8.3%. We will continue to invest in the starch manufacturing operations to eliminate production bottlenecks and enable us to take full advantage of the demand growth.

FRUIT SEGMENT

AGRANA is the world market leader in fruit preparations and a leading manufacturer of fruit juice concentrates in Europe. Especially in the concentrate activities, our performance improved in the reporting period. We expect the planned new joint venture with Ybbstaler Fruit Austria GmbH to significantly enlarge our capacity in fruit juice production and trading and further raise the efficiency of the AGRANA Group.

In 2010|11 we grew Fruit segment revenue by 7.9% to € 869.6 million. Operating profit before exceptional items reached € 46.7 million. The operating margin also widened, from 4.4% in the prior year to 5.4%. Our goal in Fruit is to increase worldwide market penetration and cement our market position with made-to-measure products.

OUTLOOK

Synergy has been the common theme running through all our business areas and activities in recent years. In the 2011|12 financial year we will continue along this path, building on the experience already gained. For instance, the even greater use of by-products is to further boost efficiency and sustainability. A good example is the construction of a new wheat starch factory at the site of the bioethanol plant in Pischelsdorf, Austria. The raw material residues from the production of wheat starch and of gluten will be utilised to produce bioethanol.

After three financial years of focused, but modest, capital expenditure, this year we plan to invest about € 100 million, mainly in sustainable expansions of production and in projects that raise our energy efficiency. Nonetheless, I expect we will be able to hold the level of the Group's debt steady. With these investments, the greater efficiency and flexibility, and the knowledge and capabilities gained through our continuous learning curve and development in the past several years, we will further advance the sales and profit growth in all our segments. Against this backdrop, the Management Board intends to propose at the coming Annual General Meeting to increase the dividend to € 2.40 per share.

In 2011 AGRANA celebrates its twentieth year as a publicly traded company. Alongside the opening of the Iron Curtain, the international expansion of the Group and Austria's accession to the European Union, AGRANA's going public surely stands as one of the major milestones in the company's history. The demands of the capital market, particularly as to transparency and corporate governance, shape a listed company and its culture, and I believe this is a good thing. I also appreciate our stable shareholder structure, which has been and will continue to be very helpful in overcoming problems during the Group's more difficult periods.

On behalf of the whole Management Board, I would like to thank our employees for their commitment and loyalty; our commercial partners, for the good business relationships; and our shareholders, for their confidence and trust.

Sincerely

Johann Marihart
Chief Executive Officer

THE COMPLETE PACKAGE: STRATEGY

CONTENTS:
SYNERGY AS STRATEGY

AGRANA's recipe for success – to use synergies well – has proved its worth, especially in difficult economic times. For us it means taking advantage of all opportunities for cost reductions right across the individual segments of Sugar, Starch and Fruit.

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

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

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

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

SUGAR SEGMENT STRATEGY

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

In the Sugar segment, AGRANA is ideally positioned as a supplier in the Central, Eastern and Southeastern European countries. Through high quality standards, an extensive sugar portfolio and the building of the Group's regional brands, AGRANA differentiates itself from the competition.

STARCH SEGMENT STRATEGY

The strategic goals: Organic 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 starches (not derived from genetically modified organisms) for the food industry and, in the non-food sector, the leadership role in specialty starches for the paper, textile, cosmetics, pharmaceutical and building materials industries. AGRANA's core competence – processing agricultural raw materials into industrial products – is also the basis for the bioethanol business. In Austria and Hungary, AGRANA is a leading vendor of this lower-CO_2 fuel.

FRUIT SEGMENT STRATEGY

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

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

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

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

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

SYNERGY STRATEGY

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

The synergy strategy can be thought of as encompassing the three individual segments' strategies, and also includes the sustainability dimension. For AGRANA, the environmental and the financial aspect of sustainability are inseparably linked. The Group's aim is to manage its business for the long term and avoid an excessive focus on short-term financial success. This is one of the reasons why AGRANA believes in managing natural resources sustainably.Prominent examples of the best possible, sustainable utilisation of raw materials are the recently launched CO_2 recovery project and a new wheat starch plant being built in Pischelsdorf, Austria, where the multi-stage, synergistic processing of agricultural raw materials will put into practice the principle of maximising the circular flows of resources.

CAPITAL MARKET STRATEGY

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

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


AGRANA

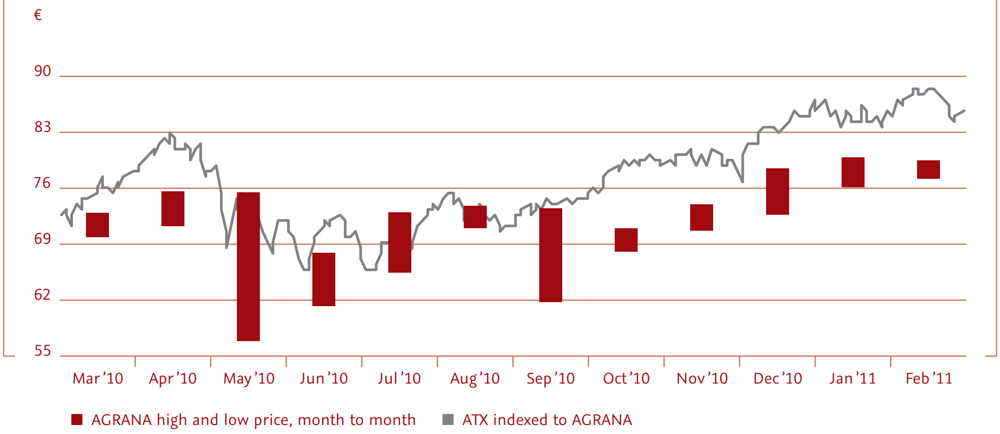
SUGAR BEET FIELD IN LOWER AUSTRIA

THE COMPLETE PACKAGE: RAW MATERIALS

CONTENTS:
SYNERGIES IN SOURCING

Nowhere is AGRANA's strategy more valuable than in the sensitive area of raw material sourcing. Our business is strongly driven by non-controllable market developments. Synergies in purchasing for all three segments create headroom and place AGRANA in a position of advantage.

AGRANA SHARE PERFORMANCE 2010|11



Key share information

ISIN code: AT0000603709

Market segment: Prime Market

Share class: Ordinary shares

Number of shares: 14,202,040

Share capital: € 103.2m

Market capitalisation (28 February 2011): € 1,124.8m

Reuters code: AGRV.VI

Bloomberg code: AGR AV

Ticker symbol: AGR

On balance in securities markets, the defining trend of the 2010 calendar year was a growing normalisation after the crisis year 2008 and the soaring rebound of 2009. As a result of recurring debate over the high government debt levels in some countries, international stock markets were volatile. Very positive sentiment drivers were upward revisions in economic forecasts and corporate earnings guidance, improved labour market data and the sustained low-interest policies of central banks. Generally, 2010 saw the return of cautious optimism to international financial markets, including Wiener Börse. In Vienna, the ultimate outcome of this improvement in sentiment and the calmer market was that the ATX, Wiener Börse's blue-chip stock index, gained 18.0% over AGRANA's 2010|11 financial year.

AGRANA's shares started the 2010|11 financial year at a price of € 72.37. On reduced trading volume of about 2,200 shares per day based on single counting, the shares saw a significant price movement on 26 May 2010 (triggered by the adjustment of the MSCI benchmark index) and on 17 September 2010 (as a result of the September expiration date of the share options). June and October, respectively, brought corrections of these effects. At the balance sheet date, AGRANA's share price was € 79.20, representing a gain of 9.4% for the financial year completed.

The market capitalisation at 28 February 2011 was € 1,124.8 million, with an unchanged 14.2 million shares outstanding. Since 21 June 2010, AGRANA has been a constituent of the VÖNIX, the Austrian Sustainability Index. This equity index comprises 22 stocks out of a base universe of 60 companies that are leading in social and environmental performance.

In addition to its listing in the Prime Market segment of the Vienna Stock Exchange, AGRANA is traded on the floor of the Frankfurt Stock Exchange and on the Stuttgart and Berlin exchanges.

ACTIVE CAPITAL MARKET COMMUNICATION

AGRANA's investor relations and public relations activities are based on the key principles of providing comprehensive information, a high level of transparency and constant 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 journalists and kept the public informed on current developments through press releases. Journalists were also invited to join tours of production facilities in Austria and Russia.

At several road shows and investor conferences held in Austria and abroad, the Management Board of AGRANA provided Austrian and international institutional investors and analysts with information on the company's performance and the prospects for the AGRANA Group. This dialogue was supplemented by numerous individual conversations and conference calls on quarterly and full-year results. In the 2010|11 financial year AGRANA also hosted an international Capital Markets Day. In February 2011, institutional investors and analysts were invited to visit the fruit preparations plant in Serpuchov and inform themselves regarding the expansion of the Russian facility. Private shareholders had the opportunity to learn about new developments in AGRANA's current business performance directly from the Management Board at the GEWINN trade fair.

An important element of the investor relations activities is the regular updating of the AGRANA website (www.agrana.com), where all financial reports, financial news items, ad-hoc announcements, voting rights notifications, directors' dealings disclosures and investor presentations are available as soon as they are published. In August 2010 the AGRANA website was relaunched to make the Internet presence even more user-friendly and functional. AGRANA endeavours to make the same information available to all market participants at the same time.

The following national and international investment houses published research on AGRANA in the 2010|11 financial year: Raiffeisen Centrobank, Erste Bank, Berenberg Bank and Goldman Sachs. An overview of the current analyst ratings can be found on the Internet at www.agrana.com > Investor Relations > The AGRANA Share > Research.

STEADY DIVIDEND POLICY

€	2010|11	2009|10
Dividend per share	2.40[1]	1.95
Earnings per share	5.95	5.08

[1] Proposal to the Annual General Meeting.

AGRANA is committed to a long-term policy of sustained dividends. At the Annual General Meeting on 1 July 2011, in view of the positive financial results in the year completed, the Management Board will propose payment of an increased dividend of € 2.40 per share, which is also in line with the Group's long-term policy of maintaining a dividend payout ratio of approximately 40%. Based on 14.2 million shares, the proposal represents a total dividend payout of € 34.1 million; the corresponding dividend yield, based on the share price of € 79.20 at the end of February 2011, is 3.03% (prior year: 2.72%). Shareholders with dividend rights will be paid the dividend on 6 July 2011 by their custodian.

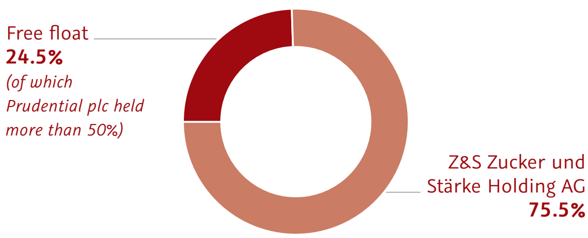
STABLE SHAREHOLDER STRUCTURE

AGRANA has a stable core shareholder structure. In the 2010|11 financial year, Z&S Zucker und Stärke Holding AG ("Z&S"), based in Vienna, held 75.5% of the share capital of AGRANA Beteiligungs-AG, the same amount as one year earlier. Z&S, the majority shareholder, is a wholly owned subsidiary of Vienna-based AGRANA Zucker, Stärke und Frucht Holding AG, which, in turn, is 50% owned by Südzucker AG Mannheim/Ochsenfurt ("Südzucker"), Mannheim, Germany and 50% owned by Zucker-Beteiligungsgesellschaft m.b.H. ("ZBG"), Vienna. The following five Vienna-based entities are shareholders of ZBG: „ALMARA" Holding GmbH (a subsidiary of Raiffeisen-Holding Niederösterreich Wien registrierte Genossenschaft mit beschränkter Haftung); Marchfelder Zuckerfabriken Gesellschaft m.b.H.; Estezet Beteiligungsgesellschaft m.b.H.; Rübenproduzenten Beteiligungs GesmbH; and Leipnik-Lundenburger Invest Beteiligungs AG.

Under a syndicate agreement between Südzucker and ZBG, the partners in the syndicate have certain mutual rights to appoint members of each other's management board and supervisory board. Accordingly, 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. Neither individual receives compensation for serving in this respective capacity.

The other 24.5% of the share capital are free float. In February 2011, British financial group Prudential plc (based in London) and some of its subsidiaries increased their combined ownership interest in AGRANA's share capital beyond the supervisory disclosure threshold of 15%.

SHAREHOLDER STRUCTURE AT 28 FEBRUARY 2011



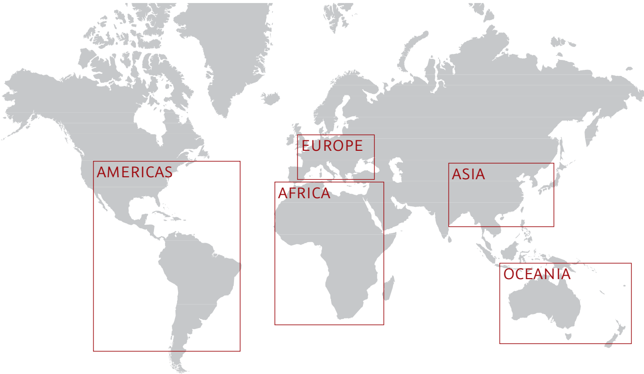
THE COMPLETE PACKAGE: INNOVATION

CONTENTS:
SYNERGIES IN RESEARCH

LABORATORY IN FRUIT PREPARATIONS UNIT

For AGRANA, research and development is an absolutely indispensable investment in the future. The synergies we can leverage in R&D give us an important competitive edge. In the field of innovation, even a small head start can often make a big difference for years.

PRODUCTION SITES



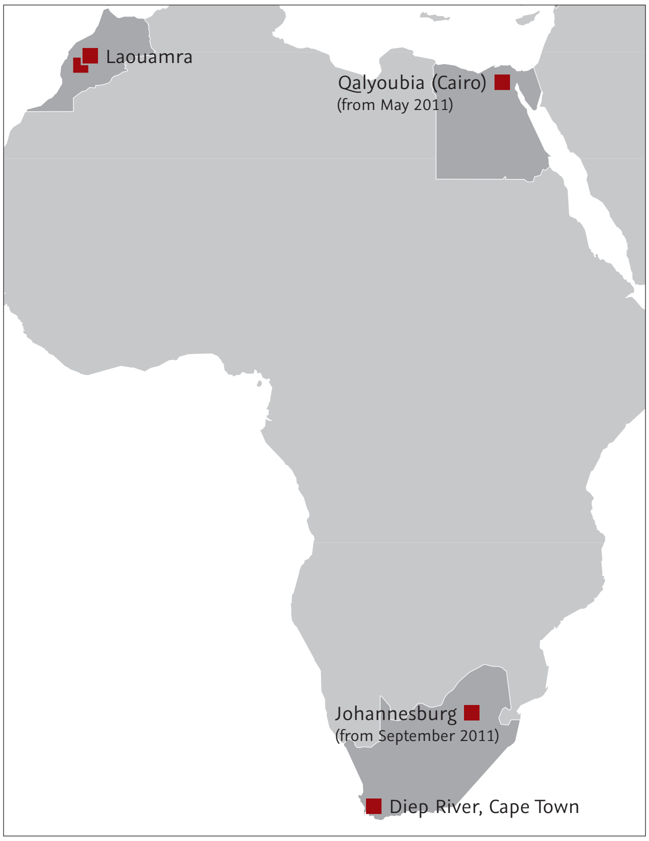
EUROPE

From autumn 2011:
54 locations
in 26 countries

- ● Sugar
- ▲ Starch
- ■ Fruit

AMERICAS

AFRICA



ASIA

OCEANIA

JOHANN MARIHART
Chief Executive Officer

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

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

FRITZ GATTERMAYER
Member of the Management Board

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

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

CORPORATE GOVERNANCE REPORT

THE MANAGEMENT BOARD

WALTER GRAUSAM
Member of the Management Board

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

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

THOMAS KÖLBL
Member of the Management Board

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

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

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

AGRANA is therefore committed to the fundamental principles of the Austrian Code of Corporate Governance (the Code), a comprehensive set of best practices that stipulates the equal treatment of all shareholders and transparency of governance. It also calls for supervisory board independence, open communication between supervisory board and management board, avoidance of conflicts of interest for board members, and effective oversight by the supervisory board and auditors. The Austrian Working Group for Corporate Governance frequently updates the Code to reflect changes in Austrian and European capital market law and international standards. The Code can be viewed on the website of the Working Group at www.corporate-governance.at.

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

In the 2010|11 financial year AGRANA applied this Code, which is a voluntary self-regulatory initiative of private industry, in the version of January 2010. In its meeting on 24 February 2005 the Supervisory Board of AGRANA Beteiligungs-AG had unanimously approved AGRANA's adherence to the Austrian Code of Corporate Governance and, in its meeting on 28 February 2011 the Supervisory Board issued the statement of compliance with the 2010 Code for the 2010|11 financial year.

In the 2010|11 financial year AGRANA complied with all so-called "L rules" of the Code – these are rules based on legal requirements. By the following explanations, the Group is also in conformity with all of the Code's C rules (comply-or-explain rules):

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

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

Rule 49 (contracts requiring approval)

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

Rule 54 (appointment of an independent Supervisory Board member)

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

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

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

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 report on the external review, based on the questionnaire issued for this purpose by the Austrian Working Group for Corporate Governance, is available to the public on the AGRANA website at www.agrana.com.

In the 2010|11 financial year the Articles of Association of AGRANA Beteiligungs-AG were adjusted to reflect the legislative changes introduced in the Stock Corporation Law Amendment Act of 2009 as published in Austrian Federal Law Gazette (BGBl) Vol. I No. 71/2009.

AGRANA'S BOARDS

Management Board

The Management Board of AGRANA Beteiligungs-AG has four members. In the 2010|11 financial year the Supervisory Board reappointed Thomas Kölbl, whose term of office expired on 7 July 2010, to the Management Board until 7 July 2015.

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

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

- **Johann Marihart**

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

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

- **Thomas Kölbl**
  Thomas Kölbl holds the following positions: Member of the supervisory boards of Baden-Württembergische Wertpapierbörse GmbH, Stuttgart; BENEO GmbH, Mannheim; Crop Energies AG, Mannheim; Freiberger Holding GmbH, Berlin (all in Germany); Raffinerie Tirlemontoise S.A., Brussels; Saint Louis Sucre S.A., Paris; 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, deliberate on the current course of business and take the necessary informal and formal decisions. The company is managed on the basis of an open exchange of information and regular meetings with the segment heads and other senior segment management.

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

The remits of the Management Board members are as follows:

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

The total compensation of the Management Board in the 2010|11 financial year was € 2,395 thousand (prior year: € 1,451 thousand). The performance-based pay component (2010|11: € 920 thousand; prior year: € 0) is linked to the amount of the dividend payment. The Management Board member of AGRANA Beteiligungs-AG appointed on the basis of the syndicate agreement between Südzucker AG Mannheim/Ochsenfurt, Mannheim, Germany, and Zucker-Beteiligungsgesellschaft m.b.H., Vienna, does not receive compensation for serving in this capacity.

Post-employment benefits granted to the Management Board under the Company'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 2010|11 financial year, pension fund contributions of € 695 thousand (prior year: € 410 thousand) were paid and a release of € 287 thousand from provisions for pension obligations was recognised (prior year: release of € 396 thousand).

In the event of early retirement within ASVG rules, the amount of the pension is reduced. The retirement benefit obligations in respect of the Management Board are administered by an external pension fund. The obligation's excess of € 576 thousand (prior year: € 863 thousand) over the existing plan assets at the end of the financial year under review was recognised in provisions. In the event that a Management Board appointment is withdrawn, severance pay has been agreed consistent with the Employees Act.

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 the company.

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

Supervisory Board

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

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

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

Supervisory Board independence

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

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

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

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

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

Committees and their members

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

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

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

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

Name	Position on committee
Nomination and Remuneration Committee	
Christian Konrad	Chairman (human resources specialist)
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

Name	Position on committee
Audit Committee	
Erwin Hameseder	Chairman (finance specialist)
Wolfgang Heer	Member
Thomas Buder	Employee representative

In the reporting period the Supervisory Board convened for four meetings. No Supervisory Board member attended fewer than half of the Board's meetings in the 2010|11 financial year. The Audit Committee met twice. Its meetings focused particularly on the audit of the 2009|10 financial statements, the preparation of the audit of the 2010|11 financial statements, and the supervision of the risk management system. The Nomination and Remuneration Committee met once. In this meeting it prepared the re-appointment of Thomas Kölbl as a member of the Management Board.

On 2 July 2010 the Annual General Meeting approved an annual aggregate remuneration for the Supervisory Board of € 165,000 (prior year: € 165,000) and delegated to the Supervisory Board Chairman the responsibility for allocating this sum. The amount paid to the individual Supervisory Board members is tied to their function on the Board. No meeting fees were paid in the year under review.

Measures to promote equity for women

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

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

Vienna, 29 April 2011

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

SUPERVISORY BOARD'S REPORT

During the 2010|11 financial year the Supervisory Board has actively supported and been involved in AGRANA's activities and performance. In a total of four meetings, of which every member of the Supervisory Board attended at least half, the Supervisory Board dealt especially with the changing business environment in all segments as a result of greater volatility in raw material and energy prices, with the strategic direction and further development of the company, and the optimisation of its corporate financing. Through regular reports from the Management Board and detailed written information, the Supervisory Board informed itself about the company's business situation and financial position, about all relevant matters concerning the business performance, about the financial situation, investment plans and exceptional business transactions as well as the corporate strategy, and discussed these subjects with the Management Board. The thorough deliberations in the meetings of the Supervisory Board and its committees centred on the corporate strategy and opportunities for the further development of the Group, as well as the current challenges of the general economic environment. In addition, the Chairman of the Supervisory Board was in regular contact with the Chief Executive Officer to discuss strategy adjustments, business performance and risk management.

The Audit Committee met twice in the 2010|11 financial year; its chairman regularly reported to the Supervisory Board on the work of the committee. The Nomination and Remuneration Committee in its meeting on 11 May 2010 prepared the re-appointment of Thomas Kölbl as a member of the Management Board.

The consolidated financial statements, group management report, parent company financial statements and parent company management report of AGRANA Beteiligungs-AG for the 2010|11 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 GmbH, Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Vienna. The compliance review of the corporate governance report under section 243b Austrian Commercial Code was performed by Univ.-Prof. DDr. Waldemar Jud Corporate Governance Forschung CGF GmbH and its final results did not give rise to any significant reservations. The Supervisory Board endorses the results of the audit and of the compliance review.

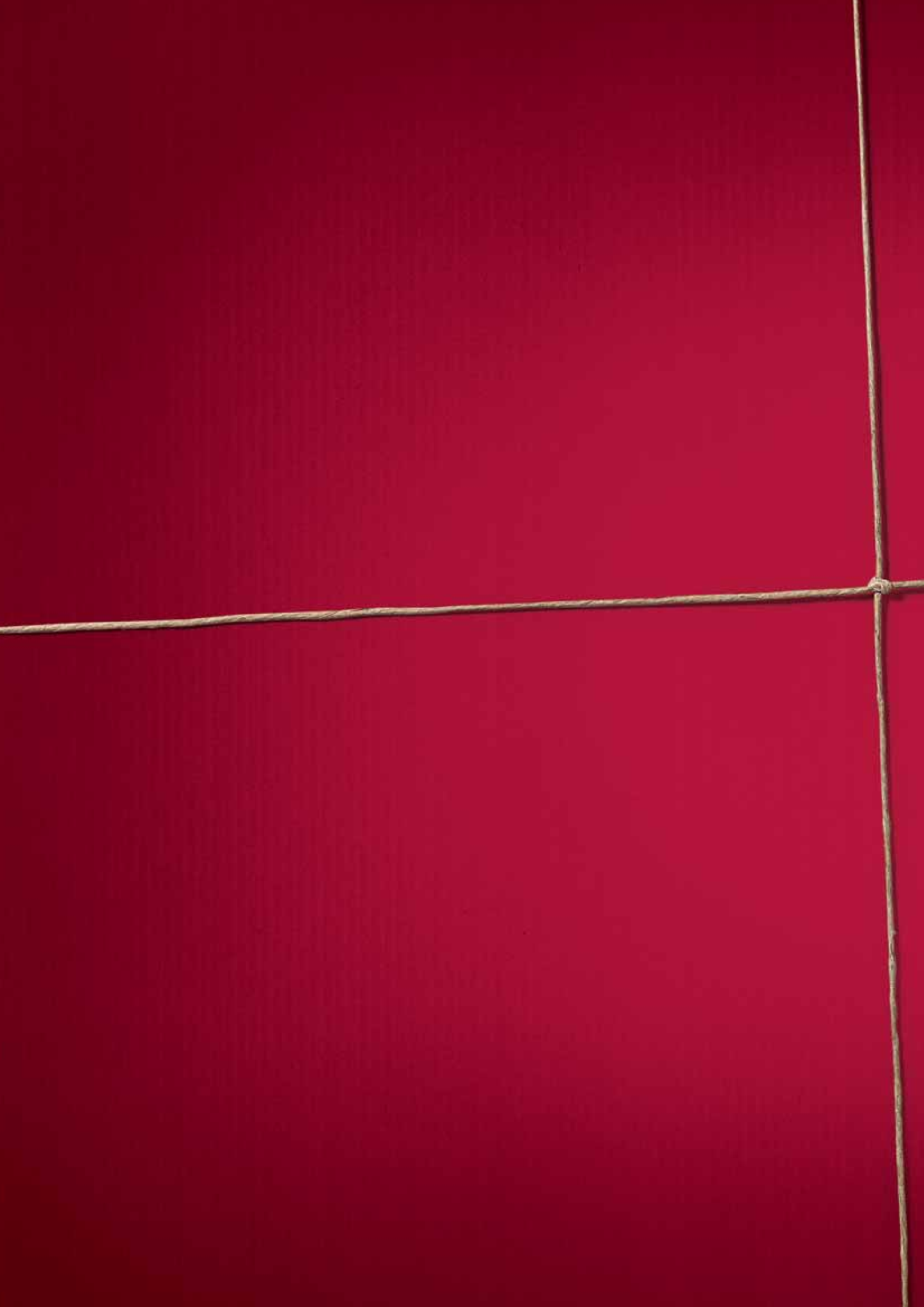
The Audit Committee has reviewed the parent company financial statements and reported to the Supervisory Board in the presence of the independent auditor. The Supervisory Board has reviewed the consolidated financial statements, group management report, parent company financial statements and the parent company management report and corporate governance report of AGRANA Beteiligungs-AG for the 2010|11 financial year as well as the Management Board's proposal for the allocation of profit. The final results of all of these reviews did not give rise to any reservations.

The Supervisory Board has approved the consolidated financial statements and parent company financial statements for the 2010|11 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 2010|11 financial year and is in agreement with the proposed appropriation of profit.

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

Vienna, May 2011

Christian Konrad
Chairman of the Supervisory Board



GROUP MANAGEMENT REPORT 2010|11

AGRANA GROUP FINANCIAL PERFORMANCE	2010|11	2009|10	Change
	€000	€000	%
Revenue	2,165,902	1,989,159	+8.9
EBITDA	207,234	176,246	+17.6
Operating profit before exceptional items	128,053	91,937	+39.3
Operating margin before exceptional items	5.9%	4.6%	
Exceptional items	0	(5,007)	+100.0
Operating profit after exceptional items	128,053	86,930	+47.3
Net financial items	(18,959)	461	> –100.0
Profit before tax	109,094	87,391	+24.8
Profit for the period	86,686	72,702	+19.2
Purchases of property. plant and equipment and intangibles[1]	55,859	48,382	+15.5
Purchases of non-current financial assets	118	941	–87.5
Staff count	8,243	7,927	+4.0

[1] Excluding goodwill.

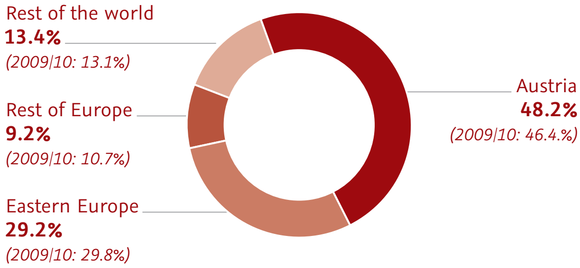
The consolidated financial statements for the 2010|11 financial year were prepared in accordance with International Financial Reporting Standards (IFRS). The consolidated financial statements relate to AGRANA's financial year (the twelve months from March 2010 to February 2011), with comparative data presented for the prior year.

CHANGES IN THE SCOPE OF CONSOLIDATION

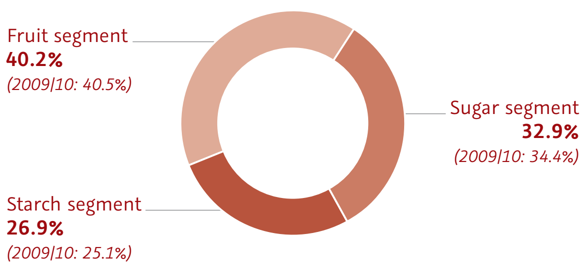
In the second quarter of 2010|11 the newly founded Hungarian subsidiary Biogáz Fejlesztő Kft., whose principal business activity is gas production and gas marketing, was included in the financial statements for the first time, by full consolidation. With effect from the end of the third quarter of 2010|11, the Egyptian company AGRANA Nile Fruits Processing (SAE) was consolidated for the first time. This new company, in which AGRANA holds a 51% ownership interest, is fully consolidated in the Group financial statements. Lastly, GreenPower E85 Kft., which represents the combined bioethanol production and marketing activities in Hungary, was newly included in the consolidated accounts from January 2011, by proportionate consolidation.

The deconsolidations in the 2010|11 financial year related to the liquidation of INSTANTINA Hungária Élelmiszergyartó és Kereskedelmi Kft. v. a., Petőháza, Hungary, and of S.C. Romana Prod s.r.l., Roman, Romania, as well as the merger of Fruimark (Proprietary) Ltd., Cape Town, South Africa, and AGRANA Fruit South Africa Investments (Proprietary) Ltd., Cape Town, with AGRANA Fruit South Africa (Proprietary) Ltd., Cape Town.

REVENUE BY REGION



REVENUE BY SEGMENT



REVENUE AND EARNINGS

Revenue of the AGRANA Group rose in 2010|11 by € 176.7 million or 8.9% to € 2,165.9 million (prior year: € 1,989.2 million). The revenue growth in all three segments was driven primarily by volume gains, but also by somewhat higher average prices (in the Starch and Fruit segments). With revenue of € 713.1 million in the Sugar segment (prior year: € 684.1 million), the price-induced lower quota sugar revenue was more than offset by a significant increase in non-quota sugar exports, which in addition rose in price. Revenue in the Starch segment expanded to € 583.2 million (prior year: € 499.2 million), likewise propelled by higher sales volumes and, later in the year, also by rising sales prices. Selling prices of starch products still showed an easing trend in the first half of the 2010|11 financial year as they were brought into line with the lower raw material prices for last year's crop, but this trend was reversed from the middle of the year onwards. In the Fruit segment, thanks mainly to volume growth in sales of fruit preparations (representing about 80% of segment sales) and price increases in fruit juice concentrates, AGRANA also achieved a gain in revenue, to € 869.6 million (prior year: € 805.9 million).

Consolidated operating profit before exceptional items was € 128.1 million, up 39.4% (€ 36.2 million) from the prior-year level of € 91.9 million. Profit increased in all three segments. The higher raw material prices experienced since the third quarter in the Starch and Fruit segments were almost fully made up for by selling price increases, thus keeping the pressure on margins relatively mild. As well, the optimisation measures initiated in the prior financial year made a positive difference in operating profit before exceptional items.

Operating profit after exceptional items in 2010|11 was € 128.1 million (prior year: € 86.9 million). While no exceptional items were recorded in the year under review, a net expense of € 5.0 million for exceptional items had been recognised in the prior year, which related only to the Fruit segment and represented the relocation of the AGRANA Fruit holding company and goodwill impairment from the closure of the plant in Kaplice, Czech Republic.

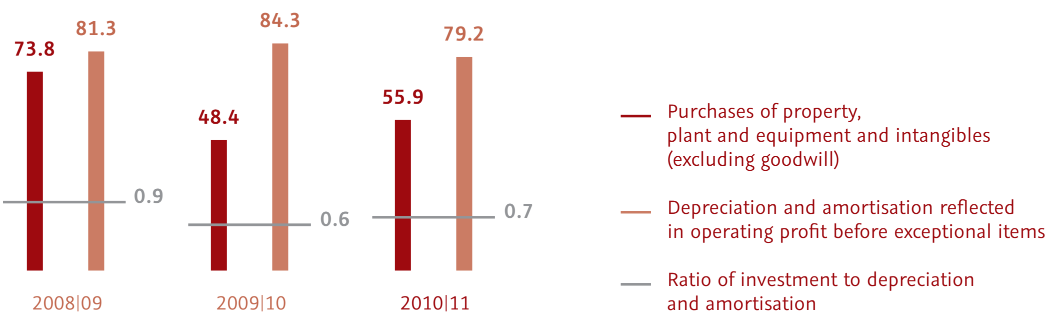
Net financial items amounted to a net expense of € 19.0 million (prior year: net gain of € 0.5 million) and, while including improved finance income, resulted primarily from foreign exchange effects, which returned to a level near the long-term average. In contrast to the prior year's exceptionally high currency translation gains of € 18.9 million, a translation loss of € 2.5 million was recorded in 2010|11.

Profit before tax increased from € 87.4 million in the prior year to € 109.1 million. After a tax expense of € 22.4 million (representing an effective tax rate of 20.5%), the Group's profit for the period was € 86.7 million (prior year: € 72.7 million). The profit for the period attributable to shareholders of AGRANA grew to € 84.5 million (prior year: € 72.2 million); earnings per share were thus € 5.95 (prior year: € 5.08).

INVESTMENT

Investment (which excludes financial investments) increased in the 2010|11 financial year as planned, from € 48.4 million in the prior year to € 55.9 million. The capital expenditure of € 16.0 million in the Sugar segment (prior year: € 11.4 million) consisted mainly of replacement investment at the facilities in Slovakia, Hungary and the Czech Republic; in Austria, construction began on the new sugar silo in Tulln. In the Starch segment, the total investment of € 9.0 million (prior year: € 10.8 million) was used largely for machinery and plant (in Hungary and at the Pischelsdorf, Gmünd and Aschach sites in Austria) for process optimisation and energy efficiency gains. In the Fruit segment, the € 30.8 million (prior year: € 26.1 million) of capital spending related mostly to production expansion in Austria, Russia and Mexico. As well, in the USA and France, AGRANA invested in productivity improvement.

INVESTMENT VERSUS DEPRECIATION €m



FINANCIAL POSITION

Total assets at 28 February 2011 amounted to € 1,992.2 million, an increase of € 104.3 million from the year-earlier level of € 1,887.9 million. There was a decrease of € 21.9 million in non-current assets, due mainly to the fact that investment was below depreciation. Current assets rose by € 126.2 million. Inventories increased as a result largely of the higher raw material prices, which were also reflected in an increase in trade receivables, as selling prices were adjusted accordingly.

AGRANA was able to further improve its capital structure in the 2010|11 financial year. With an equity ratio of 48.7% (prior year: 47.9%) at the balance sheet date, equity increased to € 970.7 million from the level of 28 February 2010 of € 904.7 million. Net debt at 28 February 2011 stood at € 382.4 million, up slightly from the 2009|10 financial year-end level of € 376.6 million. The debt-equity gearing at the end of the financial year was an improved 39.4% (prior year: 41.6%), despite higher working capital. New long-term borrowings to assure and optimise the Group's financing structure led to an increase in non-current liabilities. At the same time, current borrowings were reduced. Trade and other payables increased, as a result especially of raw material prices.

CASH FLOW

In 2010|11, operating cash flow before changes in working capital increased by 13.2% to € 169.3 million (prior year: € 149.6 million), moving in step with the rise in operating profitability. Given the increase of € 93.9 million in working capital in the year to 28 February 2011 (prior year: reduction of € 12.2 million), net cash from operating activities amounted to € 75.4 million (prior year: € 162.2 million). Net cash used in investing activities amounted to € 51.6 million (prior year: net cash used of € 48.4 million) amid somewhat increased investment of € 55.9 million in property, plant and equipment and intangible assets (prior year: € 48.4 million). After the dividend payment and a small net increase of € 3.2 million in borrowings (prior year: net decrease of € 95.8 million), net cash used in financing activities was € 25.0 million (prior year: net cash used of € 123.7 million). The AGRANA Group recorded free cash flow of € 23.8 million in the 2010|11 financial year (prior year: € 113.8 million).

SEGMENT FINANCIAL RESULTS

Sugar segment

€000	2010|11	2009|10
Total revenue	770,587	737,015
Inter-segment revenue	(57,500)	(52,963)
Revenue	713,087	684,052
EBITDA	51,338	36,883
Operating profit[1]	33,141	15,214
Operating margin[1]	4.6%	2.2%
Operating profit after exceptional items	33,141	15,214
Purchases of property, plant and equipment and intangibles[2]	16,031	11,420
Purchases of non-current financial assets	3	537
Staff count	2,245	2,336

Revenue in the Sugar segment rose in 2010|11 by € 29.0 million or 4.2% to € 713.1 million (prior year: € 684.1 million). The major reasons for this were the good sales volume situation in non-quota sugar and the brisk sales of co-products. The price reduction in quota sugar materialised as expected, but was outweighed by the beneficial high prices for sugar in the world market and non-quota sugar exports, and the significant volume increase in this market sector. The Sugar segment accounted for 32.9% of Group revenue (prior year: 34.4%). Considerable revenue growth was achieved especially in Austria, thanks both to higher exports of world market sugar and greater intra-EU deliveries to deficit countries. In the Western Balkans region, and particularly in Bosnia-Herzegovina, inroads were made in new markets and volume growth and price increases were achieved amid high world market prices.

The Sugar segment recorded an operating profit of € 33.1 million before exceptional items, significantly more than the prior-year level of € 15.2 million. The Group's beet sugar countries (Czech Republic, Slovakia, Hungary and Austria) strongly improved their earnings in quota and non-quota sugar operations. The better market conditions in combination with cost savings drove the profit growth. In Romania (despite continuing restricted scope for refining because of the high world market price of raw sugar), the increase in market selling prices allowed AGRANA to enhance its operating result towards the end of the year.

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

Starch segment

€000	2010|11	2009|10
Total revenue	617,300	533,788
Inter-segment revenue	(34,097)	(34,586)
Revenue	583,203	499,202
EBITDA	73,876	67,333
Operating profit[1]	48,181	41,055
Operating margin[1]	8.3%	8.2%
Operating profit after exceptional items	48,181	41,055
Purchases of property, plant and equipment and intangibles[2]	8,996	10,836
Purchases of non-current financial assets	0	1
Staff count	880	880

The revenue growth of € 84.0 million or 16.8% in the 2010|11 financial year to € 583.2 million (prior year: € 499.2 million) was propelled most of all by higher sales quantities in all major groups of core and co-products. The sales volume growth more than made up for the year-on-year drop in average selling prices obtained especially in the first half of 2010|11. Through sales price increases in the second half of 2010|11, the segment was partly able to offset the higher raw material prices that prevailed from late summer. In bioethanol, AGRANA achieved both higher sales volumes and higher market prices for ethanol and co-products. The contribution of the Starch segment to Group revenue reached 26.9%, compared with 25.1% in the prior year.

Operating profit rose by € 7.1 million or 17.3% to € 48.2 million (prior year: € 41.1 million). Revenue growth – driven by volume and later also by prices – combined with an effective purchasing strategy were the key reasons for the increase in operating margin.

Fruit segment

€000	2010|11	2009|10
Total revenue	873,787	805,988
Inter-segment revenue	(4,175)	(83)
Revenue	869,612	805,905
EBITDA	82,020	72,030
Operating profit[1]	46,731	35,668
Operating margin[1]	5.4%	4.4%
Operating profit after exceptional items	46,731	30,661
Purchases of property, plant and equipment and intangibles[2]	30,832	26,126
Purchases of non-current financial assets	115	403
Staff count	5,118	4,711

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

Revenue in the Fruit segment rose by € 63.7 million or 7.9% in 2010|11, to € 869.6 million (prior year: € 805.9 million). In the first half of 2010|11, higher sales volumes in fruit preparations more than compensated for the effect of the until then somewhat lower average selling prices; although the pace of sales volumes eased in the latter half, there was a rising trend in market prices, tracking the increase in raw material prices in the second half of the year. The growth was strongest in Eastern Europe, Asia, and North and South America; these regions lag well behind Western Europe in per capita consumption of fruit yoghurts and thus have high catch-up potential. In fruit juice concentrates, revenue expanded, driven by significant price increases in the concentrate market after a smaller-than-average apple crop, and by higher sales quantities. The Fruit segment accounted for 40.2% of Group revenue (prior year: 40.5%).

The Fruit segment operating profit of € 46.7 million before exceptional items was up by € 11.0 million or 30.8% from the prior-year level of € 35.7 million. The operating margin widened to 5.4% (prior year: 4.4%). The reasons for this positive trend were the volume growth in fruit preparations and the strong volume sales in the concentrate business, later combined with a favourable market price rise for concentrates as a result of the higher raw material costs. Structural improvement and optimisation measures likewise contributed to the enhanced operating profit and operating margin in the Fruit segment.

EVENTS AFTER THE REPORTING DATE

AGRANA, together with Yantai North Andre, operates two apple juice concentrate plants as 50%-owned joint ventures in China. As announced in a press release on 1 February 2011, AGRANA is in negotiations with Yantai North Andre for AGRANA to acquire full ownership of one plant and transfer the 50% ownership interest in the other plant to the joint venture partner. These negotiations and the resulting implementation steps are not yet completed.

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

SUGAR SEGMENT RESULTS	2010|11	2009|10	Change
	€m	€m	%
Revenue	713.1	684.1	+4.2
Operating profit before exceptional items	33.1	15.2	+117.6
Operating margin before exceptional items	4.6%	2.2%	
Purchases of property, plant and equipment and intangibles[1]	16.0	11.4	+40.1

[1] Excluding goodwill.

***AGRANA remains superbly positioned** as the leading sugar producer in the Central, Eastern and Southeastern European core markets.*

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

MARKET ENVIRONMENT

World sugar market

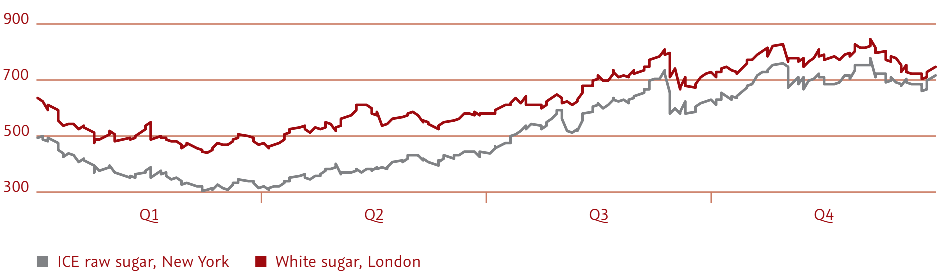
The 2010|11 financial year witnessed record high sugar prices in the world market. At the beginning of 2010 the sugar price reached an interim high of US¢ 30.4 per pound[1], then fell sharply to mark its low for the year of US¢ 13 per pound on 7 May 2010. During the rest of the 2010|11 financial year, sugar prices rose steadily, with the raw sugar quotation on the New York exchange reaching a thirty-year high of US¢ 35 per pound on 2 February 2011.

The principal driver of this price volatility in the year completed was the combination of unfavourable weather in many important sugar producing regions, such as Brazil and Pakistan, and continuing growth in demand.

In its current production forecast for the 2010|11 sugar marketing year (October 2010 to September 2011), analytics firm F.O. Licht predicts an increase of 8.3 million tonnes in world sugar production to 166.9 million tonnes. Of this total, about 32.7 million tonnes represents production from sugar beet (down by 2.5 million tonnes from the 2009|10 sugar marketing year) while cane sugar accounts for approximately 134.2 million tonnes (up 10.8 million tonnes). On the demand side, global sugar consumption is expected to increase in the 2010|11 marketing year to 164.1 million tonnes (from 162.1 million tonnes last year), and sugar inventories are therefore only projected to rise slightly.

INTERNATIONAL SUGAR PRICES DURING AGRANA'S 2010|11 FINANCIAL YEAR

US$ per tonne



[1] 1 pound (lb) equals approximately 0.45 kg.

European sugar market

Since the 2009|10 sugar marketing year the European sugar market is open to imports from the LDC countries (the world's Least Developed Countries) and from the ACP (African, Caribbean and Pacific) group of states. Tariffs and volume limits for these countries of origin were entirely eliminated. However, as a result of the high world market prices and demand-driven price gains in the other countries that competed for imports, the imports of 1.3 million tonnes to the EU in the 2009|10 sugar marketing year remained well below expectations.

As a consequence of these developments, the EU inventory by the close of the 2009|10 marketing year fell to 1.1 million tonnes. According to the calculations of the European Commission, EU sugar inventories would fall further by the end of the 2010|11 marketing year. In February 2011, to ease the supply shortfall, the Commission for the first time allowed the marketing of 500,000 tonnes of non-quota sugar in the EU food market. Additionally, a duty-free import quota of 300,000 tonnes for food use was authorised for the EU market.

In the 2010|11 sugar marketing year the European Commission initially allowed the sugar industry to make unsubsidised exports of 650,000 tonnes of non-quota sugar and 50,000 tonnes of isoglucose to the world market. In March 2011, exports of 650,000 tonnes of non-quota sugar and 50,000 tonnes of isoglucose were pre-approved for the next, 2011|12 marketing year, with effect from January 2012. In April 2011 an additional 700,000 tonnes of non-quota sugar exports was authorised for delivery from September 2011.

Amid the sugar deficit, price increases for spot sales were evident in the EU market beginning in autumn 2010.

Important parts of the single-market provisions governing the EU sugar market will expire on 30 September 2015. Currently the European Commission is discussing the direction of the EU's Common Agricultural Policy from 2014. This could lead to the adoption of policy instruments relevant to the EU sugar market after the expiration of the single-market rules on 30 September 2015. The Commission has announced it will look at all the policy alternatives for the EU sugar market from 1 October 2015.

Sugar exports

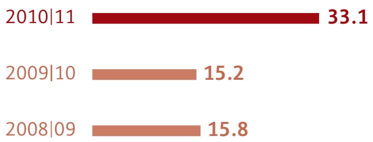
At the World Economic Forum in late January 2011 in Davos, Switzerland, the Doha Round of trade negotiations was resumed. The USA demand more market access in China, India and Brazil before dismantling US agricultural subsidies. China and the USA are showing some willingness to compromise for the sake of reaching agreement. A breakdown of these trade talks could call into question the validity of the World Trade Organisation as a trade forum.

RAW MATERIALS, CROPS AND PRODUCTION

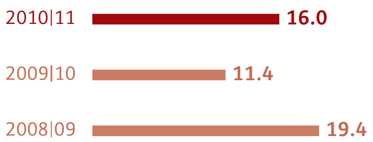
On a total crop area of about 86,150 hectares (prior year: 83,550 hectares), about 5.42 million tonnes (prior year: 5.08 million tonnes) of sugar beet were harvested and processed for the AGRANA Group in the 2010|11 financial year. The approximately 8,440 beet growers (prior year: 8,520) achieved beet yields averaging about 62.9 tonnes per hectare (prior year: 60.8 tonnes) with an average sugar content of 16.5% (prior year: 16.3%).

REVENUE
€m

OPERATING PROFIT BEFORE EXCEPTIONAL ITEMS
€m



PURCHASES OF PP&E AND INTANGIBLES
€m



The Group's seven beet-using factories processed a combined daily average of approximately 47,900 tonnes of beet (prior year: 46,000 tonnes) over an average of 113 days (prior year: 113 days) into about 803,000 tonnes of sugar (prior year: 747,000 tonnes). Sugar production thus significantly exceeded AGRANA's EU beet sugar quota of 618,000 tonnes. The quantities in excess of the quota are marketed primarily as non-quota sugar to the chemical industry or exported to the world market. In addition, in Romania and Bosnia, about 204,000 tonnes of raw sugar (prior year: 176,000 tonnes) were refined into white sugar in the financial year. This increase in refining volume resulted mainly from a rise of 26% in raw sugar processing in Brčko, Bosnia-Herzegovina.

Beet processing throughout the Group began between 13 and 24 September 2010. The Austrian plant in Tulln, as a result of the large volume of beet, had the Group's longest campaign, completing the beet processing on 16 January 2011. Despite an increase of 6.7% in AGRANA's total beet volume, the average campaign length was effectively the same as in the year before. The reason was a higher processing throughput in Austria and Hungary. The Group's energy consumption per amount of beet processed was lowered by more than 2%. In the campaign completed, about 48% of the primary energy needs in Hungary were met from biogas produced on-site. AGRANA boosted the production of organic beet sugar from certified organic beet to 4,100 tonnes in the 2010|11 financial year (prior year: 2,900 tonnes).

Taking into account the changed market conditions, AGRANA was recently able to conclude new agreements with the umbrella organisation of Austrian sugar beet farmers ("Die Rübenbauern") and the local farmers' representatives in the other countries for beet cultivation in 2011. In all countries where AGRANA contracts with growers to produce sugar beet, an expansion of about 5% in beet acreage is planned.

INVESTMENT

In the Sugar segment, capital expenditure in 2010|11 was € 16 million (prior year: € 11.4 million), consisting mostly of asset replacement investment. In Tulln, Austria, AGRANA invested in the construction of a new sugar silo that can hold 70,000 tonnes of granulated sugar. The silo's completion and commissioning are planned for the end of September 2011.

In Kaposvár, Hungary, a secondary fermenter was completed for the biogas plant and in Hrušovany, Czech Republic, a slicing machine was installed to stabilise processing throughput. A new molasses tank was erected at Sered in Slovakia. At the raw sugar refinery in Brčko, Bosnia-Herzegovina, a sifting station was installed to meet rising market requirements.

SUGAR: AUSTRIA

The Sugar segment's revenue in Austria was pushed up to € 373.5 million (prior year: € 348.1 million) by expanding the trading portion of the business. The price trend in sugar – both on the world market and in the EU – and for co-products led to a significant increase in margins.

In the 2010|11 financial year, AGRANA Zucker GmbH registered sales volume growth of 13.2% compared with the prior year. This increase was made possible by higher sales quantities through the marketing of world market sugar to exporters in the beverage and food industry, and by delivering more quota sugar into deficit markets within the EU, such as Hungary, Romania and Bulgaria. Sugar sales with food retailers were down slightly from the previous year, the main reason being the poor fruit crop in Austria and the resulting lower sugar demand from consumers for making jams and other preserves. Towards the end of the year the restricted availability of sugar led to greater acceptance of price increases on sales to the beverage and food industry. The organic sugar activities also performed well, with sales of about 3,300 tonnes in the financial year.

SUGAR: HUNGARY

Despite the price changes caused by the EU sugar regime, revenue in the Sugar segment in Hungary grew to € 114.6 million in the 2010|11 financial year (prior year: € 106.6 million). The very successful campaign and the rise in prices over the last several months of the financial year contributed to a significant earnings improvement.

In the financial year completed, Magyar Cukorgyártó és Forgalmazó Zrt. expanded its sales volume by 12.3%. Most of this growth was achieved through exports of non-quota sugar to countries outside the EU. In the first part of the year, sugar sales to retailers were hurt by the large number of small and low-price vendors, which negatively affected prices and sales quantities. Overall, the volume of sugar sales into the retailer channel in Hungary was off 13.6% from the prior year. As the country's quota sugar production was low relative to Hungarian demand and the sugar supply was tight, prices rose considerably towards the end of the financial year.

SUGAR: CZECH REPUBLIC

Following the high revenue in the Czech Republic in the year before that had been driven by strong export volumes, revenue fell to € 80.4 million in 2010|11 (prior year: € 96.2 million). Nonetheless, significant improvements were achieved in margins.

Sales quantities in the Czech Republic rose by 11.1%, thanks exclusively to growth in demand from the food industry. In sales to retailers, aggressive price competition prevented the prior-year level from being reached.

SUGAR: SLOVAKIA

Through the expansion of the trading (reselling) activities, Sugar revenue in Slovakia increased to € 63.2 million (prior year: € 55.0 million). In combination with strict cost management, this resulted in significant profit growth.

The sales volume of quota sugar in 2010|11 within Slovakia rose by approximately 8%. About 48% was sold to retailers and the other 52% went to the food industry. There was also attractive growth in exports to non-EU countries, which doubled.

SUGAR: ROMANIA

Revenue in the 2010|11 financial year increased to € 142.7 million (prior year: € 139.6 million), reflecting the twin factors of strong world market prices (which meant rising prices in Romania) and trading revenue. At the same time, the high world market prices limited the profitability of sugar refining, thus leading AGRANA to reduce its own production.

In 2010|11, S.C. AGRANA Romania S.A. sold 10.4% more sugar than in the previous year, thanks to higher quota sugar deliveries to other EU countries and non-quota exports to points outside the region. While the volume with the food manufacturing industry was expanded, sales with food retailers contracted visibly from a year ago. In the course of the reporting period, the retailer sales volume was affected by the many small and low-price sugar vendors. Buoyed by the low quota sugar production and limited supply of imported sugar, prices rose markedly in the financial fourth quarter.

SUGAR: WESTERN BALKANS

Through larger volumes of trading sales and much higher capacity utilisation of the refinery in Brčko, Bosnia-Herzegovina, revenue jumped to € 83.9 million (prior year: € 33.9 million). This was associated with a further significant improvement in profit.

In the Western Balkans region, sales volume grew by about 120% in the 2010|11 financial year, with Bosnia-Herzegovina a particularly important driver. The volume growth in the region was due mainly to the development of new markets, and was coupled with price gains driven by the high world market prices.

SUGAR: BULGARIA

Following the Bulgarian revenue decline in the prior year caused by the economic crisis and the termination of the local joint venture, 2010|11 brought a consolidation in revenue to € 14.5 million (prior year: € 20.3 million) and in profitability.

In Bulgaria, sugar sales volumes both with food retailers and the food industry decreased. Especially the result with the retailer channel was down significantly from the prior years, because of the more difficult supply situation and intense competition. Owing to the sugar supply shortage, prices rose towards the end of the year in Bulgaria as well.

STARCH SEGMENT RESULTS	2010|11	2009|10	Change
	€m	€m	%
Revenue	583.2	499.2	+16.8
Operating profit before exceptional items	48.2	41.1	+17.4
Operating margin before exceptional items	8.3%	8.2%	
Purchases of property, plant and equipment and intangibles[1]	9.0	10.8	–16.9

[1] Excluding goodwill.

Niche strategy in the Starch segment provides differentiation from competitors.

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

MARKET ENVIRONMENT

In November 2010 the European Commission published a Communication on the reform of the Common Agricultural Policy from 2014. It does not rule out the possibility of voluntary coupled payments at national level for various production sectors. The reintroduction of production-linked support payments for starch potatoes would thus be possible from 2014.

The total EU-27 quota for isoglucose in the 2010|11 marketing year is approximately 690,000 tonnes. HUNGRANA, at 220,000 tonnes, holds Europe's largest isoglucose quota.

RAW MATERIALS, CROPS AND PRODUCTION

The crop forecasts of the London-based International Grains Council for the current 2010|11 grain marketing year (July 2010 to June 2011) predict that demand will exceed production. World corn production, at 811 million tonnes, is expected to fall significantly short of consumption of 845 million tonnes. For wheat as well, global demand of 661 million tonnes is forecast to outpace the estimated production of 648 million tonnes. Global stockpiles both of wheat and corn will thus shrink, but will remain sufficient to cover the demand overhang.

The 2010 harvest in the EU-27, as estimated by Stratégie Grains, was approximately 55 million tonnes of corn (prior year: 57 million tonnes) and 127 million tonnes of wheat (prior year: 129 million tonnes). Total grain production in the EU-27 in 2010 was about 275 million tonnes, versus estimated consumption of 273 million tonnes.

The smaller 2010 crop both across the EU and worldwide was felt in the commodity prices quoted on the Euronext LIFFE commodity derivatives exchange in Paris (formerly known as MATIF). At the beginning of March 2011 the corn quotation was around € 230 per tonne, or about € 100 higher than twelve months earlier. Currently prices seem to have reached their high for the time being. Forecasts for the EU-27 crop in 2011 (the 2011|12 grain marketing year) call for an increase of about 5% in grain production.

COMMODITY PRICES IN AGRANA'S 2010|11 FINANCIAL YEAR
€ per tonne (Paris commodity exchange)

Corn starch

Total corn processing volume (excluding corn for bioethanol) in the AGRANA starch plants (including the Group's 50% share of HUNGRANA's volume) increased in the 2010|11 financial year to about 724,000 tonnes (prior year: 647,000 tonnes). Within this total, processing of freshly harvested so-called "wet corn" accounted for about 188,700 tonnes (prior year:182,400 tonnes).

Potato starch

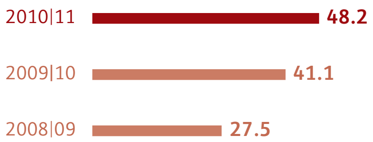
In the 2010 campaign the Austrian starch plant in Gmünd, in a campaign of 114 days (prior year: 111 days), processed about 186,300 tonnes of starch potatoes (prior year: 187,400 tonnes) into 40,100 tonnes of potato starch (prior year: 40,200 tonnes). The organic portion of this was approximately 3.2% (prior year: 2.7%), measured by input volume. For the 2011 campaign year the full quota of 47,691 tonnes of potato starch is available and has been contracted for with farmers. From about 26,000 tonnes of food potatoes, approximately 4,600 tonnes of long-life potato products were manufactured, some 25% of this being organic products (prior year: 22%).

INVESTMENT

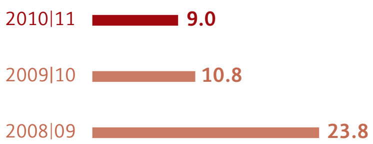
€ 9.0 million (prior year: € 10.8 million) was invested in the Starch segment during the 2010|11 financial year. This was used, among other things, to replace the cooker for long-life potato products at the Gmünd plant, resulting in steam savings and improved product quality. At the starch factory in Aschach, Austria, corn grinding throughput was increased to 1,150 tonnes per day by eliminating production bottlenecks. Additionally, recovery of waste heat from air used to dry feedstuffs improved

REVENUE
€m

OPERATING PROFIT BEFORE EXCEPTIONAL ITEMS
€m



PURCHASES OF PP&E AND INTANGIBLES
€m



the facility's energy efficiency. At the plant in Hungary, capital expenditure served to maintain operations and enhance worker safety. In the Romanian factory in Ţăndărei, a starch sieve was installed in response to market requirements and a starch silo was erected for the loading of trucks. The syrup evaporating system at the Pischelsdorf facility in Austria is being expanded by the addition of a second evaporator line. This will improve energy efficiency and also increase throughput in the subsequent drying stage.

STARCH: AUSTRIA

In the 2010|11 financial year, Starch segment revenue in Austria increased by € 45.3 million to € 353.2 million (prior year: € 307.9 million), driven primarily by higher sales volumes in core and by-products. Total sales (including by-products) increased from 1,034,900 tonnes in the prior year to 1,179,300 tonnes. This was explained particularly by the higher sales quantities of native starches, saccharification products, resold goods, and the by-products of AGRANA Bioethanol GmbH distributed through the feedstuffs department.

The selling prices of core products were raised by 2% from the prior year and those of by-products (corn gluten feed, corn germ and potato proteins) likewise surpassed the previous year's prices.

In non-food starches, larger quantities than before were sold into the paper, textile and building industries. Consistent with the current market trend, AGRANA was able to add volume especially in sales to the paper industry and win further market share. In food starches, sales volume was modestly above the prior year's. The higher raw material prices were largely absorbed through increases in product prices, especially from the third quarter of the 2010|11 financial year onwards.

Sales of co-products (including feedstuffs purchased for resale) increased to 708,600 tonnes (prior year: 635,900 tonnes), driven primarily by sales of ActiProt®, the high-protein feed. Higher grain prices translated into a rise in selling prices of co-products.

STARCH: HUNGARY

Starch segment revenue in Hungary in the 2010|11 financial year, based on AGRANA's 50% share, grew by € 22.6 million to € 149.0 million (prior year: € 126.4 million). The major reason lay in higher sales volumes of core and co-products, notably of isoglucose. Total sales volume increased to 503,800 tonnes (prior year: 420,100 tonnes).

The substantially greater quantities more than offset the higher raw material prices and somewhat lower sales prices and led to a significant improvement in operating profit.

STARCH: ROMANIA

AGRANA recorded revenue of € 14.9 million (prior year: € 8.9 million) in Romania. The volume growth achieved in core and by-products, combined with higher selling prices for native starches and by-products, significantly outweighed the effect of lower sales prices for saccharification products.

An increase in raw material costs that was not fully covered by the higher sales quantities and prices resulted in lower profit in the 2010|11 financial year.

BIOETHANOL

Legal environment

The EU Renewable Energies Directive (2009/28/EC), which supports the use of energy from renewable resources, specifies extensive sustainability criteria for the production of biofuels. To be approved as a manufacturer of sustainable biofuels, national certification is required by law. In Austria this certification is performed by public agency Agrarmarkt Austria for the agricultural production of the raw materials – effective from 1 December 2010 – and by the Umweltbundesamt (the environment ministry) for the processing stage. The ISCC certification (International Sustainability & Carbon Certification) of the plant in Pischelsdorf created the regulatory basis for the facility to supply the European market with sustainable bioethanol from 1 January 2011.

Production

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

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

The bioethanol plant in Austria uses mainly wheat, corn and triticale as raw materials. In addition to bioethanol, it produces up to 190,000 tonnes of high-quality ActiProt® animal feed annually. Total processing throughput in the financial year was approximately 537,000 tonnes of grain (prior year: 470,000 tonnes), with a ratio of wheat and triticale to corn of about 2 to 1. From the 2010 crop, about 60,000 tonnes of ethanol wheat and triticale were secured in advance through delivery contracts with growers. For the 2011 crop as well, cultivation contracts for ethanol grains were again offered.

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

Business performance

Sales of bioethanol (on a consolidated basis including Austria and AGRANA's 50% share of results in Hungary) grew by about 12,900 cubic metres to 306,800 cubic metres. The sales prices of bioethanol and ActiProt® were adjusted upwards from the prior-year levels.

FRUIT SEGMENT RESULTS	2010|11	2009|10	Change
	€m	€m	%
Revenue	869.6	805.9	+7.9
Operating profit before exceptional items	46.7	35.7	+30.9
Operating margin before exceptional items	5.4%	4.4%	
Purchases of property, plant and equipment and intangibles[1]	30.8	26.1	+17.9

[1] Excluding goodwill.

AGRANA is the world market leader in fruit preparations and one of the largest producers in the European fruit juice concentrate market.

All subsidiaries in the Fruit segment in Austria and abroad are directly or indirectly held by AGRANA J&F Holding GmbH. Coordination and operational management of the fruit preparations activities are provided by a holding company, AGRANA Fruit S.A., based in Mitry-Mory, France. For the fruit juice concentrate business, the holding company is AGRANA Juice Holding GmbH, based in Gleisdorf, Austria.

MARKET ENVIRONMENT

Rebounding from the crisis of 2008 and 2009, the European market for fruit preparations saw significant – and in some segments high – growth rates in the 2010 calendar year. The growth in the first half of 2010 was driven by the dairy industry's launches of new product versions, expansion of product ranges, and promotional and advertising activities. In the second half of the calendar year, the market growth slowed tangibly. Towards the end of 2010, consumer sentiment in many countries suffered amid the budget deficits, austerity packages and tax hikes. Per capita consumption of dairy products in Eastern Europe remains far below the European average, but Russia in particular was narrowing the gap with double-digit growth. In the non-European markets as well, per capita consumption was less than in Europe, a fact which led to growth above the average in the USA, Brazil, China and other markets. The most important consumer trends continue to be health, convenience and pleasure. In addition, following the economic crisis, values such as naturalness, tradition and regional character are gaining in significance.

In the concentrate business, fruit juice beverages with low juice content and calorie-reduced beverages – which necessarily contain less fruit – continue to win market share. The price pressure on store brands mounted further in autumn 2010 as bottlers were only partially able to pass concentrate price increases through to retail chains.

From spring 2010, world market prices rose substantially for all concentrates. European harvest volumes in 2010 were well below those of the prior years, for reasons both of weather and of reduced crop tending efforts in the wake of the low crop prices in 2008 and 2009.

In China in the last three years, the fresh market for all fruits has grown disproportionately strongly. Grade II and III fruit too is now successfully marketed in urban centres, diverting significant amounts of fruit away from concentrate production. The surpluses from the 2007 and 2008 crops were fully depleted in autumn 2010 and the smaller harvest further buoyed prices.

The sales volumes in the CIS countries recovered after the economic crisis and showed almost double-digit growth. The trend towards lower-cost drinks with less juice content made itself felt in these countries as well.

Production sites

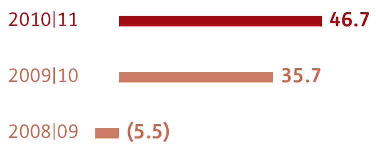
AGRANA is the world's leading manufacturer of **fruit preparations** for the dairy, bakery and ice-cream industry, with a global market share of about one-third. The Group has a total of currently 25 production sites for fruit preparations in 19 countries. At the end of May 2011, AGRANA plans to start operating a production facility in Egypt as part of a joint venture with Egyptian company Nile Fruits. AGRANA holds the majority stake of 51% in the joint venture company.

With ten European production sites, AGRANA is one of the leading producers of **apple and berry juice concentrates** in Europe. In 2006 the Group entered into a strategic alliance with Yantai North Andre for the production of apple juice concentrate in Xianyang, Shaanxi province, China. Since 2008 AGRANA operates a second apple juice concentrate plant with Yantai North Andre, as a 50% owned joint venture in Yongji, Shanxi province. These plants are located in the world's largest apple growing region and thus benefit from a good raw material supply.

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

REVENUE
€m

OPERATING PROFIT BEFORE EXCEPTIONAL ITEMS
€m



PURCHASES OF PP&E AND INTANGIBLES
€m

RAW MATERIALS AND CROPS

In the fruit preparations business the summer harvests in Europe and Asia were below average as a consequence of the poor weather conditions. The demand growth in the course of the year further exacerbated the market situation and led to pronounced price increases in Europe, the Americas and Asia for almost all fruits. Particularly strongly affected were cherries, blueberries, strawberries and pineapple. The crops from the winter harvests in 2010|11 in Mexico, Chile and Argentina are generally in line with the high prices of the last summer harvest. This applies primarily to strawberries and blackberries.

Given the significant rise in demand, particularly in Eastern Europe and Asia, and relatively low inventory levels, AGRANA expects a further increase in fruit prices. The first contracts signed for the 2011|12 marketing year for strawberries and for tropical fruits were early indicators of this trend.

For some fruits the European 2010|11 pome and berry fruit harvest was as much as 40% below an average season's crop. Compared to the very low prices of 2009, the poor availability as much as tripled the raw material costs for certain fruits, which also led to below-average capacity utilisation in the fruit juice concentrate plants.

Despite the difficult raw material situation, AGRANA was able, through timely and focused adjustment of purchasing strategies in the respective countries, to secure the minimum quantities of raw materials and concentrate required for meeting customer needs.

The expansion of organic apple processing in Hungary into concentrate and not-from-concentrate juice was successfully carried out.

Despite a good harvest of about 30 million tonnes of apples in China, the country's supply of processing apples was reduced by greater demand from the fresh market. According to estimates, the total Chinese production volume of apple juice concentrate in 2010 was about 60% less than in the record year 2007.

In red berries, the poor crop situation did not allow the planned purchasing quantities in Poland and Denmark to be reached (the industry term "red berries" includes strawberries, raspberries, black and red currants, sour cherries, chokeberries and elderberries).

For 2011, based on normal weather conditions, an improvement is expected in raw material markets and hence also in the concentrate markets.

INVESTMENT

The capital expenditure of € 30.8 million in the Fruit segment (prior year: € 26.1 million) included maintenance investment and capacity expansion projects. In particular, AGRANA invested in the areas of transport (additional stainless steel containers), the "first transformation" stage of processing (a new tunnel freezer for strawberry processing in Mexico), geographic expansion (in Egypt), new technologies (an innovation project in Gleisdorf, Austria) and storage capacity (in Russia and Turkey). There was also investment in productivity enhancement measures (notably in France and the USA) and in linking more locations to the AGRANA SAP system.

BUSINESS PERFORMANCE

In fruit preparations for the dairy industry, the 2010|11 financial year brought volume growth of 4.8% and thus a small increase in market share, which stands at slightly more than one-third of the global market. Almost all local national subsidiaries and regions were able to expand their sales quantities. In emerging markets, but also in Germany, growth was in the double digits thanks to stronger exports. Diversification outside the traditional core business with the dairy industry also progressed, with the volume of sales into the ice-cream and baking industries growing at a stronger-than-core rate.

Fruit preparations revenue and profit continued to rise. The critical factors were the volume growth, efficiency improvements and positive currency effects in the USA and some Asian countries. The raw material price increases in the second half of 2010|11 were in large part passed through to the market.

The sales volume target for fruit juice concentrates was met in spite of lower harvest volumes. The reduced crop production was dealt with partly by additionally purchasing cloudy, semi-finished concentrates. With the higher raw material prices it was possible to assert higher selling prices in the market and significant revenue growth was thus achieved. In the large Western European markets for fruit juice concentrates (Germany and the United Kingdom), AGRANA succeeded in holding volumes stable. In the first half of the 2010|11 financial year, low-priced contracts from the 2009 harvest were delivered. High-priced contracts from the 2010 crop were delivered beginning in the fourth quarter of 2010|11. Through one-year contracts with large fruit juice bottlers, sales of most of the production from the 2010 harvest were already contractually secured during the campaign. Deliveries under the contracts will run until the start of the third quarter of 2011|12.

AGRANA further expanded the size and structure of its customer base in the 2010|11 financial year and opened up new sales regions in order to reduce dependence on the very competitive Central and Western European markets and to better level out price fluctuation. Reorganisation measures (based on lean management principles) that were successfully implemented at all European manufacturing sites by the end of 2009 did not fully unfold their effect until the 2010|11 financial year. Competitiveness was further increased through the optimisation of production costs. To reap further cost savings, intensive work has been underway since spring 2010 to optimise the logistical and administrative processes.

As an international processor of agricultural raw materials, AGRANA seeks to live up to its responsibilities in the three major dimensions of corporate social responsibility (CSR) – economic, environmental and social – in all business segments.

The key area of emphasis in the 2010|11 financial year was the social dimension in its widest sense. Thus, ethical behaviour topped the corporate agenda in the introduction of a Group-wide AGRANA Code of Conduct and the expanded use of the SEDEX (Supplier Ethical Data Exchange) data base. As well, food safety – as an essential aspect of the Group's core business – was accorded a high priority, as were workplace safety measures.

AGRANA CODE OF CONDUCT

The practice of CSR as a day-to-day reality is integral to AGRANA's corporate philosophy.

In June 2010 AGRANA formulated a Code of Conduct that is applicable to all operations Group-wide. It is based on standards of the International Labour Organisation and the values of the Group. The Code is designed to give a systematic and clear understanding of the values and conduct which all AGRANA employees in all activities and at all locations of the Group are expected to act in accordance with. Core principles of the Code of Conduct are the prohibition of child labour, of forced labour and of discriminatory practices of any kind, the preservation of staff health, workplace safety, equity and the fair treatment of employees. The Code also prescribes environmental standards.

Excerpt from the AGRANA Code of Conduct

- **Legal compliance:** "All business activities of AGRANA must conform to all applicable national and international legal requirements and to AGRANA standards pertaining to employment and manufacturing. …"

- **Prohibition of discrimination and harassment:** "AGRANA shall not engage in any discriminatory practices. … AGRANA also commits to a workplace free of any kind of harassment."

- **Compensation and benefits:** "The company ensures that no wage is lower than the applicable legal minimum. …"

- **Working hours:** "AGRANA ensures that applicable legal restrictions on working hours are met. …"

- **Prohibition of child labour:** "AGRANA does not accept employment of children aged under 15 … All young employees must be protected from performing any work that is likely to be hazardous or to interfere with the child's education or that may be harmful to the child's health or physical, mental, social, spiritual or moral development."

- **Prohibition of forced labour:** "AGRANA does not use forced or compulsory labour, meaning all work or service which is exacted from any person under the threat of penalty and for which the person has not offered itself voluntarily…"

- **Freedom of association and collective bargaining:** "AGRANA recognises and respects employees' freedom of association and their right to freely choose their representatives ..."

- **Health and safety at work:** "The company ensures that the workplace and its environment (machinery, equipment and processes, chemical agents, etc.) do not endanger the safety or health of employees ..."

- **Environment:** "Procedures and standards for waste management, handling and disposal of chemicals and other hazardous materials, emissions and effluent treatment shall meet or exceed minimum legal requirements."

AGRANA is committed to ensuring that this Code of Conduct is followed at all its locations worldwide and also expects its suppliers and other commercial partners to adhere to the standards of this Code.

AGRANA is also committed to all relevant industry-wide standards. The umbrella organisations of management and labour in the European sugar industry, CEFS (Comité Européen des Fabricants de Sucre) and EFFAT (European Federation of Food, Agriculture, and Tourism Trade Unions) have since 2003 been bound by a joint code of conduct. The European starch industry, too, in 2002 declared its commitment to the efficient use of natural and renewable resources and to promoting sustainable development. Several different codes are applied in the Fruit segment. In the fruit juice concentrate unit, the SGF[1]/IRMA Code of Conduct (Sure – Global – Fair/International Raw Material Assurance) is seen as a significant step towards sustainable and ethical standards in the international fruit juice industry.

SEDEX, THE SUPPLIER ETHICAL DATA EXCHANGE

In 2009, AGRANA became a member of Supplier Ethical Data Exchange (SEDEX) to give its customers maximum transparency in matters of corporate social responsibility.

Corporate social responsibility, as defined in the Green Book of the European Commission, is a concept that serves as a basis for companies' voluntary integration of social and environmental concerns in their business operations and in their interactions with stakeholders.

Socially responsible behaviour here means not only obeying the law but going beyond legal compliance in helping to bring economic, social and environmental needs into harmony.

To enable the union of business success, environmental soundness and social fairness is also the goal of SEDEX.

- SEDEX is a not-for-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.

- SEDEX enables companies to analyse and rate potential risks.

To collect data for the SEDEX data base, which contains information from currently about 23,000 production facilities worldwide, a company's social responsibility performance status is assessed on the basis of a questionnaire and rated by means of a risk management tool. This tool is based on international frameworks of rules on human rights, labour (SA 8000), environmental (ISO 14001) and health protection (OHSAS 18001) and the codes of conduct of the founding members. The four key pillars addressed in the questionnaire are labour standards, workplace health and safety, business integrity and environmental management. These main areas cover almost all principles of corporate social responsibility.

The labour standards pillar comprises questions on codes of conduct in effect, the voluntary nature of the work, freedom of association and the right to collective bargaining, and the quality of the workspace facilities. Also covered are fair pay, regular working hours and employment, and the absence of child labour, discrimination, forced labour, disciplinary measures and home working.

The health and safety subjects are training, workplace safety, fire protection, hazardous materials and hygiene conditions.

[1] SGF (Sure Global Fair): SGF International e.V., based in Frankfurt, Germany, is a successful self-regulation initiative in the fruit juice industry and for other areas of the food sector. To minimise risks, the fruit juice industry has developed a voluntary control system for all stages of the production and trading of its products.

The business integrity pillar relates to anti-corruption and bribery policies and their internal and external communication to staff and commercial partners.

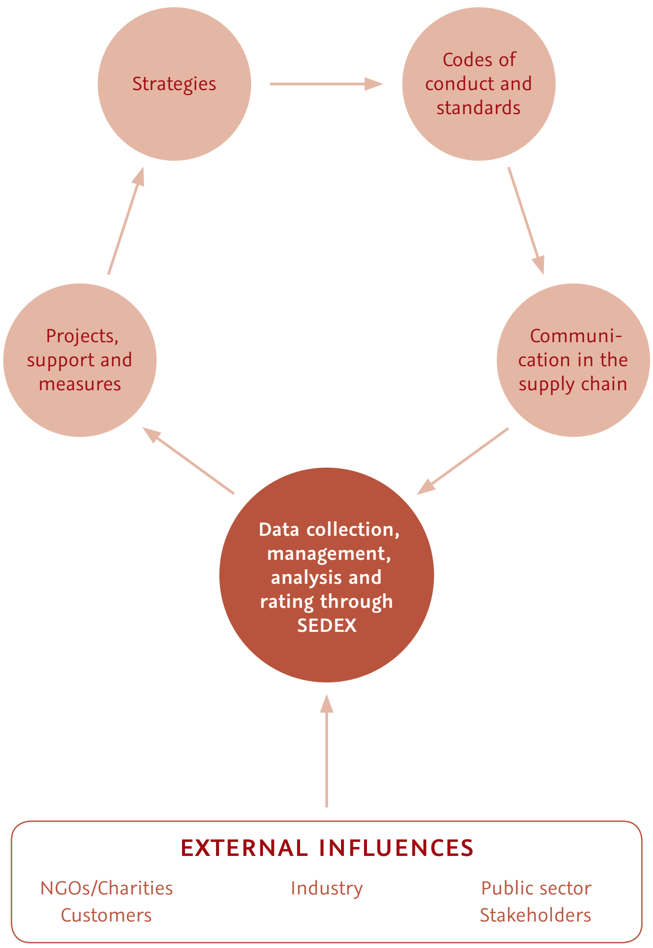
The fourth and final subject area deals with existing environmental management systems, environment policy, waste management, energy management and emission reduction.

The initial data collection in the AGRANA Group was performed in 2009 using the SEDEX Self Assessment Questionnaire (SAQ), an electronic form with more than 400 questions that was sent to the individual plants. Since then, the data for about three-quarters of the currently 52 AGRANA plants have already been entered into the data base and the plants rated in an AGRANA risk assessment using the tool from SEDEX. The rating results are made available via the AGRANA intranet to aid continuous improvement, and the implementation of possible remedial action is monitored. In parallel with this, the data are updated at least every six months.

As the next step, AGRANA suppliers too are encouraged to register in the SEDEX database. AGRANA customers for their part access the database and actively review the available data for the AGRANA Group. AGRANA thus provides its customers the greatest possible transparency regarding its social responsibility and sustainable business development.

By joining the SEDEX data exchange, AGRANA has made further great strides towards its goal of gaining an overview of the CSR activities along the value chain – from its suppliers' own suppliers all the way to the delivery of AGRANA's products to its customers – and will continue to follow this route in the future.

Sources of information for the SEDEX database



FOOD SAFETY

For AGRANA as a producer of premium foods and food ingredients used in many segments of the food industry, food safety is not just a legal requirement but also a critical dimension of social responsibility and sustainable business management.

The compliance with applicable national laws and regulations at all production sites worldwide is regarded by AGRANA as merely the baseline from which to reach for even higher voluntary standards. Thus, above and beyond legal compliance, the Group is guided by the provisions of the Codex Alimentarius of the Food and Agriculture Organisation (FAO) of the World Health Organisation, which set a minimum standard for food safety in every country. This applies particularly in areas not addressed by local national legislation.

In the Codex Alimentarius, the General Principles of Food Hygiene introduce the so-called Hazard Analysis and Critical Control Point system. The HACCP system permits the analysis of potential hazards to human health, whether chemical, physical or microbial in nature. Based on this analysis, critical points are identified in the production process. A critical control point is the last point in the production chain where an identified risk to human health can be reduced to an acceptable level and the unsafe component removed in time.

The principle of an HACCP system is also enshrined as a legal requirement in the EU hygiene regulation (Reg. (EC) No. 852/2004). In addition, it forms an important part of various other food safety standards, such as ISO 22000 and the International Food Standard (IFS).

AGRANA has already been using HACCP systems in its plants for many years, adapted to the particular production processes. The implementation, and especially the regular auditing, of an HACCP system ensures that only safe foods leave the production facility.

In its assurance of food safety, AGRANA goes beyond the legal requirements and has therefore introduced at least one set of food safety standards in most of its activities. The most significant standards, and those to which the majority of AGRANA plants are certified, are ISO 22000 and the IFS.

In view not least of AGRANA's international nature and focus, the Group has decided to adopt ISO 22000. With this standard, the key elements of food safety management – such as the preventive management of risks through so-called "prerequisite programmes" and HACCP plans, and the continual improvement and updating of the food safety management system – are combined and examined along the food production chain. ISO 22000 is structured also to take into account the principle, incorporated in European food safety legislation, of looking at the whole value chain from "farm to fork". As this ISO standard is process-oriented, it is also easily integrated into existing ISO 9001 quality management systems.

The International Food Standard (current version: IFS Food 5) was developed by food retailers with a focus on the production of house brands. Compared to ISO 22000, the IFS is more product-oriented and less detailed in its prescriptions. AGRANA has introduced this norm as a second important food safety standard particularly in those plants which manufacture directly for retailers or where products are further processed into retail store brands. In the assessment against the IFS, these AGRANA facilities regularly reach scores above 95%, which represents the highest level of safety on the two-tiered scale.

Continuous improvement of processes is achieved through the adoption of these standards and others not described here, such as the BRC[1], QS[2] and AIB[3] standards. This enables AGRANA to manufacture foods and food ingredients whose safety is verified not just after production but along the entire production chain, taking into consideration all possible safety factors and making any appropriate interventions.

[1] BRC (British Retail Consortium): An industry association of British retailers, based in London. The BRC sets standards applied as mandatory by several retail chains for suppliers in the food industry, including the BRC Global Standard for Food Safety.
[2] QS (Qualität und Sicherheit GmbH): QS is a quality assurance system for the production, processing and marketing of foods; QS Qualitat und Sicherheit GmbH, based in Bonn, Germany, was founded in 2001.
[3] AIB (American Institute of Baking): A not-for-profit organisation established by the North American wholesale and retail baking industries in 1919 as a technology transfer centre for bakers and food manufacturers. The AIB now provides services in all areas of food safety (notably inspections, audits, certifications and technical services) to companies in many industries.

SAFETY IN THE WORKPLACE

Workplace safety is an important part of AGRANA's corporate social responsibility as a manufacturing company and hence of its CSR activities.

Additional accident prevention measures were put in place during the 2010|11 financial year. Thus, "near misses" are now also recorded and analysed. A near miss is an incident where personal injury or property damage was avoided only by luck. This more comprehensive documentation is designed to help eliminate risks before accidents actually happen. To ensure safety even in complex plants like those prevalent in the Sugar and Starch segments, all safety personnel was trained in the systematic assessment of hazards in interlinked plants. The intention is also to prevent hazards when existing plants are reconfigured. To enhance the safety of staff working on their own in higher-risk areas, AGRANA began to install alarm servers. These are able to call help rapidly and with precision – even notifying first responders automatically, such as if the employee is unable to move. A heightened level of risk is also associated with chemicals, and this aspect of operations was therefore the subject of additional training. The participation of safety staff members in national and international conferences promotes the exchange of knowledge and implementation of best practices.

Likewise, in connection with the rising requirements of AGRANA's international customers for social responsibility and sustainability, workplace safety plays an ever greater role. It is also fundamental to ISO 26000, a standard which underpins AGRANA's approach to CSR. Worker safety is therefore also becoming increasingly important for AGRANA in decisions on purchasing of raw materials and services, as part of the traceability along the value chain.

Consequently, workplace safety is already part of an AGRANA questionnaire used especially in international fruit procurement. Based largely on the AGRANA Code of Conduct, the questionnaire includes ISO 26000-related questions on occupational safety measures. The procurement guidelines of AGRANA's internationally operating fruit purchasing organisation, Vienna-based AGRANA Fruit Services GmbH, require the completion of a questionnaire as part of the qualification of new suppliers. Complete and satisfactory answers are a prerequisite for AGRANA to buy from or contract with a new supplier.

In an ethical practices audit conducted by a customer that operates globally, AGRANA's workplace safety and health management system received a very good review.

Operating in a highly competitive market environment, AGRANA's strategic objective is to set itself apart from the competition through product innovation. Working closely with customers, AGRANA continually develops new recipes, specialty products and novel applications for existing products. For instance, the Starch segment saw innovative developments in non-synthetic adhesives ("green glues") and the fruit juice concentrates researchers focused in part on projects to improve the quality of aromas. Such activities help ensure lasting success for AGRANA and its customers and will remain integral to the Group strategy of sustainable long-term performance.

Innovation is a driving force *of future sustainable growth.*

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

Research and development for the fruit preparations business is concentrated at the Centre of Innovation and Excellence in Gleisdorf, Austria. The research centre is responsible for the development of new products and production methods, in addition to conducting longer-term research and development projects to provide AGRANA's international customers with innovative solutions in direct response to the needs of the market. The innovation centre is supported by a centralised market development unit in Mitry-Mory, France.

In the 2010|11 financial year, AGRANA invested approximately € 14.5 million (prior year: € 13.3 million) in research and development. This represented 0.67% of Group revenue (prior year: 0.67%). In the AGRANA Group, an average total of 194 employees (prior year: 190) were working in research and product development.

SUGAR SEGMENT

A project begun in the prior year and continued in 2010|11, with the support of Austria's Research Promotion Agency (Forschungsförderungsgesellschaft, or FFG), has the goal of improving the industrial processing of sugar beet that has been stored for extended periods. The research focused on developing and testing automated systems for the recognition of deteriorated beet. The use of such early-detection systems in the plants' campaign operations is intended to safeguard high throughput even near the end of the long campaigns, coupled with ensuring the most cost-efficient dosages of expensive process supplies.

Another focus of activity is the assessment of the technical quality of sugar beet. These technical properties determine the crystalline sugar yield and thus ultimately the profitability of the overall process. The redesign of the beet laboratory at the Leopoldsdorf plant in Austria gave rise to new and promising approaches that are to help AGRANA stay at the leading edge of European technology.

R&D EXPENDITURE
€m

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

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

Growing importance attaches to measures which contribute to maintaining or reaching the high standard of quality throughout the division. These range from improvements in engineering, all the way to the development and implementation of specialised analysis relating to white sugar, as well as animal feeds. Particularly topical is the research work in connection with the issue of nitrite content in feedstuffs, since the EU's significant reduction of permitted nitrite levels. Another focal point was the further improvement and raising of hygiene standards at the Czech sugar factories in Opava and Hrušovany.

STARCH SEGMENT

In the **food sector**, starch R&D work consisted mainly of research into specialised binders and thickener systems. Potential new raw materials were investigated for this purpose and new technologies developed and tested. Cross-divisional synergies were utilised to develop these stabilisers for organic products and clean-label marketing.

In the 2010|11 financial year, a major area of R&D was the development of starch products for **non-food applications in the building, adhesives and paper sectors**. New, intelligent starch products allow the manufacturing of biodegradable adhesive systems and are an alternative to synthetic products for the growing adhesive-processing industry.

The establishment of a new modification process made it possible to develop new types of starch products with unusually strong adhesion and stability. A patent was filed for these innovative adhesives, which have high potential as substitutes for synthetic adhesives and are also referred to as “green glues”.

Together with customers, a breakthrough was achieved in wet glue labelling of glass bottles: Drawing on synergies in the Group, a new modified starch was developed as an effective and complete replacement for casein in ready-to-use adhesives for high-performance applications in bottle labelling. An international patent for this ground-breaking innovation has been applied for. In traditional paper sizing, starch innovations proved themselves as latex substitutes. The activities in the construction starch sector focused on the development of amylopectin-rich starch esters as new high-performance products for tile adhesives. For use in concrete, new starch ester types were developed as stabilisers and successfully brought to market.

Trials demonstrated the positive effect of a special protein-containing potato fraction on yeast fermentation. The manufacturing process is being implemented on an operational scale at the potato starch plant in Gmünd, Austria.

In the area of **AGRANA's bioethanol production**, the "Grainergy" project conducted together with a seed breeding partner was successfully completed. A number of new winter wheat and triticale varieties were jointly developed as raw materials for enhanced bioethanol production.

Further efforts in optimising the use of raw materials and enzymes also included examining the effects on the production process and the expected yields from the use of special input materials.

In the 2010|11 financial year, an FFG-supported research project was started for the biotechnology-based development of special soil additives for use in organic farming to improve crop plants' nutrient supply.

FRUIT SEGMENT

In the financial year, the Fruit segment R&D focused on the development of innovative product concepts and on market diversification activities. Especially in fruit preparations for the baking industry and in the food services sector, important milestones were set in product and process development and optimisation. Knowledge was expanded both in the realms of experimentation and application, not least through close collaboration with customers and suppliers and the gathering and dissemination of existing AGRANA expertise.

Consumer demand for naturalness and freshness remains strong in the highly sophisticated European markets and is a defining factor in consumer trends. Through special production processes and the use of food ingredients free of E numbers, many products have been launched under the clean-label marketing concept. The development of these production processes and product formulations creates the basis for even "gentler" production of fruit preparations and thus the natural preservation of the freshness and goodness of ingredients.

Another key area of study was the optimisation of fruit product texture. Under the name "GENESIS", a long-term programme was started to analyse and optimise processes and technologies of the so-called "first transformation" (the processing of freshly harvested fruit into individually quick-frozen fruit pieces). The programme comprises several projects, which are carried out in different countries with participation by international experts. GENESIS is a further answer to the trend towards more naturalness and the gentle processing of fruit.

Great strides were made in the industrial-scale commercialisation of AGRANA's newly developed technology for the production of "chocolate fruities", small chocolate-enrobed pieces of fruit preparation for aseptic use in dairy products. The completion and commissioning of the manufacturing plant is scheduled for the 2011|12 financial year.

As well, the construction of a production plant completed the manufacturing scale-up of a process for jellies containing functional ingredients that impart additional health benefits to dairy products.

In 2010|11, R&D projects in fruit juice concentrates related primarily to improving aroma quality; the development of gentler process technology, which preserves the natural aroma compounds of apples and berry fruits, enhanced the appeal and marketability of products.

As part of the research on alternative uses for apple pomace (the spent fruit pulp from juice concentrate production), newly developed methods for the treatment of the raw fruit brought an improvement in pomace quality and new applications were found for the pomace that add more value. The apple fibres obtained from the pomace can now be used in various areas of food production, including, for example, as a gluten-free alternative to wheat flour.

Highly-trained and motivated employees are crucial to AGRANA's success. Their know-how and commitment ensure the Group's growth.

In the 2010|11 financial year the AGRANA Group employed an average of 8,243 people (prior year: 7,927). Of this total, 1,746 employees (prior year: 1,735) were based in Austria and 6,497 (prior year: 6,192) worked in the Group's international companies.

The average number of employees in each business segment was as follows:
- Sugar segment: 2,245 employees (prior year: 2,336)
- Starch segment: 880 employees (prior year: 880)
- Fruit segment: 5,118 employees (prior year: 4,711).

In the Sugar segment, despite higher production, the average staff count decreased by 67 people. This reflected both the synergy effects in Bulgaria and the last impacts of the restructuring measures in the Romanian plants.

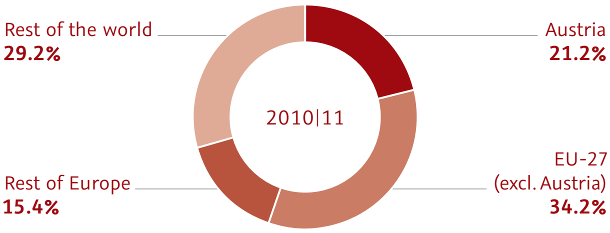
The increase of 407 employees in the Fruit segment occurred mainly in the fruit preparations activities and was driven by higher staff needs through larger crop acreages and volumes (e.g., in the plants in Morocco and Serbia) and stronger demand for staff in Russia and China.

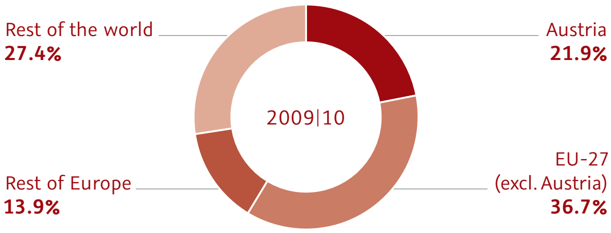
HUMAN RESOURCES STRATEGY AS A LONG-TERM OPPORTUNITY

In the financial year 2010|11, AGRANA continued to pursue the long-term goal of building the strong commitment of its people and thus helping drive the Group's success. Custom-tailored staff training and development measures were therefore delivered to the various target groups. Designed to ensure the maximum professional development of AGRANA's employees, this also generated a valuable contribution to the profitability and growth of the business areas. In 2010|11 the human resources processes were analysed in detail and documented. This serves as a basis for the further improvement of HR management tools and the IT systems that support them.

To support the strategic goals and objectives, a Group-wide system of performance management has been implemented, which includes a performance-based compensation plan for management. In addition to targets related to the corporate financial position and earnings, the criteria for determining variable compensation include personal performance targets. In 2010|11, as in the year before, about 5% of all employees were covered by this incentive-enhanced compensation scheme.

EMPLOYEES BY REGION





To implement the human resources strategy optimally, in 2011|12 the HR function will carry out efficiency-boosting measures and further reinforce the global orientation of HR management. The introduction of an internationally-focused HR organisation and the merging of delivery capabilities for selected HR services are only a few examples of the initiatives planned for 2011|12. The key thrust in Austria will be the implementation of an HR shared service centre (SSC). The HR SSC will be responsible for payroll services for all Austrian employees and will also provide administrative support to the HR team.

In the Sugar segment the emphasis was on staff development and the deepening of staff expertise. A critical step in this context was the identification of experts in given subjects and of talented junior and future managers. To this end, prospective key persons were nominated in consultation with local managers and divisional management to participate in a Group-wide training programme. With the help of the structured and targeted use of staff development tools, employees with particular potential were identified and developed through international placements within the Sugar segment. Additional attention was also given to succession planning in order to ensure knowledge transfer within departments, including across national borders. Work under this strategy is to continue and intensify in 2011|12.

In the fruit preparations business, a strong focus was placed on filling vacancies by internal recruiting, and on management development. In 2010|11 all locations also held an event known as "Kick off the AGRANA way", which included a presentation by the CEO of AGRANA Fruit on strategies and goals. An HR priority is to encourage international exchange between subsidiaries through expatriates. As well, the Quality Trainee programme was further expanded at the international level.

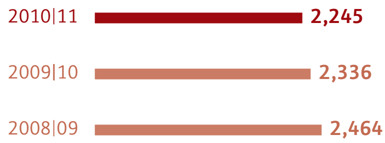
Lean management was the dominant theme of the HR strategy in the fruit juice concentrate activities in 2010|11, with the goal of the best possible utilisation of existing staff resources both in qualitative and quantitative terms. The emphasis was on internal, hands-on training (particularly in SAP) with the help of in-house expertise and resources.

In the 2010|11 financial year AGRANA provided training to a total of 49 apprentices in Austria and Germany in preparation for careers as, for example, mechanical engineering technicians, electrical engineering technicians, plant electricians and process control technicians, chemical lab technicians, food technicians, mechatronics technicians, computer technicians and industrial sales representatives.

The human resources strategy for the year 2011|12 will maintain the ongoing intensive programme of skills upgrading and development for the Group's staff.

GROUP STAFF COUNT

SUGAR SEGMENT STAFF COUNT



STARCH SEGMENT STAFF COUNT

FRUIT SEGMENT STAFF COUNT

STAFF DEVELOPMENT AND TRAINING IN THE AGRANA GROUP

The holding company and local subsidiaries carried out numerous training events, in subject areas spanning both professional skills and personal development.

In the talent development process, for the second time a group of about 30 high-performing, high-potential staff members and managers were chosen from the staff of the entire AGRANA Group. In 2010|11, before the start of a joint training-and-development programme for this group, an introductory kick-off meeting was held.

Staff development in the Sugar segment last year stressed foreign language skills improvement through training and education in English, promoted the exchange of technical knowledge and encouraged advanced technical training, in order to help maximise technological progress.

In the fruit preparations business area, human resources development in 2010|11 centred primarily on management development.

The “Foundations of Leadership – Eastern Europe” programme, in which more than 60 managers were enrolled, focused on situational leadership and on communication.

In the fruit juice concentrates operations, a standardised, documented new-employee orientation plan was introduced to further improve the structuring and consistency of orientation and training for new staff.

The Group-wide expenditure for external training and development in the 2010|11 financial year amounted to about € 2.3 million (prior year: € 2.3 million), or approximately 1.3% (prior year: 1.4%) of total wages and salaries.

STAFF HEALTH

In addition to the ongoing availability of occupational health services, subsidiaries have individual arrangements with local fitness facilities. Employees also have access to annual preventive health check-ups, such as cancer screenings. The goal is the promotion and improvement of health and wellbeing.

Besides existing sports and wellness events like ski days and back exercise classes, the annual Wien Energie Business Run has become a tradition for many staff members. Thus in September 2010 the turnout, coming from all AGRANA business areas, was an impressive 25 teams of three persons each.

The Sugar segment, aside from the activities available under the AGRANA-Fit programme, promoted especially preventive health checks and supported the workplace health and safety initiatives through the provision of work process instructions and Group-wide initiatives. In the Starch segment, back exercise classes were made the central theme of the AGRANA-Fit programme for the year.

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

To manage its risks, AGRANA uses two complementary systems.

Risk management – an essential tool of Group governance.

In operational risk management, which has a time horizon of one year, the uniform, Group-wide planning and reporting system represents the primary control tool. This monthly reporting system also includes its own risk report featuring the regular calculation of risk potential for the current financial year (see disclosures under section 243a (2) Austrian Commercial Code on page 62f of this report).

The second pillar of risk management is strategic risk management with a multi-year horizon. A dedicated, organisationally independent team for this function supports the Management Board in strategic risk management. Twice per year this team, together with experts from the individual business segments, analyses AGRANA's economic, political and legal environment for risks and opportunities, evaluates these and identifies mitigative responses to any detected threats. The results of this analysis are entered into a risk inventory. Using a Monte Carlo simulation, a measure of AGRANA's overall risk potential is derived from the risk inventory and reported to the Management Board and the Audit Committee of the Supervisory Board.

Local risk management teams at the individual subsidiaries ensure that, when threats arise, coordinated countermeasures are taken and adverse effects can be mitigated. An integrated system for the early identification and monitoring of risks and opportunities that are specific to the Group enables AGRANA to use its existing resources efficiently for the achievement of its strategic goals. In this process, the Management Board is supported by efficient control and reporting systems.

RISK POLICY

The responsible management of business opportunities and risks is a principle of corporate governance at AGRANA. The Group's risk culture is marked by risk-aware behaviour, clear assignment of responsibilities, and independent risk control. AGRANA is generally prepared to bear risks related to its core competencies, but where possible seeks to avoid risks that cannot be reduced to a reasonable level or transferred to third parties. AGRANA does not assume risks that are unrelated to core or support processes.

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

SIGNIFICANT RISKS AND UNCERTAINTIES

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

REGULATORY RISKS

Risks from the sugar regime

Potential effects of international and national trade agreements and market policy are analysed at an early stage and evaluated as part of the risk management process. Current developments and their effects are discussed in detail beginning on page 36f of this report, in the section on the Sugar segment.

Renewable energy directive

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

OPERATIONAL RISKS

Procurement risks

As an agricultural processor, AGRANA is subject to procurement risks that may arise from weather factors. As a result of climatic events and conditions, the available supply of agricultural raw materials may under some circumstances be insufficient. These raw materials may also be subject to price fluctuations that cannot be fully passed through to customers.

These risks pertain especially to the Starch segment. To secure the required quantities of grains (corn and wheat), physical supply contracts are concluded to the greatest extent possible. For the portion of the requirement not covered by supply agreements, futures contracts are entered into where commercially reasonable. These hedging operations are subject to stringent safety rules. Their amounts are proposed by the management of the business segment and approved by the AGRANA Management Board. The amounts and results of these hedging transactions are reported to the Management Board in a monthly meeting.

In the bioethanol business, an increase in raw material costs can be offset only partially by higher selling prices for ActiProt® (the protein-rich co-product of bioethanol production), as the prices of such feedstuffs track wheat and corn prices. In the starch operations, higher raw material costs can to a very large extent be passed through rapidly to customers in the markets relevant to AGRANA thanks to the homogeneous cost structure.

The procurement risk in the Sugar segment (except in those countries where the main production input is raw sugar rather than beet) is less significant, as sugar beet production is normally more profitable than other field crops and beet farmers therefore want to utilise their delivery quotas to the fullest. In Bosnia and Herzegovina, the required quantities of raw sugar are hedged in terms of volume and price. These hedges are subject to the same strict policies as those for grains. There is procurement risk in respect of the import of white and raw sugar into the EU, as the market access rules in this region mean that hedging via commodity derivatives is only partially possible. The more difficult procurement situation for raw sugar has already been noted in the section “Risks from the sugar regime”. These risks relate only to AGRANA's production facilities in Romania.

Unfavourable weather and plant diseases may cause serious crop failures in the Fruit segment, with the result of an increase in raw material prices. The Fruit segment's global presence and its familiarity with all procurement markets give AGRANA the ability to avoid or mitigate supply bottlenecks and price volatility. The centralised purchasing organisation in the Fruit segment analyses the raw material markets globally and can thus react early to shortfalls in supply and variations in quality. To provide year-round security of supply and take into account the differences in crop cycles between major crop regions, long-term agreements were also concluded with suppliers and customers, thus ensuring consistent high quality, reliable deliveries and secure production.

The requirements for energy – the second largest cost component in the Sugar and Starch segments after raw materials – are met from a mix of sources. As the production facilities are designed according to the energy source used, the energy mix optimises costs. Moreover, energy efficiency in the plants throughout the Group is continually improved and the proportion of alternative sources of energy is rising. The quantities and prices of the required energy sources are secured in advance through short- and medium-term contracts for physical delivery.

Product quality and safety

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

Market risks and competitive risks

Global business activities are inherently exposed to risks from intense competition. Among other ways, AGRANA meets this risk by means of a detailed monthly analysis of sales variances by customer and product. This enables the Group to detect changes in demand patterns early and take timely action in response. AGRANA also continually evaluates its market position in all relevant markets and adjusts the business strategies as appropriate. Continual optimisation of cost structures maximises the competitiveness of all products.

LEGAL RISKS

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

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

In the 2009|10 financial year, competition authorities initiated investigations of AGRANA subsidiaries in two Eastern European countries. The focus of the investigations includes questions in connection with the EU sugar market reform and the implementation of the new sugar regime.

On 7 September 2010 AGRANA was informed that the Austrian Federal Competition Authority had filed an application with the Cartel Court in Vienna for a declaratory judgement against, among other parties, AGRANA Zucker GmbH, Vienna, and Südzucker AG Mannheim/Ochsenfurt, Mannheim, Germany, for an alleged past contravention of the Austrian Cartel Act. Since then, AGRANA and Südzucker have submitted written statements on the allegations to the court.

FINANCIAL RISKS

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

Interest rate risks

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

Currency risks

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

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

Product price risks

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

Liquidity risks

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

Risks of default on receivables

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

AGGREGATE RISK

Overall, the Group's aggregate risk exposure has slightly increased in comparison to the prior year. The reasons are the currently very high grain feedstock prices for bioethanol production and the high world market price of raw sugar for the refineries in Romania and Bosnia-Herzegovina. However, the price increases in these raw materials were offset by the higher selling prices both for core products and by-products.

On balance for the 2011|12 financial year, the Management Board of AGRANA Beteiligungs-AG sees no risks to AGRANA's ability to continue in business as a going concern.

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

The 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 – including International Financial Reporting Standards (IFRS) – and the internal control system assure both the uniformity of accounting across the AGRANA Group and the reliability of the internal and external financial reporting.

The uniformity and reliability of accounting is also a result of the fact that the entire financial and business reporting of most Group companies is performed in SAP. This ensures that the internal and external reporting are based on the same data. The Controlling and Group Accounting departments validate the internal and external reports monthly and quarterly, respectively, and assure the congruence of internal and external reports.

The primary control instrument of AGRANA's management is the enterprise-wide, uniform planning and reporting system. It enables management to identify and control risks and opportunities at the right time. The system comprises a medium-term plan with a planning horizon of five years, budget planning for the current financial year, monthly reporting including a monthly risk report, and, four times per year, a projection for the current financial year that incorporates the significant financial developments.

The monthly report produced by Controlling portrays the performance of all Group companies. The contents of the report are standardised across the Group and include detailed sales data, the balance sheet, income statement and the financials that can be derived from them, as well as an analysis of significant variances.

This monthly report also includes a dedicated risk report for each business segment, providing information on the financial trend in the current financial year, based on the assumption that the key profitability factors (energy, raw material and selling prices, etc.) remain constant at their current level to the end of the financial year. The resulting information is reported to the AGRANA Management Board at the monthly division meetings.

The consolidated financial statements are prepared by the Group Accounting department, whose main area of responsibility is to ensure the correct and complete transfer of financial data from Group companies, carry out the financial statement consolidation and eliminations, generate analytical reports from the consolidated financial statement data, and prepare financial reports.

AGRANA has an enterprise-wide risk management system through which all relevant risks and opportunities are identified and evaluated and corrective measures are devised as required. The system focuses on the sources and types of risk relevant to the Group, such as the regulatory and legal environment, raw material procurement, competitive and market risks, and financing. Reporting directly to the Group's Management Board, the risk management team devotes particular attention to the continual review and updating of the risk and opportunity information and to heightening the risk awareness of all employees in the AGRANA Group.

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. At the Management Board's request, Internal Audit also performs ad-hoc audits focusing on current and future risks. The audit findings are regularly reported to AGRANA's Management Board and the respective management responsible. The implementation of the actions proposed by Internal Audit is assured 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, 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 was € 103.2 million, divided into 14,202,040 voting ordinary bearer shares. There are no other classes of shares.

Z&S Zucker und Stärke Holding AG ("Z&S"), based in Vienna, is the majority shareholder, holding 75.5% of the share capital of AGRANA Beteiligungs-AG. Z&S is a wholly owned subsidiary of Vienna-based AGRANA Zucker, Stärke und Frucht Holding AG, which in turn is 50% owned by Südzucker AG Mannheim/Ochsenfurt ("Südzucker"), Mannheim, Germany, and 50% owned by Zucker-Beteiligungsgesellschaft m.b.H. ("ZBG"), Vienna. The following five Vienna-based entities are shareholders of ZBG: „ALMARA" Holding GmbH (a subsidiary of Raiffeisen-Holding Niederösterreich Wien registrierte Genossenschaft mit beschränkter Haftung); Marchfelder Zuckerfabriken Gesellschaft m.b.H.; Estezet Beteiligungsgesellschaft m.b.H.; Rübenproduzenten Beteiligungs GesmbH; and Leipnik-Lundenburger Invest Beteiligungs AG. Under a syndicate agreement between Südzucker and ZBG, the voting rights of the syndicate partners are combined in Z&S, there are restrictions on the transfer of shares, and the partners in the syndicate have certain mutual rights to appoint members of each other's management board and supervisory board. Thus, Johann Marihart has been appointed by ZBG as a management board member of Südzucker, and Thomas Kölbl has been appointed by Südzucker as a management board member of AGRANA Beteiligungs-AG.

The London, UK-based financial services company Prudential plc together with some of its subsidiaries holds, in the form of free float, more than 10% of the share capital of AGRANA Beteiligungs-AG.

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

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

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

For the 2011|12 financial year as well, AGRANA is projecting a positive earnings trend in all business segments. The long-term trends towards higher-quality, healthful nutrition remain as much a growth driver for AGRANA as the Group's geographic expansion and the increasing focus on emerging markets.

The very good 2010|11 financial year will represent a challenging base against which to compare the Group's performance in 2011|12. However, in view of the sound balance sheet structure at 28 February 2011 and the diversified business model, AGRANA believes it is well positioned for the 2011|12 financial year. Through the conscious use of inter-segment synergies in functions like purchasing, logistics, sales and finance, and with the help of steadily continuing structural improvements, the Group intends to master the challenges of persistent volatility in markets and is optimistic that it will achieve sustainable growth for the long term.

2011|12 financial year: *The bar is set high, but Group revenue and profit are expected to grow in 2011|12.*

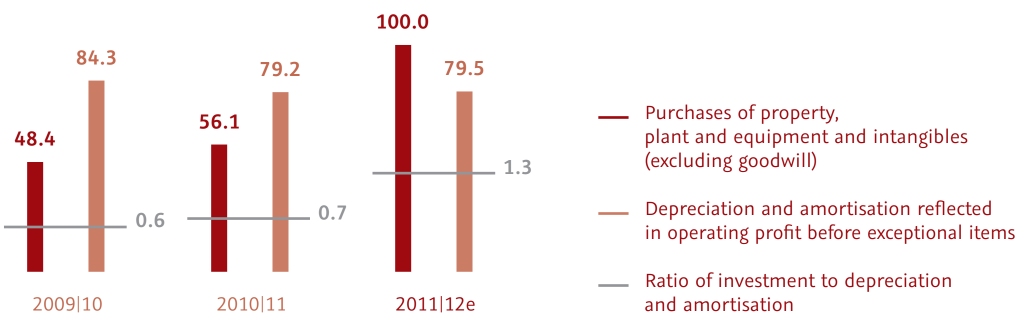
AGRANA currently expects Group revenue to increase slightly in 2011|12 thanks to mild overall volume growth and higher prices.

In the Sugar segment, growth within the EU is constrained by the sugar market regime, but the production of non-quota sugar should ensure the strong utilisation of the AGRANA sugar plants, and the high world market prices for sugar are likely to facilitate their exports. The tight quota sugar supply in the Romanian, Hungarian and Bulgarian markets augurs a small decline in volume. Likewise, Bosnia-Herzegovina and the neighbouring countries are dependent on the availability of raw sugar and thus on developments in the world market. Until the beginning of the new beet campaigns, AGRANA foresees a tight sugar supply in the EU and also in the Western Balkans, which points to generally higher sugar prices.

In the Starch segment, higher selling prices are expected to outweigh the effect of a slight decrease in sales volumes. The volume reduction expected especially in native starches and saccharification products is the result mainly of the relatively stronger running down of inventories at the beginning of the 2010|11 financial year. Isoglucose prices are also on the rise, tracking local sugar prices.

In the Fruit segment, a revenue increase is predicted for the fruit preparations side amid rising volumes coupled with higher selling prices. The rate of volume gains here should exceed the forecast market growth. Revenue in fruit juice concentrates is likely to grow significantly amid the expected price trend in the concentrate market as a direct result of the higher raw material costs in the 2010 campaign. Additional growth will come from the planned merger with Ybbstaler Fruit Austria GmbH, although its effective date will probably not be until late autumn 2011.

INVESTMENT VERSUS DEPRECIATION €m



The objective for 2011|12 is to further raise Group operating profit before exceptional items. Ongoing improvements in purchasing strategies and in cost management, as well as targeted further savings in energy consumption, are to have benefits for profitability.

Last year's positive earnings trend in the Sugar segment should continue in the 2011|12 financial year. This expectation is reinforced by the favourable price developments in recent weeks and the steps taken to control costs and safeguard sales volumes. The widened margins on beet sugar are likely to more than offset a reduced earnings contribution from the refining operations, thus permitting a further increase in Sugar's pre-exceptionals operating profit.

Much of the Starch segment's raw material supply for the 2011|12 financial year is already contractually secured until the new 2011 crop, in terms of corn for the Aschach plant and wheat, corn and triticale for Pischelsdorf. With the projected expansion in areas planted to wheat and corn, the price trend is expected to be stable. Starch segment operating profit before exceptional items is forecast to be slightly higher than in 2010|11; a big challenge, like last year, will again be dealing with raw material and energy costs that are stabilising at a higher level.

In the Fruit segment, a further rise in operating profit before exceptionals is expected for the fruit preparations business. In connection with possible increases in raw material costs, the calculations for the segment also include the possibility of movement in market prices. On balance, the percentage profit margin for fruit preparations is predicted to ease somewhat because of disproportionately stronger growth in the trading business (merchandise purchased for resale), which has lower margins. The concentrate operations expect substantial earnings growth for 2011|12, as higher concentrate prices were negotiated in the contracts from the 2010 campaign. On the cost side, the savings measures of the past years are being continued.

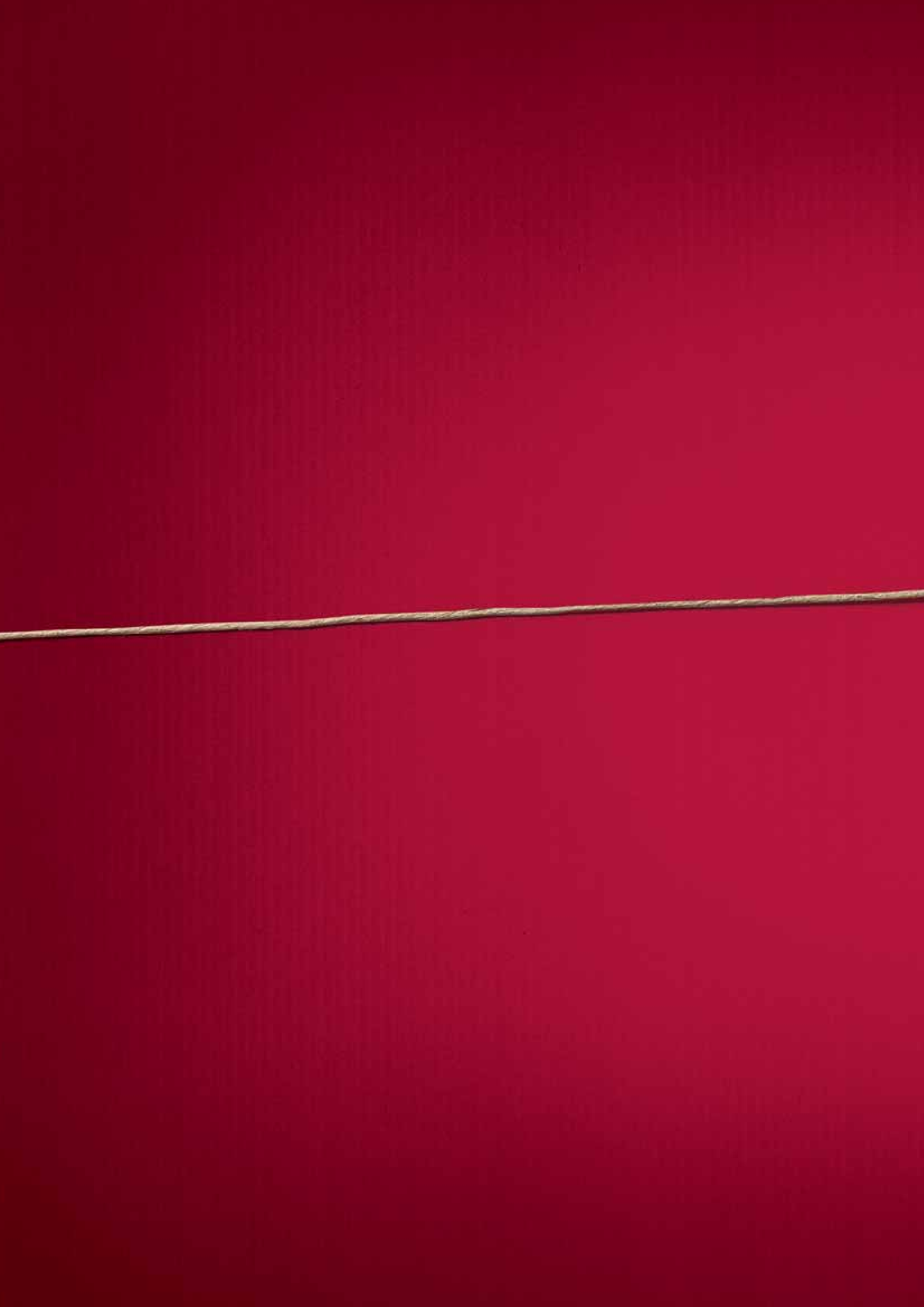
INVESTMENT

After three years of investment at less than the rate of depreciation, capital expenditure is to increase in all three segments in the current, 2011|12 financial year. A total of about € 100 million is to be invested to support the Group's long-term growth trajectory.

Investment planned for the **Sugar segment** in the 2011|12 financial year is approximately € 26 million. Much of this is for the completion of the new sugar silo in Tulln, Austria. As well, the investment plans call for a new beet pulp press in Opava, Czech Republic, and a third fermenter for the biogas plant in Kaposvár, Hungary, to increase its energy self-sufficiency.

Besides various replacement and maintenance investment projects, the capital expenditure of about € 31 million in the **Starch segment** will focus mainly on the following projects: In Pischelsdorf, Austria, construction will begin on a new wheat starch plant; its close interlinking with the adjacent bioethanol plant is to raise extensive synergies in the areas of residue/waste processing, raw material management and plant infrastructure. At the plant in Hungary, a straw-fired biomass boiler is being built to save energy costs and CO_2 allowances.

The planned level of capital spending in the **Fruit segment** is approximately € 43 million. Next to asset replacement projects at AGRANA Juice, an important project beginning this year is the expansion of fruit preparations production capacity in Serpuchov, Russia. This expansion in answer to the growth in the Russian market is scheduled for completion in September 2012. As well, in the 2011|12 financial year AGRANA will invest in the construction of a second fruit preparations plant in Johannesburg, South Africa, and in moving the fruit preparations plant in Dachang, China, to a new, larger facility.



CONSOLIDATED FINANCIAL STATEMENTS 2010|11

AGRANA GROUP
BASED ON IFRS

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 28 FEBRUARY 2011

	€000	2010|11	2009|10
(1)	Revenue	2,165,902	1,989,159
(2)	Changes in inventories of finished and unfinished goods	18,428	(90,905)
(2)	Own work capitalised	3,115	3,402
(3)	Other operating income	31,093	26,030
(4)	Cost of materials	(1,501,561)	(1,258,344)
(5)	Staff costs	(225,801)	(217,786)
(6)	Depreciation, amortisation and impairment losses	(79,182)	(84,437)
(7)	Other operating expenses	(283,941)	(280,189)
(8)	**Operating profit after exceptional items**	**128,053**	**86,930**
(9)	Finance income	14,980	32,974
(10)	Finance expense	(33,939)	(32,513)
	Net financial items	**(18,959)**	**461**
	Profit before tax	**109,094**	**87,391**
(11)	Income tax expense	(22,408)	(14,689)
	Profit for the period	**86,686**	**72,702**
	– *Attributable to shareholders of the parent*	*84,515*	*72,162*
	– *Attributable to non-controlling interests*	*2,171*	*540*
(12)	Earnings per share under IFRS (basic and diluted)	€ 5.95	€ 5.08

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE

FOR THE YEAR ENDED 28 FEBRUARY 2011

€000	2010|11	2009|10
Profit for the period	86,686	72,702
Income/(expense) recognised directly in equity		
Currency translation differences	5,737	27,638
Available-for-sale financial assets	(651)	81
Tax effect of available-for-sale financial assets	121	2
Cash flow hedges	(973)	8,895
Tax effect of cash flow hedges	14	(2,500)
Net income recognised directly in equity	4,248	34,116
Total recognised income and expense for the period	**90,934**	**106,818**
– Attributable to shareholders of the parent	*88,775*	*105,179*
– Attributable to non-controlling interests	*2,159*	*1,639*

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 28 FEBRUARY 2011

	€000	2010|11	2009|10
	Profit for the period	86,686	72,702
	Depreciation, amortisation and impairment of non-current assets	79,182	84,437
	Changes in non-current provisions	(3,408)	(4,480)
	Other non-cash expenses/(income)	6,805	(3,082)
	Operating cash flow before changes in working capital	**169,265**	**149,577**
	Losses on disposal of non-current assets	**87**	**382**
	Changes in inventories	(59,666)	93,538
	Changes in receivables, deferred tax assets and current assets	(66,570)	(17,650)
	Changes in current provisions	11,195	5,079
	Changes in payables (excluding borrowings)	19,190	(73,186)
	Effect of movements in foreign exchange rates on non-cash items	1,929	4,411
	Changes in working capital	**(93,922)**	**12,192**
(13)	**Net cash from operating activities**	**75,430**	**162,151**
	Proceeds from disposal of non-current assets	3,978	3,402
	Purchases of property, plant and equipment and intangible assets, net of government grants	(55,859)	(48,160)
	(Purchases of)/proceeds from disposal of securities	(896)	2,314
	Purchases of non-current financial assets	(116)	(941)
	Proceeds/(outflows) from purchases of businesses	1,304	(5,016)
(14)	**Net cash (used in) investing activities**	**(51,589)**	**(48,401)**
	Capital increase in a subsidiary through non-controlling interests	0	1,250
	Changes in non-current borrowings	58,702	(41,876)
	Changes in current borrowings	(55,542)	(53,935)
	Dividends paid	(28,170)	(29,094)
(15)	**Net cash (used in) financing activities**	**(25,010)**	**(123,655)**
	Net (decrease) in cash and cash equivalents	**(1,169)**	**(9,905)**
	Effect of movements in foreign exchange rates on cash and cash equivalents	1,208	4,835
	Cash and cash equivalents at beginning of period	70,388	75,458
	Cash and cash equivalents at end of period	**70,427**	**70,388**

CONSOLIDATED BALANCE SHEET AT 28 FEBRUARY 2011

	€000	28 February 2011	28 February 2010
	ASSETS		
	A. Non-current assets		
(16)	Intangible assets	248,551	252,446
(17)	Property, plant and equipment	577,709	597,788
(18)	Securities	104,598	104,977
(18)	Investments in non-consolidated subsidiaries and outside companies, and loan receivables	6,152	7,027
(19)	Receivables and other assets	13,827	10,652
(20)	Deferred tax assets	31,000	30,845
		981,837	**1,003,735**
	B. Current assets		
(21)	Inventories	528,241	468,576
(19)	Trade receivables and other assets	400,107	336,688
	Current tax assets	7,179	5,013
(22)	Securities	4,411	3,515
	Cash and cash equivalents	70,427	70,388
		1,010,365	**884,180**
	Total assets	**1,992,202**	**1,887,915**
	EQUITY AND LIABILITIES		
(23)	**A. Equity**		
	Share capital	103,210	103,210
	Share premium and other capital reserves	411,362	411,362
	Retained earnings	427,564	364,657
	Equity attributable to shareholders of the parent	942,136	879,229
	Non-controlling interests	28,558	25,425
		970,694	**904,654**
	B. Non-current liabilities		
(24a)	Retirement and termination benefit obligations	41,957	44,263
(24b)	Other provisions	12,971	14,073
(25)	Borrowings	267,004	208,301
(26)	Other payables	2,308	2,229
(27)	Deferred tax liabilities	19,088	19,369
		343,328	**288,235**
	C. Current liabilities		
(24b)	Other provisions	39,787	28,592
(25)	Borrowings	294,868	347,160
(26)	Trade and other payables	328,619	308,533
	Current tax liabilities	14,906	10,741
		678,180	**695,026**
	Total equity and liabilities	**1,992,202**	**1,887,915**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 28 FEBRUARY 2011

€000	Share capital	Share premium and other capital reserves	Available-for-sale reserve	Cash flow hedge reserve	Other retained earnings
			Attributable to the shareholders of AGRANA		
			Retained earnings		
2010|11					
At 1 March 2010	**103,210**	**411,362**	**4,121**	**936**	**317,077**
Fair value movements under IAS 39	0	0	(651)	(976)	0
Tax effect	0	0	121	80	0
Currency translation gain	0	0	0	0	0
Net income/(expense) recognised directly in equity	**0**	**0**	**(530)**	**(896)**	**0**
Profit for the period	0	0	0	0	0
Total recognised income and expense	**0**	**0**	**(530)**	**(896)**	**0**
Dividends paid	0	0	0	0	0
Transfer to reserves	0	0	0	0	44,468
Other changes	0	0	0	0	1,826
At 28 February 2011	**103,210**	**411,362**	**3,591**	**40**	**363,371**
					427,564
2009|10					
At 1 March 2009	**103,210**	**411,362**	**4,038**	**(5,464)**	**358,760**
Fair value movements under IAS 39	0	0	81	8,900	0
Tax effect	0	0	2	(2,500)	0
Currency translation gain	0	0	0	0	0
Net income/(expense) recognised directly in equity	**0**	**0**	**83**	**6,400**	**0**
Profit for the period	0	0	0	0	0
Total recognised income and expense	**0**	**0**	**83**	**6,400**	**0**
Dividends paid	0	0	0	0	0
Transfer to reserves	0	0	0	0	(39,272)
Other changes	0	0	0	0	(2,411)
At 28 February 2010	**103,210**	**411,362**	**4,121**	**936**	**317,077**
					364,657

Beteiligungs-AG

Currency translation reserve	Profit for the period	Equity attributable to share-holders of the parent	Non-controlling interests	Total
(29,639)	**72,162**	**879,229**	**25,425**	**904,654**
0	0	(1,627)	3	(1,624)
0	0	201	(66)	135
5,686	0	5,686	51	5,737
5,686	**0**	**4,260**	**(12)**	**4,248**
0	84,515	84,515	2,171	86,686
5,686	**84,515**	**88,775**	**2,159**	**90,934**
0	(27,694)	(27,694)	(477)	(28,171)
0	(44,468)	0	0	0
0	0	1,826	1,451	3,277
(23,953)	**84,515**	**942,136**	**28,558**	**970,694**

Currency translation reserve	Profit for the period	Equity attributable to share-holders of the parent	Non-controlling interests	Total
(56,173)	**(11,578)**	**804,155**	**21,758**	**825,913**
0	0	8,981	(5)	8,976
0	0	(2,498)	0	(2,498)
26,534	0	26,534	1,104	27,638
26,534	**0**	**33,017**	**1,099**	**34,116**
0	72,162	72,162	540	72,702
26,534	**72,162**	**105,179**	**1,639**	**106,818**
0	(27,694)	(27,694)	(1,400)	(29,094)
0	39,272	0	0	0
0	0	(2,411)	3,428	1,017
(29,639)	**72,162**	**879,229**	**25,425**	**904,654**

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 as a result 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	Consoli-dation	Group
2010|11					
Total revenue	770,587	617,300	873,787	(95,772)	2,165,902
Inter-segment revenue	(57,500)	(34,097)	(4,175)	95,772	0
Revenue	**713,087**	**583,203**	**869,612**	**0**	**2,165,902**
EBITDA	51,338	73,876	82,020	0	207,234
Depreciation, amortisation and impairment of property, plant and equipment and intangibles[1]	(18,197)	(25,695)	(35,289)	0	(79,181)
Operating profit before exceptional items [EBIT]	**33,141**	**48,181**	**46,731**	**0**	**128,053**
Exceptional items	0	0	0	0	0
Operating profit after exceptional items	33,141	48,181	46,731	0	128,053
Segment assets	532,803	384,881	832,294	0	1,749,978
Segment liabilities	193,075	88,365	144,203	0	425,643
Purchases of property, plant and equipment and intangibles[1]	16,031	8,996	30,832	0	55,859
Purchases of non-current financial assets	3	0	115	0	118
Total capital expenditure	16,034	8,996	30,947	0	55,977
Staff count	2,245	880	5,118	0	8,243
2009|10					
Total revenue	737,015	533,788	805,988	(87,632)	1,989,159
Inter-segment revenue	(52,963)	(34,586)	(83)	87,632	0
Revenue	**684,052**	**499,202**	**805,905**	**0**	**1,989,159**

[1] Excluding goodwill.

€000	Sugar	Starch	Fruit	Consoli-dation	Group
EBITDA	36,883	67,333	72,030	0	176,246
Depreciation, amortisation and impairment of property, plant and equipment and intangibles[1]	(21,669)	(26,278)	(36,362)	0	(84,309)
Operating profit before exceptional items [EBIT]	**15,214**	**41,055**	**35,668**	**0**	**91,937**
Exceptional items	0	0	(5,007)	0	(5,007)
Operating profit after exceptional items	15,214	41,055	30,661	0	86,930
Segment assets	505,915	370,336	772,377	0	1,648,628
Segment liabilities	201,891	62,547	133,252	0	397,690
Purchases of property, plant and equipment and intangibles[1]	11,420	10,836	26,126	0	48,382
Purchases of non-current financial assets	537	1	403	0	941
Total capital expenditure	11,957	10,837	26,529	0	49,323
Staff count	2,336	880	4,711	0	7,927

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

In the financial year 2010|11 there were no exceptional items. The prior year's exceptional items related to the costs of the relocation of the holding company from Paris to Vienna and a goodwill write-down on a Fruit company in the Czech Republic.

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

Segment assets and liabilities

€000	28 Feb 2011	28 Feb 2010
Total assets	1,992,202	1,887,915
Less non-current financial assets	(110,750)	(112,004)
Less securities, cash and cash equivalents	(74,838)	(73,903)
Less tax assets and other assets	(56,636)	(53,380)
Segment assets	**1,749,978**	**1,648,628**
Provisions and other liabilities	1,021,509	983,261
Less borrowings	(561,872)	(555,461)
Less deferred and current tax liabilities	(33,994)	30,110
Segment liabilities	**425,643**	**397,690**

[1] Excluding goodwill.

1.2. SEGMENTATION BY REGION

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

€000	2010|11	2009|10
Revenue		
Austria	1,044,467	923,128
Hungary	217,009	202,264
Romania	147,638	145,742
Rest of EU	329,819	355,574
EU-27	1,738,933	1,626,707
Rest of Europe (Bosnia-Herzegovina, Russia, Serbia, Turkey, Ukraine)	136,338	102,173
Other foreign countries	290,632	260,278
Total	**2,165,902**	**1,989,159**

The external revenue generated by the Eastern European companies was € 632,592 thousand (prior year: € 592,055 thousand). 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	2010|11	2009|10
Segment assets		
Austria	648,345	562,904
Hungary	210,634	212,679
Romania	93,321	103,896
Rest of EU	486,383	478,976
EU-27	1,438,683	1,358,455
Rest of Europe (Bosnia-Herzegovina, Russia, Serbia, Turkey, Ukraine)	106,953	98,532
Other foreign countries	204,342	191,640
Total	**1,749,978**	**1,648,628**
Purchases of property, plant and equipment and intangibles[1]		
Austria	17,509	13,147
Hungary	6,278	6,511
Romania	1,372	2,884
Rest of EU	14,439	10,353
EU-27	39,598	32,895
Rest of Europe (Bosnia-Herzegovina, Russia, Serbia, Turkey, Ukraine)	5,196	5,455
Other foreign countries	11,065	10,032
Total	**55,859**	**48,382**

[1] Excluding goodwill.

2. BASIS OF PREPARATION

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

The consolidated financial statements of the AGRANA Group for 2010|11 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 recognised income and expense, cash flow statement and balance sheet, a statement of changes in equity is presented. The notes also include information on the business segments.

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

Beginning in the 2010|11 financial year, a number of new or revised standards and interpretations issued by the IASB were effective (i.e., their application became mandatory for AGRANA).

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

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

The first-time application of the two changed standards had no material effect on the financial position, results of operations and cash flows.

In April 2009 the IASB published a collection of amendments to various IFRSs in its annual improvement project, Improvements to IFRS (2009). The amendments address details of the recognition, measurement and disclosure of business events, standardise terminology and consist mainly of editorial changes to the standards involved.

The other standards and interpretations becoming effective in the 2010|11 financial year were not currently applicable to AGRANA:

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

The following changed standards and new interpretations, which have been adopted into European Union law, are effective for AGRANA beginning with the 2011|12 financial year or later. They have no, or no material, effects on the consolidated financial statements of AGRANA and were not applied early:

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

In May 2010 the IASB published the third collection of amendments in its annual improvement project, Improvements to IFRS (2010). The amendments address details of the recognition, measurement and disclosure of business events, standardise terminology and consist mainly of editorial changes. Some of the amendments are effective for annual periods beginning on or after 1 January 2011 (i.e., beginning with AGRANA's 2011|12 financial year) and others are effective for annual periods beginning on or after 1 July 2011 (AGRANA's 2012|13 financial year).

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

- IAS 12 (Income Taxes – 2010) – Amendment to IAS 12: Deferred Tax: Recovery of Underlying Assets (relating to the measurement of deferred tax according to whether the carrying amount is realised by use or sale (rebuttable presumption)

- IFRS 1 (First-time Adoption of International Financial Reporting Standards – 2010) – Amendment to IFRS 1: Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters (concerning relief regarding derecognition-related requirements before the transition to IFRSs, and special rules for cases where the functional currency was subject to hyperinflation)
- IFRS 7 (Financial Instruments: Disclosures – 2010) Amendment to IFRS 7: Disclosures – Transfers of Financial Assets

In November 2009 the IASB issued IFRS 9 (Financial Instruments). This standard to date consists of the first part of the three-stage IASB project to replace the current IAS 39 (Financial Instruments: Recognition and Measurement). The new IFRS 9 standard, which is to become effective for financial years beginning on or after 1 January 2013, provides only two categories for the classification of financial assets: measurement at amortised cost and measurement at fair value. The existing more complex classification and measurement model of IAS 39 is to be eliminated. The European Financial Reporting Advisory Group (EFRAG) has postponed the adoption of IFRS 9 to wait until the IASB presents the complete standard for financial instruments and to take more time to evaluate the results. 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.

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

At the balance sheet date, 59 (prior year: 61) companies besides the parent were fully consolidated in the Group financial statements and 9 (prior year: 8) companies were proportionately consolidated.

An overview of the fully consolidated and proportionately consolidated entities and other business interests is given beginning on page 128.

The number of companies that were fully or proportionately consolidated changed as follows in the 2010|11 financial year:

	Full consolidation	Proportionate consolidation
At 1 March 2010	61	8
First-time inclusion	2	1
Deconsolidation	(4)	0
At 28 February 2011	**59**	**9**

Entities included in the consolidated financial statements for the first time

- Biogáz Fejlesztő Kft., Kaposvár, Hungary
  Activity: Production of biogas
  Included from: July 2010 (establishment date)
  Equity interest: 100%
  Establishment cost in cash: € 2 thousand
  The inclusion of Biogáz Fejlesztő Kft. did not give rise to goodwill or negative goodwill.

- AGRANA Nile Fruits Processing (SAE), Qalyoubia, Egypt
  Activity: Production of fruit preparations
  Included from: November 2010
  Equity interest: 51%
  Establishment cost in cash: € 1,370 thousand
  The inclusion of Agrana Nile Fruits Processing (SAE) did not give rise to goodwill or negative goodwill.

- GreenPower E85 Kft., Szabadegyháza, Hungary (proportionate consolidation)
  Activity: Production and marketing of E85 biofuel
  Included from: January 2011 (establishment date)
  Equity interest: 50%
  Establishment cost in cash: € 2 thousand
  The inclusion of GreenPower E85 Kft. did not give rise to goodwill or negative goodwill.

Deconsolidations

The deconsolidations in the financial year under review related to the liquidation of INSTANTINA Hungária Élelmiszergyartó és Kereskedelmi Kft. v. a., Petőháza, Hungary, and of S.C. Romana Prod s.r.l., Roman, Romania, as well as the merger of Fruimark (Proprietary) Ltd., Cape Town, South Africa, and AGRANA Fruit South Africa Investments (Proprietary) Ltd., Cape Town, with AGRANA Fruit South Africa (Proprietary) Ltd., Cape Town. The deconsolidations did not have a material effect on the consolidated financial statements of AGRANA.

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 Isocukorgyártó és Forgalmazó Kft., Szabadegyháza, Hungary (of which AGRANA Stärke GmbH, Vienna, owns 50%) and its subsidiary Hungranatrans Kft., Szabadegyháza, Hungary. Also included by proportionate consolidation were AGRANA-STUDEN Beteiligungs GmbH, Vienna; Xianyang Andre Juice Co. Ltd, Xianyang City, China; STUDEN-AGRANA Rafinerija Secera d.o.o., Brčko, Bosnia-Herzegovina; AGRANA Studen Sugar Trading GmbH, Vienna; Yongji Andre Juice Co. Ltd., Yongji, China; AGRAGOLD Holding GmbH, Vienna; and, from the financial year under review, GreenPower E85 Kft., Szabadegyháza, Hungary.

€000	**28 Feb 2011**	**28 Feb 2010**
Non-current assets	129,736	137,942
Inventories	29,525	32,244
Receivables and other assets	57,632	45,021
Cash, cash equivalents and securities	3,924	6,249
Current assets	91,081	83,514
Total assets	**220,817**	**221,456**

€000	28 Feb 2011	28 Feb 2010
Equity	99,914	105,283
Non-current liabilities	20,077	20,492
Current liabilities	100,826	95,681
Total equity and liabilities	**220,817**	**221,456**
Revenue	297,791	190,029
Net other (expense)	(272,071)	(172,768)
Profit for the period	**25,720**	**17,261**

3.1. BALANCE SHEET DATE

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

4. CONSOLIDATION METHODS

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

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

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

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

5. FOREIGN CURRENCY TRANSLATION

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

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

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

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

		Rate at reporting date		Average rate for year	
In number of units of local currency per €	Currency	28 Feb 2011	28 Feb 2010	1 Mar 2010–28 Feb 2011	1 Mar 2009–28 Feb 2010
Argentina	ARS	5.56	5.25	5.20	5.34
Australia	AUD	1.36	1.52	1.41	1.71
Brazil	BRL	2.29	2.47	2.29	2.69
Bulgaria	BGN	1.96	1.96	1.96	1.96
China	CNY	9.09	9.26	8.87	9.63
Czech Republic	CZK	24.35	25.97	25.01	26.16
Denmark	DKK	7.46	7.44	7.45	7.44
Egypt	EGP	8.12	–	7.52	–
Fiji	FJD	2.51	2.65	2.51	2.78
Hungary	HUF	270.72	269.90	275.84	277.42
Mexico	MXN	16.74	17.36	16.47	18.70
Morocco	MAD	11.24	11.20	11.10	11.27
Poland	PLN	3.98	3.98	3.97	4.26
Romania	RON	4.21	4.11	4.23	4.22
Russia	RUB	39.90	40.73	39.97	43.78
Serbia	CSD	103.22	99.63	104.04	94.69
South Africa	ZAR	9.64	10.50	9.55	11.29
South Korea	KRW	1,557.85	1,573.95	1,516.73	1,736.27
Turkey	TRY	2.21	2.10	2.00	2.16
USA	USD	1.38	1.36	1.32	1.41
Ukraine	UAH	10.91	10.78	10.45	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
- Finance lease obligations
- Trade payables
- Financial other payables

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

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

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

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

■ Financial assets are recognised at the settlement date.

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

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

Derivative financial instruments

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

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

Receivables

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

Payables

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

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

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

6.4. 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 CO_2), a provision for CO_2 emissions must be established for actual additional emissions and recognised in the income statement. The provision is calculated 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.

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

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

■ A portion of pension obligations was transferred to a pension fund. 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 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 at the future tax rates expected to apply to the period in which the asset is realised or the liability settled. Future changes in tax rates are taken into account if the change in tax rate has already been enacted in law at the time of the preparation of the financial statements.

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

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; as well as impairment losses and impairment loss reversals.

■ Interest income is recognised on an accrual basis using the effective interest method. Dividend income is recognised at the time of the resolution 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 proceed on assumptions about future developments. These judgements and assumptions can have a material effect on the recognition and measurement of the assets and liabilities, the disclosure of other liabilities at the balance sheet date, and the amounts of income and expenses reported for the financial year.

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

- The impairment testing of intangible assets (carrying amount at 28 February 2011: € 29,329 thousand), goodwill (carrying amount at 28 February 2011: € 219,222 thousand) and property, plant and equipment (carrying amount at 28 February 2011: € 577,709 thousand) is based on forward-looking assumptions. The determination of the recoverable amounts for the purpose of the impairment review involves several assumptions, such as regarding future net cash flows and the discount rate. The net cash flows are the amounts in those five-year cash flow forecasts for the cash generating units that are most current at the time of preparation of the financial statements. The discount rate varies by industry, company risk level and specific market environment; in the financial year it ranged from 8.1% to 9.6%.

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

– The measurement of existing retirement and termination benefit obligations (carrying amount at 28 February 2011: € 41,957 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	(370)	1.773
Termination benefits	(59)	87

– The recognition of deferred tax assets (carrying amount at 28 Feburary 2011: € 31,000 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 2011: € 52,758 thousand), management exercises judgement as to whether AGRANA is likely to incur an outflow of resources from the obligation concerned and whether the amount of the obligation can be estimated reliably. Provisions are measured at the amount of the likely outflow of resources.

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

6.12. CHANGES IN ACCOUNTING METHODS

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

7. NOTES TO THE CONSOLIDATED INCOME STATEMENT

Note (1)

7.1. REVENUE

€000	2010|11	2009|10
By nature of activity		
Revenue from sale of finished goods	2,026,331	1,873,806
Revenue from sale of goods purchased for resale	131,831	108,774
Service revenue	7,740	6,579
Total	**2,165,902**	**1,989,159**

The regional analysis of revenue is presented in the Segment Information section, on page 76.

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

Note (2)

7.2. CHANGE IN INVENTORIES AND OWN WORK CAPITALISED

€000	2010|11	2009|10
Change in inventories of finished and unfinished goods	18,428	(90,905)
Own work capitalised	3,115	3,402

The increase of € 18,428 thousand in inventories of finished and unfinished goods (prior year: decrease of € 90,905 thousand) occurred mainly in the Sugar segment, at a rise of € 1,775 thousand (prior year: decrease of € 69,461 thousand), and in the Fruit segment (particularly the juice activities), at an increase of € 12,421 thousand (prior year: decrease of € 17,504 thousand).

Note (3)

7.3. OTHER OPERATING INCOME

€000	2010|11	2009|10
Income from		
Services rendered to third parties	5,931	2,307
Beet and pulp cleaning, transport and handling	4,455	4,666
Insurance benefits and payments for damages	1,607	1,263
Rent and leases	1,207	1,091
Derivatives	848	463
Disposal of non-current assets other than financial assets	495	366
Other items	16,550	15,874
Total	**31,093**	**26,030**

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

Note (4)

7.4. COST OF MATERIALS

€000	2010|11	2009|10
Cost of		
Raw materials	819,139	738,469
Consumables and goods purchased for resale	649,021	459,617
Purchased services	33,401	60,258
Total	**1,501,561**	**1,258,344**

Note (5)

7.5. STAFF COSTS

€000	2010|11	2009|10
Wages and salaries	176,817	169,739
Social security taxes	43,706	41,946
Expenses for retirement benefits	1,463	2,063
Expenses for termination benefits	3,815	4,038
Total	**225,801**	**217,786**

Additions to the provisions for retirement and termination are reported in staff costs, without their interest component. Net interest expense of € 2,753 thousand (prior year: € 2,935 thousand) arising from these items is included in net financial items.

In the 2010|11 financial year, an expense of € 7,040 thousand (prior year: € 7,131 thousand) was recognised for defined-contribution plans (termination benefit and pension plans).

Average number of employees during the financial year

€000	2010|11	2009|10
By employee category		
Wage-earning staff	6,045	5,742
Salaried staff	2,138	2,125
Apprentices	60	60
Total	**8,243**	**7,927**
By region		
Austria	1,746	1,735
Hungary	470	473
Romania	807	851
Rest of EU	1,538	1,589
EU-27	4,561	4,648
Rest of Europe (Bosnia-Herzegovina, Russia, Serbia, Turkey, Ukraine)	1,272	1,104
Other foreign countries	2,410	2,715
Total	**8,243**	**7,927**

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

€000	2010|11	2009|10
Wage-earning staff	290	248
Salaried staff	100	90
Total	**390**	**338**

Note (6)

7.6. DEPRECIATION, AMORTISATION AND IMPAIRMENT

€000	2010|11			2009|10		
	Total	Amortisation, depreciation	Impairment	Total	Amortisation, depreciation	Impairment
Intangible assets	7,462	7,462	0	9,559	6,728	2,831
Property, plant and equipment	71,720	69,911	1,809	74,750	70,821	3,929
Reversal of impairment losses	0	0	0	0	0	0
Depreciation, amortisation and impairment recognised in operating profit	**79,182**	**77,373**	**1,809**	**84,309**	**77,549**	**6,760**
Exceptional items	0	0	0	128	0	128
Depreciation, amortisation and impairment recognised in operating profit after exceptional items	**79,182**	**77,373**	**1,809**	**84,437**	**77,549**	**6,888**
Financial assets	7	7	0	(10)	(21)	11
(Reversal of) depreciation, amortisation and impairment recognised in net financial items	**7**	**7**	**0**	**(10)**	**(21)**	**11**
Total	**79,189**	**77,380**	**1,809**	**84,427**	**77,528**	**6,899**

The impairment charges in the year under review related primarily to machinery write-downs in the Starch segment (drum drying plant and baby food equipment) and to impairment of land and buildings in the Sugar segment (in Petőháza, Hungary).

Impairment by segment was as follows:

€000	2010|11	2009|10
Sugar	838	2,876
Starch	971	1,892
Fruit	0	2,131
Total	**1,809**	**6,899**

Note (7)

7.7. OTHER OPERATING EXPENSES

€000	2010|11	2009|10
Selling and freight costs	106,964	105,646
Operating and administrative expenses	96,645	87,530
Operating expenses arising from third-party inputs	12,722	10,668
Rent and lease expenses	8,352	6,963
Advertising expenses	7,321	7,731
Research and development expenses (external)	6,392	6,112
Other taxes	6,390	6,765
Production levy and additional levy	4,399	8,689
Losses on disposal of non-current assets	1,393	776
Currency translation losses	1,008	391
Derivatives	409	640
Other items	31,946	38,278
Total	**283,941**	**280,189**

Internal and external R&D costs totalled € 14,478 thousand (prior year: € 13,345 thousand).

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

The costs incurred in the financial year for the auditors were € 317 thousand (prior year: € 306 thousand) for KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft and € 183 thousand (prior year: € 197 thousand) for MULTICONT Revisions- und Treuhand Gesellschaft m.b.H. The expenses related entirely to the audit of the consolidated financial statements (including separate financial statements of individual subsidiaries and joint ventures); no other consulting services were provided by the auditors.

Note (8)

7.8. OPERATING PROFIT AFTER EXCEPTIONAL ITEMS

€000	2010|11	2009|10
Operating profit before exceptional items	128,053	91,937
Exceptional items	0	(5,007)
Total	**128,053**	**86,930**

Note (9)

7.9. FINANCE INCOME

€000	2010|11	2009|10
Interest income	12,642	9,859
Other finance income		
Currency translation gains	0	18,929
Share of results of non-consolidated subsidiaries	1,029	1,150
Gains on disposal of investments in outside companies	0	2,313
Gains on disposal of securities	0	6
Gains on derivatives	1,260	531
Income from release of negative goodwill	0	154
Other	49	32
Total	**14,980**	**32,974**

Interest income by segment was as follows:

€000	2010|11	2009|10
Sugar	10,788	8,870
Starch	115	129
Fruit	1,739	860
Total	**12,642**	**9,859**

Note (10)

7.10. FINANCE EXPENSE

€000	2010|11	2009|10
Interest expense	28,502	31,107
Other finance expenses		
Currency translation losses	2,499	0
Losses from derivatives	982	1,194
Other	1,956	212
Total	**33,939**	**32,513**

Interest expense by segment was as follows:

€000	2010|11	2009|10
Sugar	5,650	13,155
Starch	3,060	3,481
Fruit	19,792	14,471
Total	**28,502**	**31,107**

Interest expense includes the interest component of allocations to the provisions for retirement and termination benefits. In the financial year, this interest component was € 2,753 thousand (prior year: € 2,935 thousand).

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

€000	2010|11	2009|10
Net interest (expense)	(15,860)	(21,248)
Currency translation differences	(2,499)	18,929
Share of results of non-consolidated subsidiaries and outside companies	1,029	1,150
Net (loss)/gain on disposal of non-consolidated subsidiaries and outside companies	(51)	2,452
Other financial items	(1,578)	(822)
Total	**(18,959)**	**461**

In the financial year, net currency translation differences were 30.1% realised (prior year: 75.6%).

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	2010|11	2009|10
Current tax expense	20,993	22,359
– *Of which Austrian*	*3,471*	*5,920*
– *Of which foreign*	*17,522*	*16,439*
Deferred tax expense/(credit)	1,415	(7,670)
– *Of which Austrian*	*947*	*(6,558)*
– *Of which foreign*	*468*	*(1,112)*
Total tax expense	**22,408**	**14,689**
– *Of which Austrian*	*4,418*	*(638)*
– *Of which foreign*	*17,990*	*15,327*

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

€000	2010|11	2009|10
Increase/(decrease) in deferred tax assets in the consolidated balance sheet	155	(4,866)
Decrease in deferred tax liabilities in the consolidated balance sheet	281	11,890
Total change in deferred taxes	**436**	**7,024**
– *Of which from other changes recognised directly in equity [fair value changes, cash flow hedges, and other]*	*1,851*	*(646)*
– *Of which from changes recognised in the income statement*	*(1,415)*	*7,670*

Reconciliation of profit before tax to income tax expense

€000	2010|11	2009|10
Profit before tax	109,094	87,391
Standard Austrian tax rate	25%	25%
Nominal tax expense at standard Austrian rate	**27,273**	**21,848**
Tax effect of		
Different tax rates applied on foreign income	(949)	(1,369)
Tax-exempt income and tax deductions	(1,560)	(4,942)
Non-tax-deductible expenses and additional tax debits	2,401	5,100
Non-recurring tax expenses	1,397	182
Non-temporary differences resulting from consolidation	(6,154)	(6,130)
Income tax expense	**22,408**	**14,689**
Effective tax rate	**20.5%**	**16.8%**

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

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

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

In the interest of conservative planning, deferred taxes reflect carryforwards of tax losses only to the extent that sufficient taxable profit is likely to be earned over the next five years to utilise the deferred tax assets. € 14,919 thousand (prior year: € 12,145 thousand) of potential tax assets were not recognised. At the balance sheet date, there were cumulative unused tax losses of € 74,386 thousand (prior year: € 57,608 thousand).

The deferred tax assets and liabilities recognised directly in equity amounted to a net liability of € 1,077 thousand (prior year: net liability of € 1,100 thousand).

Note (12)

7.12. EARNINGS PER SHARE

		2010|11	2009|10
Profit for the period attributable to shareholders of the parent (AGRANA Beteiligungs-AG)	€000	84,515	72,162
Average number of shares outstanding		14,202,040	14,202,040
Earnings per share based on IFRS (basic and diluted)	€	5.95	5.08
Dividend per share	€	2.40[1]	1.95

Subject to the Annual General Meeting's approval of the proposed allocation of profit for the 2010|11 financial year, AGRANA Beteiligungs-AG will pay a dividend of € 34,085 thousand (prior year: € 27,694 thousand).

8. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

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

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

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

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

(Note 13)

8.1. CASH FLOWS FROM OPERATING ACTIVITIES

Operating cash flow before changes in working capital was € 169,265 thousand (prior year: € 149,577 thousand), or 7.8% of revenue (prior year: 7.5%). The item "other non-cash expenses/ income" consisted of, among other items, the unrealised foreign currency translation losses reflected in net financial items, with a positive effect of € 3,251 thousand in the cash flow statement (prior year: translation gain with a negative effect of € 4,624 thousand); the negative effects of € 436 thousand from deferred taxes (prior year: negative effect of € 7,024 thousand); and the positive current non-cash tax effect (€ 1,999 thousand; prior year: € 8,720 thousand). After changes in working capital, net cash from operating activities was € 75,430 thousand (prior year: € 162,151 thousand).

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

€000	2010|11	2009|10
Interest received	12,197	5,208
Interest paid	26,643	26,627
Tax paid	18,994	13,640
Dividends received	1,029	1,150

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

[1] Proposal to the Annual General Meeting.

Note (14)

8.2. CASH FLOWS FROM INVESTING ACTIVITIES

In the financial year, € 51,589 thousand was required to fund the investing activities (prior year: € 48,401 thousand).

Outflows from purchases of property, plant and equipment and intangible assets increased to € 55,859 thousand (prior year: € 48,160 thousand, net of government grants).

Proceeds from disposal of non-current assets were € 3,978 thousand (prior year: € 3,402 thousand).

In the financial year, net proceeds were recognised from the purchase of businesses that relate to the acquisition of the Egyptian fruit preparations company, AGRANA Nile Fruits Processing (SAE). The proceeds of € 1,304 thousand recognised from the acquisition of AGRANA Nile Fruits Processing (SAE) consisted of acquired cash and cash equivalents of € 2,674 thousand, less the purchase price of € 1,370 thousand.

Note (15)

8.3. CASH FLOWS FROM FINANCING ACTIVITIES

In the 2010|11 financial year, borrowings increased by € 3,160 thousand (prior year: reduction of € 95,811 thousand).

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

(Note 16)

9. NOTES TO THE CONSOLIDATED BALANCE SHEET

9.1. INTANGIBLE ASSETS

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

€000	Goodwill	Concessions, licences, sugar quota, similar rights	Total
2009|10			
Cost			
At 1 March 2009	222,715	96,784	319,499
Currency translation differences	0	810	810
Changes in scope of consolidation	(2,573)	(67)	(2,640)
Additions	138	3,316	3,454
Reclassifications	0	424	424
Disposals	0	(3,004)	(3,004)
At 28 February 2010	**220,280**	**98,263**	**318,543**
Accumulated amortisation and impairment			
At 1 March 2009	0	59,001	59,001
Currency translation differences	0	498	498
Changes in scope of consolidation	0	(72)	(72)
Amortisation for the period	0	6,728	6,728
Impairment	0	2,831	2,831
Reclassifications	0	(9)	(9)
Disposals	0	(2,880)	(2,880)
At 28 February 2010	**0**	**66,097**	**66,097**
Carrying amount at 28 February 2010	**220,280**	**32,166**	**252,446**

■ The disposals of € 11,902 thousand of non-goodwill intangible assets related primarily to disposals of software (€ 2,733 thousand), production quotas (€ 3,069 thousand) and other intangible assets (€ 6,051 thousand). The goodwill disposal represented a purchase price adjustment.

■ 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 € 195,749 thousand (prior year: € 196,806 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 when the recoverable amount of a cash-generating unit is less than its carrying amount inclusive of goodwill. The recoverable amount is the higher of net realisable value and the present value of future cash flows expected from an asset.

■ In testing for impairment, AGRANA uses a discounted cash flow method to determine the value in use of the cash-generating units. The determination of expected cash flows from each cash-generating unit is based on validated business plans that are approved by Supervisory Board committees and have a planning horizon of five years. Projections beyond a five-year horizon are based on the assumption of a constant, inflation-induced growth rate of 0.75% per year (assumption in the prior year: 0.75%). The weighted average cost of capital (WACC) derived from the AGRANA Group's capital costs is calculated at 9.6% (prior year: 10.6%) for the Fruit segment, at 8.5% (prior year: 9.6%) for the Starch segment and at 8.1% (prior year: 9.5%) for the Sugar segment.

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

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

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

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

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

(Note 17)

9.2. PROPERTY, PLANT AND EQUIPMENT

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

€000	Land, leasehold rights and buildings	Technical plant and machinery	Other plant, furniture and equipment	Assets under construction	Total
Accumulated depreciation and impairment					
At 1 March 2010	238,751	666,046	126,391	477	1,031,665
Currency translation differences	445	1,981	328	(3)	2,751
Changes in scope of consolidation	(42)	0	0	0	(42)
Depreciation for the period	14,002	45,736	10,173	0	69,911
Impairment	808	841	0	160	1,809
Reclassifications	(70)	70	0	0	0
Disposals	(2,493)	(11,648)	(4,941)	(98)	(19,180)
At 28 February 2011	**251,401**	**703,026**	**131,951**	**536**	**1,086,914**
Carrying amount at 28 February 2011	**218,003**	**290,969**	**39,685**	**29,052**	**577,709**
2009|10					
Cost					
At 1 March 2009	441,591	945,439	161,778	21,286	1,570,094
Currency translation differences	15,675	22,311	3,058	1,307	42,351
Changes in scope of consolidation	(3,928)	(2,061)	(798)	188	(6,599)
Additions	4,121	17,458	6,087	17,400	45,066
Reclassifications	7,241	9,892	3,745	(21,277)	(399)
Disposals	(299)	(13,132)	(6,868)	(400)	(20,699)
Government grants	(75)	(284)	(2)	0	(361)
At 28 February 2010	**464,326**	**979,623**	**167,000**	**18,504**	**1,629,453**
Accumulated depreciation and impairment					
At 1 March 2009	222,444	617,605	119,684	495	960,228
Currency translation differences	5,478	13,259	2,110	6	20,853
Changes in scope of consolidation	(3,151)	(1,881)	(650)	(36)	(5,718)
Depreciation for the period	13,437	46,777	10,608	0	70,822
Impairment	673	3,104	92	186	4,055
Reclassifications	194	(1,410)	1,225	0	9
Disposals	(324)	(11,408)	(6,678)	(174)	(18,584)
At 28 February 2010	**238,751**	**666,046**	**126,391**	**477**	**1,031,665**
Carrying amount at 28 February 2010	**225,575**	**313,577**	**40,609**	**18,027**	**597,788**

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

€000	2010|11	2009|10
Sugar segment	16,031	11,420
Starch segment	8,996	10,836
Fruit segment	30,832	26,126
Total	**55,859**	**48,382**

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

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

■ The 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	2010|11	2009|10
Cost	300	193
Less accumulated depreciation and impairment	(121)	(68)
Carrying amount	**179**	**125**

■ 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	2010|11	2009|10
In the subsequent year	2,657	6,353
In years 2 to 5	6,287	6,785
In more than 5 years	603	2,943

■ Expenses for operating leases, licence and rental agreements were € 10,414 thousand (prior year: € 8,913 thousand).

■ The AGRANA Group does not act as a lessor.

(Note 18)

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

€000	Investments[1]	Securities (non-current)	Total
2010|11			
At 1 March 2010	7,027	104,977	112,004
Currency translation differences	(2)	9	7
Changes in scope of consolidation	0	0	0
Additions	36	79	115
Impairment	(7)	0	(7)
Disposals	(902)	0	(902)
Fair value changes under IAS 39	0	(467)	(467)
At 28 February 2011	**6,152**	**104,598**	**110,750**
2009|10			
At 1 March 2009	2,499	104,492	106,991
Currency translation differences	32	(1)	31
Changes in scope of consolidation	5,566	0	5,566
Additions	333	608	941
Impairment	(11)	0	(11)
Reclassifications	(25)	0	(25)
Disposals	(1,388)	(157)	(1,545)
Impairment reversal	21	0	21
Fair value changes under IAS 39	0	35	35
At 28 February 2010	**7,027**	**104,977**	**112,004**

The securities were predominantly securities of Austrian issuers.

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

Note (19)

9.4. RECEIVABLES AND OTHER ASSETS

€000	2010|11	2009|10
Trade receivables	275,332	229,921
– *Of which due after more than 1 year*	*61*	*513*
Amounts owed by affiliated companies	12,855	11,007
– *Of which due after more than 1 year*	*124*	*0*
Reimbursement receivable under the sugar regime	8,388	8,269
Receivable under government grants	3,841	3,818
– *Of which due after more than 1 year*	*3,841*	*3,818*
Positive fair value of commodity derivatives (cash flow hedges)	14	778
Receivable for legacy soil reclamation	1,506	1,703
– *Of which due after more than 1 year*	*1,308*	*1,505*
Insurance and damage payments	1,094	986
– *Of which due after more than 1 year*	*1,089*	*983*
Security deposits	40	78
Other assets	35,452	23,823
– *Of which due after more than 1 year*	*7,134*	*3,446*
Financial instruments	**338,522**	**280,383**
– *Of which due after more than 1 year*	*13,557*	*10,265*
VAT credits and other tax credits	63,220	43,790
– *Of which due after more than 1 year*	*270*	*387*
Accrued income	5,727	6,516
Prepaid expenses	6,465	16,651
Total	**413,934**	**347,340**
– *Of which due after more than 1 year*	*13,827*	*10,652*

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

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

€000	28 Feb 2011	28 Feb 2010
Carrying amount of trade receivables, gross	283,227	237,031
Provisions for impairment of trade receivables	(7,895)	(7,110)
Carrying amount, net	**275,332**	**229,921**

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

€000	2010|11	2009|10
Provision at 1 March	7,110	9,796
Currency translation adjustments/Other change	(10)	(863)
Added	2,835	2,243
Used	(1,132)	(1,996)
Released	(908)	(2,070)
Provision at 28 February	**7,895**	**7,110**

The release of part of the provision resulted in interest income of € 16 thousand (prior year: € 36 thousand).

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

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

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

€000	28 Feb 2011	28 Feb 2010
Trade receivables not past due and with no impairment provided	207,538	185,595
Trade receivables past due and with no impairment provided		
Up to 30 days	41,113	25,425
31 to 90 days	8,880	7,479
More than 90 days	9,906	4,312
Subtotal of trade receivables for which no impairment was provided	**59,899**	**37,216**

Note (20)

9.5. DEFERRED TAX ASSETS

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

€000	28 Feb 2011	28 Feb 2010
Deferred tax assets		
Retirement, termination and long-service benefit obligations	864	1,427
Non-current financial assets (primarily "one-seventh" write-downs on non-consolidated subsidiaries and on outside companies)	11,559	11,985
Other provisions and liabilities	4,655	3,795
Carryforwards of unused tax losses	5,471	7,842
Total deferred tax assets	**22,549**	**25,049**
Deferred tax assets offset against deferred tax liabilities relating to the same tax authority	8,451	5,796
Net deferred tax assets	**31,000**	**30,845**

Deferred tax liabilities are detailed in note 27.

Note (21)

9.6. INVENTORIES

€000	28 Feb 2011	28 Feb 2010
Raw materials and consumables	159,258	125,322
Finished and unfinished goods	319,456	304,432
Goods purchased for resale	49,527	38,822
Total	**528,241**	**468,576**

The carrying amount of those inventories measured at fair value less costs to sell was € 3,532 thousand (prior year: € 10,520 thousand).

Write-downs of € 213 thousand were recognised on inventories (prior year: write-downs of € 1,185 thousand).

Note (22)

9.7. SECURITIES

Securities held as current assets had a carrying amount of € 4,411 thousand (prior year: € 3,515 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 72 and 73.

- 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 2010|11 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 2011	28 Feb 2010
Total equity	970,694	904,654
Total assets	1,992,202	1,887,915
Equity ratio	**48.7%**	**47.9%**

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 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 2011	28 Feb 2010
Provisions for		
Retirement benefits	25,565	28,154
Termination benefits	16,392	16,109
Other	52,758	42,665
Total	**94,715**	**86,928**

Note (24a)

a) Provisions for retirement and termination benefit obligations

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

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

%	28 Feb 2011	28 Feb 2010
Expected rate of wage and salary increases	2.50	2.50
Expected rate of pension increases	2.00	2.00
Discount rate	5.00	5.00

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

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

The assumptions for the expected rate of return on external plan assets were as follows:

%		28 Feb 2011	28 Feb 2010
Expected rate of return on plan assets	Europe:	4.25	5.50
	Mexico:	7.60	9.20

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

€ 660 thousand (prior year: € 388 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 2011	28 Feb 2010	28 Feb 2009	29 Feb 2008	28 Feb 2007
Retirement benefits	34,924	36,462	35,780	35,090	44,378
Termination benefits	21,372	20,867	19,147	17,564	18,906

Historical information on the retirement benefit obligation:

€000	28 Feb 2011	28 Feb 2010	28 Feb 2009	29 Feb 2008	28 Feb 2007
Present value of obligation	34,924	36,462	35,780	35,090	44,378
Plan assets	5,640	4,767	3,587	3,550	7,156
Unfunded obligation	29,284	31,695	32,193	31,540	37,222

The provisions showed the following movements:

€000	Retirement benefits	Termination benefits
2010|11		
Provision in balance sheet at 1 March 2010	28,154	16,109
Current service cost	341	1,078
Interest cost	1,755	998
Expected income from plan assets	(278)	(2)
Actuarial loss	369	302
Total amount recognised in income statement	2,187	2,376
Changes in scope of consolidation	0	(44)
Benefits paid	(4,110)	(2,045)
Contributions to plan assets	(663)	0
Currency translation differences	(3)	(4)
Provision in balance sheet at 28 February 2011	**25,565**	**16,392**
Unrecognised actuarial loss	3,719	4,957
Fair value of plan assets	5,640	23
Present value of obligation at 28 February 2011	**34,924**	**21,372**
2009|10		
Provision in balance sheet at 1 March 2009	29,164	16,077
Current service cost	301	973
Interest cost	1,891	1,044
Expected income from plan assets	(223)	0
Actuarial loss	1,248	262
Total amount recognised in income statement	3,217	2,279
Changes in scope of consolidation	0	0
Benefits paid	(3,473)	(2,262)
Contributions to plan assets	(736)	0
Currency translation differences	(18)	15
Provision in balance sheet at 28 February 2010	**28,154**	**16,109**
Unrecognised actuarial loss	3,541	4,758
Fair value of plan assets	4,767	0
Present value of obligation at 28 February 2010	**36,462**	**20,867**

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

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

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

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

The movement in plan assets was as follows:

€000	2010|11	2009|10
Fair value of plan assets at 1 March	4,767	3,587
Currency translation differences	4	10
Actual expenses from plan assets	206	434
Employer contributions to plan assets	663	736
Fair value of plan assets at 28 February	**5,640**	**4,767**

The plan assets consist primarily of investments in an external pension fund. The investments within this pension fund consisted of 43% bonds, 29% equities and 28% other assets.

Note (24b)

b) Other provisions

€000	Recultivation	Staff costs including long-service awards	Uncertain liabilities	Total
2010|11				
At 1 March 2010	8,703	11,956	22,006	42,665
Currency translation differences	(16)	(17)	39	6
Changes in scope of consolidation	0	0	(480)	(480)
Used	(457)	(1,745)	(4,981)	(7,183)
Released	(3,862)	(1,538)	(9,149)	(14,549)
Added	1,117	2,507	28,675	32,299
At 28 February 2011	**5,485**	**11,163**	**36,110**	**52,758**
– Of which due within 1 year	*1,356*	*4,028*	*34,403*	*39,787*
2009|10				
At 1 March 2009	10,459	13,316	17,313	41,088
Currency translation differences	255	130	239	624
Changes in scope of consolidation	0	59	194	253
Used	(574)	(3,290)	(6,055)	(9,919)
Released	(1,504)	(1,734)	(5,805)	(9,043)
Added	67	3,475	16,120	19,662
At 28 February 2010	**8,703**	**11,956**	**22,006**	**42,665**
– Of which due within 1 year	*1,906*	*5,211*	*21,475*	*28,592*

Of the total other provisions, € 12,971 thousand (prior year: € 14,073 thousand) were classified as non-current liabilities and € 39,787 thousand (prior year: € 28,592 thousand) were current liabilities.

The provision for reclamation comprises recultivation obligations as well as the emptying of landfills and removal of waste residues. The provisions for staff costs also include the provision for long-service awards. The provisions for uncertain liabilities include, among other items, provisions for litigation risks (€ 1,374 thousand), beet transitional storage costs charged by Vereinigung Österreichischer Rübenbauern (the umbrella organisation of Austrian beet farmers) (€ 9,977 thousand), additional payments related to export prices (€ 1,759 thousand), and other risk provisions (€ 8,264 thousand).

Note (25)

9.10. BORROWINGS

€000	28 February 2011	Of which due in Up to 1 year	Of which due in 1 to 5 years	Of which due in More than 5 years	28 February 2010	Of which due in Up to 1 year	Of which due in 1 to 5 years	Of which due in More than 5 years
Bank loans and overdrafts	361,707	*254,842*	*95,968*	*10,897*	455,346	*307,132*	*144,835*	*3,379*
Borrowings from affiliated companies	200,000	*40,000*	*60,000*	*100,000*	100,000	*40,000*	*60,000*	*0*
Lease liabilities	165	*26*	*139*	*0*	115	*28*	*87*	*0*
Borrowings	**561,872**	***294,868***	***156,107***	***110,897***	**555,461**	***347,160***	***204,922***	***3,379***
Securities (non-current assets)	(104,598)				(104,977)			
Securities (current assets)	(4,411)				(3,515)			
Cash and cash equivalents	(70,427)				(70,388)			
Net debt	**382,436**				**376,581**			

Details of bank loans and overdrafts are presented in notes (28) to (31).

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

€000	28 Feb 2011	28 Feb 2010
Mortgage liens	800	1,368
Other liens	21,602	21,602
Total	**22,402**	**22,970**

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

Note (26)

9.11. TRADE AND OTHER PAYABLES

€000	28 February 2011	Of which due in Up to 1 year	Of which due in More than 1 year	28 February 2010	Of which due in Up to 1 year	Of which due in More than 1 year
Trade payables	218,666	*218,666*	*0*	210,075	*210,075*	*0*
Amounts owed to affiliated companies	8,864	*8,864*	*0*	13,634	*13,634*	*0*
Financial other payables	78,062	*75,754*	*2,308*	64,935	*62,706*	*2,229*
Non-financial other payables	25,335	*25,335*	*0*	22,118	*22,118*	*0*
– *Of which deferred income*	*7,851*	*7,851*	*0*	*3,911*	*3,911*	*0*
– *Of which production levy*	*380*	*380*	*0*	*4,622*	*4,622*	*0*
– *Of which other tax*	*12,740*	*12,740*	*0*	*8,110*	*8,110*	*0*
– *Of which social security*	*4,364*	*4,364*	*0*	*5,475*	*5,475*	*0*
Total	**330,927**	**328,619**	**2,308**	**310,762**	**308,533**	**2,229**

Trade payables included obligations to beet growers of € 60,369 thousand (prior year: € 66,671 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 2011	28 Feb 2010
Deferred tax liabilities		
Non-current assets	3,844	4,113
Inventories and receivables	604	2,528
Untaxed reserves in separate financial statements	6,189	6,932
Total deferred tax liabilities	**10,637**	**13,573**
Deferred tax assets offset against deferred tax liabilities relating to the same tax authority	8,451	5,796
Net deferred tax liabilities	**19,088**	**19,369**

Deferred tax assets are detailed in note 20.

10. NOTES ON FINANCIAL INSTRUMENTS

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

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

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

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

	Average effective interest rate 2010|11	Average effective interest rate 2009|10	28 February 2011	Of which due in: Up to 1 year	Of which due in: 1 to 5 years	Of which due in: More than 5 years	28 February 2010	Of which due in: Up to 1 year	Of which due in: 1 to 5 years	Of which due in: More than 5 years
	%	%	€000	€000	€000	€000	€000	€000	€000	€000
Fixed rate										
EUR	3.96	3.93	244,305	*21,882*	*113,086*	*109,337*	272,835	*119,873*	*149,583*	*3,379*
	3.96	**3.93**	**244,305**	***21,882***	***113,086***	***109,337***	**272,835**	***119,873***	***149,583***	***3,379***
Variable rate										
BAM	5.35	0.00	494	*494*	*0*	*0*	0	*0*	*0*	*0*
BGN	0.00	3.50	0	*0*	*0*	*0*	43	*43*	*0*	*0*
CNY	0.00	5.38	0	*0*	*0*	*0*	8,637	*8,637*	*0*	*0*
DKK	0.00	2.40	0	*0*	*0*	*0*	2	*2*	*0*	*0*
EUR	2.35	1.92	258,799	*214,218*	*43,021*	*1,560*	193,406	*138,347*	*55,059*	*0*
GBP	0.00	3.50	0	*0*	*0*	*0*	30	*30*	*0*	*0*
HUF	6.87	6.64	30,014	*30,014*	*0*	*0*	32,228	*32,043*	*185*	*0*
KRW	5.42	4.90	962	*962*	*0*	*0*	1,031	*1,031*	*0*	*0*
PLN	5.49	5.33	7,561	*7,561*	*0*	*0*	11,598	*11,598*	*0*	*0*
RON	0.00	11.80	0	*0*	*0*	*0*	7,692	*7,692*	*0*	*0*
USD	1.32	1.49	19,737	*19,737*	*0*	*0*	27,831	*27,831*	*0*	*0*
ZAR	0.00	11.25	0	*0*	*0*	*0*	13	*5*	*8*	*0*
	2.80	**3.14**	**317,567**	***272,986***	***43,021***	***1,560***	**282,511**	***227,259***	***55,252***	***0***
Total	**3.30**	**3.43**	**561,872**	***294,868***	***156,107***	***110,897***	**555,346**	***347,132***	***204,835***	***3,379***

Bank loans and overdrafts and amounts owed to affiliated companies amounted to € 561,872 thousand (prior year: € 555,346 thousand) and carried interest at an average rate of 3.30% (prior year: 3.43%). They are measured at repayable amounts. In the case of bank debt denominated in foreign currencies, nominal values are translated into euros by applying the exchange rates prevailing at the balance sheet date. Fair values may therefore increase or decrease from the prior-period values, depending on movements in exchange rates.

The fixed interest portion of bank loans and overdrafts and amounts owed to affiliated companies was € 244,305 thousand (prior year: € 272,835 thousand), representing a fair value of € 238,154 thousand (prior year: € 276,563 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, € 800 thousand (prior year: € 1,368 thousand) of bank loans and overdrafts were secured by mortgage liens and € 21,602 thousand (prior year: € 21,602 thousand) were secured by other liens.

In the course of its day-to-day financial management, the Group invests in demand deposits and time deposits. Compared to the prior year, cash and cash equivalents increased by € 39 thousand to € 70,427 thousand. In addition, securities in a total amount of € 4,411 thousand (prior year: € 3,515 thousand) were held as current assets; these were categorised as available-for-sale.

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.

■ Commodity price risks, arising principally from changes in the sugar world market price and in energy and grain prices.

The Group employs only conventional derivatives for which there is a sufficiently liquid market (for example, interest rate swaps, interest rate options, caps, forward foreign exchange contracts, currency options or commodity futures). The use of these instruments is governed by Group policies under the Group's risk management system. These policies prohibit the speculative use of derivative financial instruments, set ceilings appropriate to the underlying transactions, define authorisation procedures, minimise credit risks, and specify internal reporting rules and the organisational separation of risk-taking and risk oversight. Adherence to these standards and the proper processing and valuation of transactions are regularly monitored by an internal department whose independence is ensured by 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 2011**	**28 Feb 2010**	**28 Feb 2011**	**28 Feb 2010**
Purchase of USD	23,346	4,445	(322)	189
Sale of USD	–	8,874	–	(372)
Purchase of AUD	1,161	5,590	8	247
Sale of AUD	–	2,698	–	(4)
Purchase of CZK	12,756	9,000	63	(30)
Sale of CZK	–	4,500	–	15
Purchase of HUF	17,740	25,712	493	167
Sale of HUF	–	22,156	–	(182)
Purchase of PLN	51,167	37,036	(170)	1,513
Sale of PLN	28,044	19,289	483	(279)
Purchase of GBP	–	213	–	(7)
Sale of GBP	–	213	–	7
Sale of RON	–	3,245	–	(26)
Sale of DKK	3,220	0	1	0
Other	0	804	0	(1)
Currency derivatives	137,434	143,775	556	1,237
Interest rate derivatives	87,229	87,369	(1,228)	(1,552)
Commodity derivatives (hedge accounting)	15,128	13,173	951	616
Total	**239,791**	**244,317**	**279**	**301**

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 2011 was an asset of € 525 thousand (prior year: € 1,277 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 February 2011		28 February 2010	
	Measurement category under IAS 39	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
		€000	€000	€000	€000
Financial assets					
Securities (non-current)	Available-for-sale financial assets (at cost)	85,000	85,000	85,000	85,000
Securities (non-current)	Available-for-sale financial assets	19,598	19,598	19,977	19,977
Securities (non-current)		**104,598**	**104,598**	**104,977**	**104,977**
Investments in non-consolidated subsidiaries and outside companies	Available-for-sale financial assets	283	283	282	282
Investments in non-consolidated subsidiaries and outside companies	Available-for-sale financial assets (at cost)	5,869	5,869	5,877	5,877
Non-current loan receivables	Loans and receivables	0	0	868	868
Investments in non-consolidated subsidiaries and outside companies, and loan receivables (non-current assets)		**6,152**	**6,152**	**7,027**	**7,027**

	Measurement category under IAS 39	28 February 2011 Carrying amount €000	28 February 2011 Fair value €000	28 February 2010 Carrying amount €000	28 February 2010 Fair value €000
Trade receivables	Loans and receivables	275,332	275,332	229,921	229,921
Other financial assets[1]	Loans and receivables	61,150	61,150	45,993	45,993
Derivative financial assets	Derivatives at fair value through equity (hedge accounting)	14	14	778	778
Derivative financial assets	Derivatives at fair value through profit or loss (held for trading)	2,026	2,026	3,691	3,691
Trade receivables and other assets		**338,522**	**338,522**	**280,383**	**280,383**
Securities (current)	Available-for-sale financial assets	4,411	4,411	3,515	3,515
Securities (current)		**4,411**	**4,411**	**3,515**	**3,515**
Cash and cash equivalents	Loans and receivables	**70,427**	**70,427**	**70,388**	**70,388**
Total		**524,110**	**524,110**	**466,290**	**466,290**
Financial liabilities					
Bank loans and overdrafts	Liabilities at (amortised) cost	361,707	362,893	455,346	457,617
Borrowings from affiliated companies	Liabilities at (amortised) cost	200,000	192,661	100,000	101,457
Finance leases	–	165	168	115	115
Borrowings		**561,872**	**555,722**	**555,461**	**559,189**
Trade payables	Liabilities at (amortised) cost	218,666	218,666	210,075	210,075
Other payables[2]	Liabilities at (amortised) cost	84,227	84,227	74,403	74,403
Derivative liabilities	Financial liabilities at fair value through profit or loss (held for trading)	2,699	2,699	4,169	4,169
Trade and other payables		**305,592**	**305,592**	**288,647**	**288,647**
Total		**867,464**	**861,314**	**844,108**	**847,836**

[1] Excluding other tax receivables and excluding prepayments and accrued income not resulting in a cash inflow.
[2] Excluding payables from other tax, social security, customer prepayments, and deferred income.

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

	28 February 2011		28 February 2010	
	Carrying amount	Fair value	Carrying amount	Fair value
	€000	€000	€000	€000
Total by measurement category under IAS 39				
Available-for-sale financial assets	24,292	24,292	23,774	23,774
Available-for-sale financial assets (at cost)	90,869	90,869	90,877	90,877
Loans and receivables	406,909	406,909	347,170	347,170
Liabilities at amortised cost	(864,600)	(858,447)	(839,824)	(843,552)
Derivatives at fair value through equity (hedge accounting)	14	14	778	778
Financial assets/liabilities at fair value through profit or loss (held for trading)	(673)	(673)	(478)	(478)

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:

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

	Measurement category	Level 1	Level 2	Level 3
		€000	€000	€000
Derivative liabilities	Financial liabilities at fair value through profit or loss (held for trading)	0	2,698	0
Financial liabilities at fair value through profit or loss (held for trading)		**0**	**2,698**	**0**
Financial liabilities at fair value		**0**	**2,698**	**0**
2009|10				
Securities (non-current)	Available-for-sale financial assets	9,988	9,988	0
Securities (current)	Available-for-sale financial assets	3,515	0	0
Investments in non-consolidated subsidiaries and outside companies (non-current)	Available-for-sale financial assets	0	0	282
Financial assets available-for-sale		**13,503**	**9,988**	**282**
Derivative assets	Derivatives at fair value through equity	0	778	0
Financial assets at fair value through equity		**0**	**778**	**0**
Derivative assets	Financial assets at fair value through profit or loss (held for trading)	0	3,691	0
Financial assets at fair value through profit or loss (held for trading)		**0**	**3,691**	**0**
Financial assets at fair value		**13,503**	**14,457**	**282**
Derivative liabilities	Financial liabilities at fair value through profit or loss (held for trading)	0	4,169	0
Financial liabilities at fair value through profit or loss (held for trading)		**0**	**4,169**	**0**
Financial liabilities at fair value		**0**	**4,169**	**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	Cash	Financial liabilities held for trading	Financial liabilities at cost	Not classified	Total	Not a financial instru-ment	Net financial item
2010|11										
Net interest income/(expense)	0	0	5,948	0	0	(17,971)	0	(12,023)	0	(12,023)
Interest on derivatives	0	0	0	0	0	0	(1,001)	(1,001)	0	(1,001)
Interest component of retirement benefit provisions	0	0	0	0	0	0	0	0	(2,836)	(2,836)
Total net interest income/(expense)	0	0	5,948	0	0	(17,971)	(1,001)	(13,024)	(2,836)	(15,860)
Share of results of non-consolidated subsidiaries and outside companies	1,022	(51)	0	0	0	0	0	971	0	971
Negative goodwill	0	0	0	0	0	0	0	0	0	0
Total share of results of non-consolidated subsidiaries and outside companies	1,022	(51)	0	0	0	0	0	971	0	971
Currency translation gains/(losses)	0	0	0	0	0	(4,348)	0	(4,348)	0	(4,348)
Total other net financial items	0	0	0	0	0	0	0	0	0	0
Net financial items from derivatives	0	0	0	0	0	0	278	278	0	278
Total net financial items	0	0	0	0	0	(4,348)	278	(4,070)	0	(4,070)
Total net gains/(losses) in net financial items	**1,022**	**(51)**	**5,948**	**0**	**0**	**(22,319)**	**(723)**	**(16,123)**	**(2,836)**	**(18,959)**
Net loss on derivatives	0	0	4,553	0	0	0	0	4,553	0	4,553
Currency translation losses	0	0	0	0	0	0	(1,008)	(1,008)	0	(1,008)
Impairment loss on receivables	0	0	(2,692)	0	0	0	0	(2,692)	0	(2,692)
Total net gains/(losses) in operating profit before exceptional itemss	**0**	**0**	**1,861**	**0**	**0**	**0**	**(1,008)**	**853**	**0**	**853**

	Assets				Liabilities				Reconciliation	
€000	Available-for-sale	Held to maturity	Loans and receivables	Cash	Financial liabilities held for trading	Financial liabilities at cost	Not classified	Total	Not a financial instru-ment	Net financial item
2009|10										
Net interest income/(expense)	0	0	5,998	0	0	(22,077)	0	(16,079)	0	(16,079)
Interest on derivatives	0	0	0	0	0	0	(2,235)	(2,235)	0	(2,235)
Interest component of retirement benefit provisions	0	0	0	0	0	0	0	0	(2,935)	(2,935)
Total net interest income/(expense)	0	0	5,998	0	0	(22,077)	(2,235)	(18,314)	(2,935)	(21,249)
Share of results of non-consolidated subsidiaries and outside companies	1,163	2,286	0	0	0	0	0	3,449	0	3,449
Negative goodwill	0	0	0	0	0	0	0	0	154	154
Total share of results of non-consolidated subsidiaries and outside companies	1,163	2,286	0	0	0	0	0	3,449	154	3,603
Currency translation gains/(losses)	0	0	0	0	0	18,764	0	18,764	0	18,764
Total other net financial items	6	0	0	0	0	0	0	6	0	6
Net financial items from derivatives	0	0	0	0	0	0	(663)	(663)	0	(663)
Total net financial items	6	0	0	0	0	18,764	(663)	18,107	0	18,107
Total net gains/(losses) in net financial items	**1,169**	**2,286**	**5,998**	**0**	**0**	**(3,313)**	**(2,898)**	**3,242**	**(2,781)**	**461**
Net loss on derivatives	0	0	(3,652)	0	0	0	0	(3,652)	0	(3,652)
Currency translation losses	0	0	0	0	0	0	(391)	(391)	0	(391)
Impairment loss on receivables	0	0	(4,425)	0	0	0	0	(4,425)	0	(4,425)
Total net (losses) in operating profit before exceptional itemss	**0**	**0**	**(8,077)**	**0**	**0**	**0**	**(391)**	**(8,468)**	**0**	**(8,468)**

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. On the procurement side, the Group is subject to commodity price risks. These relate primarily to energy costs in connection with sugar production and to the cost of wheat and corn for bioethanol production. In addition, the Group is exposed to credit risks, associated especially with trade receivables.

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

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

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

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

Credit risk

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

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

For the residual risk from trade receivables, the Group establishes provisions for impairment. The maximum exposure from trade receivables is equivalent to the carrying amount of the trade receivables. The carrying amounts of past due and of impaired trade receivables are set out in note 19.

The maximum exposure of € 442,892 thousand to credit risk consisted of the carrying amounts of all receivables 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 2011 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 2011								
Borrowings								
Bank loans and overdrafts	361,707	375,413	260,503	34,668	5,408	63,047	525	11,262
Borrowings from affiliated companies	200,000	249,012	47,690	36,940	37,116	7,216	7,400	112,650
Obligations under finance leases	165	180	28	152	0	0	0	0
	561,872	**624,605**	**308,221**	**71,760**	**42,524**	**70,263**	**7,925**	**123,912**
Trade and other payables								
Trade payables	218,666	218,666	218,666	0	0	0	0	0
Other financial obligations	86,926	86,926	84,618	2,308	0	0	0	0
– *Of which interest rate derivatives*	*2,044*	*2,044*	*2,044*	*0*	*0*	*0*	*0*	*0*
– *Of which currency derivatives*	*655*	*655*	*655*	*0*	*0*	*0*	*0*	*0*
– *Of which commodity derivatives*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
– *Of which other derivatives*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
	305,592	**305,592**	**303,284**	**2,308**	**0**	**0**	**0**	**0**
28 February 2010								
Borrowings								
Bank loans and overdrafts	455,346	476,710	317,171	53,570	34,544	5,237	62,809	3,379
Borrowings from affiliated companies	100,000	100,000	40,000	30,000	0	0	30,000	0
Obligations under finance leases	115	125	29	96	0	0	0	0
	555,461	**576,835**	**357,200**	**83,666**	**34,544**	**5,237**	**92,809**	**3,379**
Trade and other payables								
Trade payables	210,075	210,075	210,075	0	0	0	0	0
Other financial obligations	78,569	78,569	76,341	2,228	0	0	0	0
– *Of which interest rate derivatives*	*3,063*	*3,063*	*3,063*	*0*	*0*	*0*	*0*	*0*
– *Of which currency derivatives*	*944*	*944*	*944*	*0*	*0*	*0*	*0*	*0*
– *Of which commodity derivatives*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
– *Of which other derivatives*	*163*	*163*	*163*	*0*	*0*	*0*	*0*	*0*
	288,644	**288,644**	**286,416**	**2,228**	**0**	**0**	**0**	**0**

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:

		Contractual payment outflows				
€000	Carrying amount	Total	Up to 6 months	6 to 12 months	1 to 2 years	More than 2 years
28 February 2011						
Forward foreign exchange contracts						
CZK	5,122	5,000	3,500	1,500	0	0
HUF	6,033	5,879	4,864	1,015	0	0
PLN	25,776	25,733	16,902	8,831	0	0
	36,931	**36,612**	**25,266**	**11,346**	**0**	**0**
28.02.2010						
Forward foreign exchange contracts						
CZK	4,485	4,500	3,500	1,000	0	0
HUF	6,942	6,891	4,135	2,756	0	0
PLN	24,203	22,913	13,748	9,165	0	0
GBP	149	144	144	0	0	0
USD	434	475	475	0	0	0
	36,213	**34,923**	**22,001**	**12,922**	**0**	**0**

Interest rate swaps and currency swaps were all hedged at fair value.

Currency risk

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

The AGRANA Group has financial assets and liabilities in foreign currencies. Until settlement, these assets and liabilities are subject to the risk of decreases or increases in value as a result of exchange rate movements. Financial liabilities of € 52,925 thousand (prior year: € 63,410 thousand) were subject to currency risk as a result of the functional currency not being the contract currency.

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

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

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

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

For active hedging of risks, the AGRANA Group mainly uses forward foreign exchange contracts. In the financial year under review, forward foreign exchange contracts were employed to hedge revenue, purchasing commitments and foreign currency borrowings totalling a gross € 228,287 thousand (prior year: € 280,873 thousand) against exchange rate fluctuation. The following currencies were hedged:

	2010|11		2009|10	
000	Hedged currency	EUR	Hedged currency	EUR
Hungarian forint (HUF)	23,944,640	85,836	27,784,567	98,406
US dollar (USD)	68,644	52,862	59,585	42,151
Czech koruna (CZK)	264,868	9,981	477,421	18,845
Romanian leu (RON)	62,238	14,252	343,182	81,191
Polish zloty (PLN)	236,093	58,327	156,556	40,280
Australian dollar (AUD)	4,883	4,006	–	–
Danish krone (DKK)	22,551	3,023	–	–
Total		**228,287**		**280,873**

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

Using sensitivity analysis, AGRANA models the effects of hypothetical movements in exchange rates on the Group's results and equity, with all other parameters held constant. All other parameters are held constant. This is done by conducting stress tests and measuring the stress-induced change in the amounts of the relevant items – revenue, cost of materials, and foreign-currency borrowings. An appreciation in the euro was assumed in determining the latent risk. Had the euro been 10% stronger or 10% weaker against the currencies named below, the effects on Group profit and equity would have been as presented in the following table:

	28 Feb 2011		28 Feb 2010	
€000	If 10% higher	If 10% lower	If 10% higher	If 10% lower
EUR/RON	(13,564)	16,578	(12,411)	15,169
EUR/HUF	12,767	(15,604)	9,110	(11,134)
EUR/PLN	1,212	(1,482)	584	(714)
EUR/UAH	1,465	(1,791)	2,166	(2,648)
EUR/RUB	1,070	(1,308)	1,907	(2,331)
Income/(expense)	**2,951**	**(3,607)**	**1,356**	**(1,657)**

The potential effects of the other currency relations in the AGRANA Group are immaterial both individually and in the aggregate.

Interest rate risk

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

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

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

The floating rate borrowings are subject to interest rate risk. To hedge against this risk, interest rate swaps were entered into for a portion of the borrowings, thus achieving fixed interest rates on this portion. For the unhedged floating-rate borrowings, if market interest rates at 28 February 2011 had been 100 basis points higher or lower (with all other parameters remaining constant), this would have made a negative difference of € 3,176 thousand (prior year: € 2,825 thousand) in net interest income/expense and equity. The hypothetical effect on net interest income or expense arises from non-derivative, floating-rate debt of € 317,567 thousand (prior year: € 282,511 thousand).

Commodity price risk

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

At the balance sheet date the Group had open commodity derivative contracts to purchase 20,981 tonnes of raw sugar in Eastern Europe (prior year: 12,446 tonnes), no hedges for the sale of white sugar (prior year: 11,350 tonnes), and open commodity derivative contracts to purchase 19,750 tonnes of wheat for the Austrian bioethanol production facility (prior year: 22,000 tonnes) and 12,400 tonnes of corn (prior year: 0 tonnes). These positions represented an aggregate contract amount of € 15,128 thousand (prior year: € 16,991 thousand) and, based on the underlying closing prices, had a positive fair value of € 965 thousand (prior year: € 616 thousand). A change in the underlying raw material prices of plus or minus 10% would result, respectively, in an increase in the value of these commodity derivative positions of € 1,323 thousand (prior year: € 525 thousand) or in a decrease of € 1,758 thousand (prior year: increase of € 234 thousand); of these value changes, an increase of € 814 thousand and a decrease of € 817 thousand, respectively, would be recognised directly in equity.

10.5. CONTINGENT LIABILITIES AND OTHER FINANCIAL LIABILITIES

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

€000	28 Feb 2011	28 Feb 2010
Guarantees	41,136	48,059
Warranties, cooperative liabilities	1,649	1,649
Contingent liabilities	**42,785**	**49,708**

Guarantees issued on behalf of related companies amounted to € 15,000 thousand. The guarantees are not expected to be utilised.

Other financial liabilities were as presented in the table below:

€000	28 Feb 2011	28 Feb 2010
Present value of lease payments due within 5 years	8,944	13,138
Commitments for the purchase of property, plant and equipment	8,724	504
Other financial liabilities	**17,668**	**13,642**

11. EVENTS AFTER THE BALANCE SHEET DATE

AGRANA, together with Yantai North Andre, operates two apple juice concentrate plants as 50%-owned joint ventures in China. As announced in a press release on 1 February 2011, AGRANA is in negotiations with Yantai North Andre for AGRANA to acquire full ownership of one plant and transfer the 50% ownership interest in the other plant to the joint venture partner. These negotiations and the resulting implementation steps are not yet completed.

No other significant events occurred after the balance sheet date of 28 February 2011 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 holds 100% of the ordinary shares of Z&S Zucker und Stärke Holding AG, which in turn holds 75.5% of the ordinary shares of AGRANA Beteiligungs-AG. Both holding companies are exempt from the obligation to prepare consolidated financial statements, as their accounts are included in the consolidated financial statements of Südzucker AG Mannheim/Ochsenfurt, Mannheim, Germany.

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

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

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

€000	Non-consolidated affiliated companies	Companies with significant influence	Joint ventures	Total
2010|11				
Revenue	97,255	0	0	97,255
Credit relationships	(201,426)	(135,433)	16,862	(319,997)
Net interest (expense)/income	(5,662)	(3,884)	362	(9,184)
Guarantees issued	8,200	143,888	22,000	174,088
Guarantees utilised	6,129	124,065	0	130,194
2009|10				
Revenue	83,798	0	0	83,798
Credit relationships	(100,625)	(126,513)	0	(227,138)
Net interest (expense)/income	(2,872)	(4,007)	0	(6,879)
Guarantees issued	8,200	179,888	21,591	209,679
Guarantees utilised	5,391	145,670	17,273	168,334

In addition, at the balance sheet date, borrowings from related parties amounted to € 335,433 thousand (prior year: € 226,513 thousand); these borrowings were on normal commercial terms. Of this total, € 190,178 thousand represented non-current borrowings (prior year: € 152,637 thousand).

With related parties, there were current net trade receivables of € 374 thousand from the sale and purchase of goods (prior year: net payables of € 1,089 thousand).

In respect of joint venture partners, there were other receivables of € 8,406 thousand (prior year: € 2,571 thousand); amounts due from these partners were € 0 (prior year: € 0).

The remuneration of the members of the Management Board of AGRANA Beteiligungs-AG totalled € 2,395 thousand (prior year: € 1,451 thousand), consisting of total fixed base salaries of € 1,475 thousand (prior year: € 1,451 thousand) and a total performance-based component of € 920 thousand (prior year: € 0 thousand). The performance-based elements of the compensation are linked to the amount of the dividend to be paid for the financial year completed. In view of the difficult economic situation in the 2008|09 financial year, the Management Board waived the entire variable portion of its compensation in the prior year. 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 1 July 2010 the Annual General Meeting approved an annual aggregate remuneration for the Supervisory Board of € 165 thousand (prior year: € 165 thousand) and the responsibility for allocating this sum was delegated to the Supervisory Board Chairman. The amount paid to the individual Supervisory Board members is tied to their function on the Board. No meeting fees were paid in the year under review.

Post-employment benefits granted to the Management Board under the Company's plan are pension, disability insurance and survivor benefits. The pension becomes available when the pension eligibility criteria of the Austrian public pension scheme (ASVG) are met. The amount of the pension is calculated as a percentage of a contractually agreed assessment base. In the event of early retirement within ASVG rules, the amount of the pension is reduced. The retirement benefit obligations in respect of the Management Board have been transferred to an external pension fund. The obligations' excess of € 576 thousand (previous year: € 863 thousand) over the existing plan assets at the end of the financial year under review was recognised in provisions.

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

Information on the Management Board and Supervisory Board is provided from page 127.

On 29 April 2011 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 2011

Johann Marihart
Chief Executive Officer

Fritz Gattermayer
Member of the Management Board

Walter Grausam
Member of the Management Board

Thomas Kölbl
Member of the Management Board

STATEMENT BY THE MEMBERS OF THE MANAGEMENT BOARD

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

- the consolidated financial statements for the year ended 28 February 2011 give a true and fair view of the financial position, results of operations and cash flows of the AGRANA Group as required by the applicable accounting standards;

- the Group management report for the 2010|11 financial year presents the business performance, financial results and situation of the AGRANA Group in such a way as to provide a true and fair view of the Group's financial position, results of operations and cash flows, together with a description of the principal risks and uncertainties faced by the Group.

Vienna, 29 April 2011

Johann Marihart
Chief Executive Officer

Fritz Gattermayer
Member of the Management Board

Walter Grausam
Member of the Management Board

Thomas Kölbl
Member of the Management Board

LIST OF MEMBERS OF AGRANA'S BOARDS

More information on the Management Board, the Supervisory Board and its committees is provided in the Corporate governance section of this report beginning on page 22.

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

Ludwig Eidmann
Member

Hans-Jörg Gebhard
Member

Ernst Karpfinger
Member

Thomas Kirchberg
Member

Theo Spettmann
Member

Christian Teufl
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 2011
(DISCLOSURES UNDER SECTION 265 (2) AND (4) AUSTRIAN COMMERCIAL CODE)

Name of company	City/town	Country	Equity interest Direct	Equity interest Indirect
I. Subsidiaries				
Fully consolidated subsidiaries				
AGRANA BIH Holding GmbH	Vienna	Austria	–	75.00%
AGRANA Bioethanol GmbH	Vienna	Austria	–	74.90%
AGRANA Bulgaria AD	Sofia	Bulgaria	–	100.00%
AGRANA Fruit Argentina S.A.	Buenos Aires	Argentina	–	99.99%
AGRANA Fruit Australia Pty Ltd.	Central Mangrove	Australia	–	100.00%
AGRANA Fruit Austria GmbH	Gleisdorf	Austria	–	100.00%
AGRANA Fruit Brasil Indústria, Comércio, Importaçao e Exportaçao Ltda.	São Paulo	Brazil	–	91.90%
AGRANA Fruit Brasil Participacoes Ltda.	São Paulo	Brazil	–	99.99%
AGRANA Fruit Dachang Co., Ltd.	Dachang	China	–	100.00%
AGRANA Fruit Fiji Pty Ltd.	Sigatoka	Fiji	–	100.00%
AGRANA Fruit France S.A.	Paris	France	–	100.00%
AGRANA Fruit Germany GmbH	Konstanz	Germany	–	100.00%
AGRANA Fruit Istanbul Gida Sanayi ve Ticaret A.S.	Zincirlikuyu	Turkey	–	100.00%
AGRANA Fruit Korea Co. Ltd.	Seoul	South Korea	–	100.00%
AGRANA Fruit Latinoamerica S. de R.L. de C.V.	Michoacán	Mexico	–	99.99%
AGRANA Fruit Luka TOV	Vinniza	Ukraine	–	99.97%
AGRANA Fruit México, S.A. de C.V.	Michoacán	Mexico	–	100.00%
AGRANA Fruit Polska SP z.o.o.	Ostrołęka	Poland	–	100.00%
AGRANA Fruit S.A.S.	Mitry-Mory	France	–	100.00%
AGRANA Fruit Services GmbH	Vienna	Austria	–	100.00%
AGRANA Fruit Services Inc.	Brecksville	USA	–	100.00%
AGRANA Fruit Services S.A.S.	Paris	France	–	100.00%
AGRANA Fruit South Africa (Proprietary) Ltd.	Cape Town	South Africa	–	100.00%
AGRANA Fruit Ukraine TOV	Vinniza	Ukraine	–	99.80%
AGRANA Fruit US, Inc.	Brecksville	USA	–	100.00%
AGRANA Internationale Verwaltungs- und Asset-Management GmbH	Vienna	Austria	–	100.00%
AGRANA J & F Holding GmbH	Vienna	Austria	98.91%	1.09%
AGRANA Juice Denmark A/S	Køge	Denmark	–	100.00%
AGRANA Juice Holding GmbH	Gleisdorf	Austria	–	100.00%
AGRANA Juice Magyarország Kft.	Vásárosnamény	Hungary	–	100.00%
AGRANA Juice Poland SP z.o.o.	Białobrzegi	Poland	–	100.00%
AGRANA Juice Romania Carei SRL	Carei	Romania	–	100.00%
AGRANA Juice Romania Vaslui s.r.l.	Vaslui	Romania	–	100.00%
AGRANA Juice Sales & Customer Service GmbH	Gleisdorf	Austria	–	100.00%
AGRANA Juice Sales & Marketing GmbH	Bingen	Germany	–	100.00%
AGRANA Juice Service & Logistik GmbH	Bingen	Germany	–	100.00%
AGRANA Magyarország Értékesitési Kft.	Budapest	Hungary	–	100.00%
AGRANA Marketing- und Vertriebsservice Gesellschaft m.b.H.	Vienna	Austria	100.00%	–
AGRANA Nile Fruits Processing (SAE)	Qalyoubia	Egypt	–	51.00%
AGRANA Stärke GmbH	Vienna	Austria	98.91%	1.09%
AGRANA Trading EOOD	Sofia	Bulgaria	–	100.00%
AGRANA Zucker GmbH	Vienna	Austria	98.91%	1.09%
Agrofrucht, Handel mit landwirtschaftlichen Produkten Gesellschaft m.b.H.	Vienna	Austria	–	100.00%
Biogáz Fejlesztő Kft.	Kaposvár	Hungary	–	100.00%
Brüder Hernfeld Gesellschaft m.b.H.	Vienna	Austria	–	100.00%
Dirafrost FFI N. V.	Herk-de-Stad	Belgium	–	100.00%
Dirafrost Maroc SARL	Laouamra	Morocco	–	100.00%
Financière Atys S.A.S.	Paris	France	–	100.00%
Flavors from Florida, Inc.	Bartow	USA	–	100.00%

Name of company	City/town	Country	Equity interest Direct	Indirect
Frefrost SARL	Laouamra	Morocco	–	100.00%
INSTANTINA Nahrungsmittel Entwicklungs- und Produktionsgesellschaft m.b.H.	Vienna	Austria	66.67%	–
Koronás Irodaház Szolgáltató Korlátolt Felelösségü Társaság	Budapest	Hungary	–	100.00%
Magyar Cukorgyártó és Forgalmazó Zrt.	Budapest	Hungary	–	87.56%
Moravskoslezské Cukrovary A.S.	Hrušovany	Czech Republic	–	97.66%
o.o.o. AGRANA Fruit Moscow Region	Serpuchov	Russia	–	100.00%
S.C. A.G.F.D. Tandarei s.r.l.	Ţăndărei	Romania	–	99.99%
S.C. AGRANA Romania S.A.	Bucharest	Romania	–	91.33%
Slovenské Cukrovary s.r.o.	Sereď	Slovakia	–	100.00%
Yube d.o.o.	Požega	Serbia	–	100.00%
Non-consolidated subsidiaries				
AGRANA AGRO SRL	Roman	Romania	–	100.00%
Reporting date: 31 Dec 2010 I Equity: € 0.1 thousand I Loss for the period: € 0.0 thousand				
AGRANA BUZAU SRL	Buzau	Romania	–	100.00%
Reporting date: 31 Dec 2010 I Equity: € 23.0 thousand I Loss for the period: € 0.1 thousand				
AGRANA Skrob s.r.o.	Hrušovany	Czech Republic	–	100.00%
Reporting date: 31 Dec 2010 I Equity: € 0.4 thousand I Loss for the period: € 0.4 thousand				
AGRANA TANDAREI SRL	Ţăndărei	Romania	–	100.00%
Reporting date: 31 Dec 2010 I Equity: € 23.0 thousand I Loss for the period: € 0.1 thousand				
Dr. Hauser Gesellschaft m.b.H.	Hamburg	Germany	–	100.00%
Reporting date: 28 Feb 2011 I Equity: € 106.6 thousand I Loss for the period: € 3.0 thousand				
Österreichische Rübensamenzucht Gesellschaft m.b.H.	Vienna	Austria	–	86.00%
Reporting date: 30 Apr 2010 I Equity: € 652.3 thousand I Loss for the period: € 127.8 thousand				
PERCA s.r.o.	Hrušovany	Czech Republic	–	100.00%
Reporting date: 31 Dec 2010 I Equity: € 352.5 thousand I Profit for the period: € 467.1 thousand				
PFD-Processed Fruit Distribution Ltd. (in liquidation)	Nicosia	Cyprus	–	100.00%
Reporting date: 31 Dec 2008 I Equity: € 13.9 thousand I Loss for the period: € 130.8 thousand				
"Tremaldi" Beteiligungsverwaltung GmbH	Vienna	Austria	–	100.00%
Reporting date: 28 Feb 2011 I Equity: € 26.2 thousand I Loss for the period: € 1.9 thousand				
Zuckerforschung Tulln Gesellschaft m.b.H.	Vienna	Austria	100.00%	–
Reporting date: 31 Dec 2010 I Equity: € 2,916.8 thousand I Profit for the period: € 1,365.6 thousand				
II. Joint ventures				
Joint ventures accounted for by proportionate consolidation				
AGRAGOLD Holding GmbH	Vienna	Austria	–	50.00%
AGRANA-STUDEN Beteiligungs GmbH	Vienna	Austria	–	50.00%
AGRANA Studen Sugar Trading GmbH	Vienna	Austria	–	50.00%
GreenPower E85 Kft.	Szabadegyháza	Hungary	–	50.00%
HUNGRANA Keményitö- és Isocukorgyártó és Forgalmazó Kft.	Szabadegyháza	Hungary	–	50.00%
Hungranatrans Kft.	Szabadegyháza	Hungary	–	50.00%
STUDEN-AGRANA Rafinerija Secera d.o.o.	Brčko	Bosnia-Herzegovina	–	50.00%
Xianyang Andre Juice Co., Ltd.	Xianyang City	China	–	50.00%
Yongji Andre Juice Co., Ltd.	Yongji City	China	–	50.00%
Non-consolidated joint ventures				
"AGRAGOLD" d.o.o.	Brčko	Bosnia-Herzegovina	–	50.00%
AGRAGOLD d.o.o.	Zagreb	Croatia	–	50.00%
AGRAGOLD dooel Skopje	Skopje	Macedonia	–	50.00%
AGRAGOLD trgovina d.o.o.	Ljubljana	Slovenia	–	50.00%
SCO STUDEN & CO. BRASIL EXPORTACAO E IMPORTACAO LTDA.	São Paulo	Brazil	–	37.50%

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the accompanying consolidated financial statements of AGRANA Beteiligungs-AG, Vienna, for the year from 1 March 2010 to 28 February 2011. These consolidated financial statements comprise the consolidated balance sheet as of 28 February 2011, the consolidated income statement, the statement of comprehensive income, the consolidated cash flow statement and the consolidated statement of changes in equity for the year ended 28 February 2011 and a summary of significant accounting policies and other explanatory notes.

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

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

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

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

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

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

Opinion

Our audit did not give rise to any objections. In our opinion, which is based on the results of our audit, the consolidated financial statements comply with legal requirements and give a true and fair view of the financial position of the Group as of 28 February 2011 and of its financial performance and its cash flows for the year from 1 January to 28 February 2011 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 2011

KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

signed by:

Mag. Wilhelm Kovsca	ppa. Mag. Claudia Draxler-Eisert
Wirtschaftsprüfer	Wirtschaftsprüferin

(Austrian Chartered Accountants)

Abbreviation if any	Indicator *Definition*		2010|11	2009|10
	Borrowings *= Bank loans and overdrafts* *+ borrowings from affiliated companies* *+ lease liabilities*	€000	561,872	555,461
CE	Capital employed *= (PP&E + intangibles including goodwill) + working capital I*	€000	1,383,054	1,324,230
	Dividend yield *= Dividend per share ÷ closing share price*	%	3.0	2.7
EBIT	Operating profit before exceptional items *= Earnings before interest, tax and exceptional items*	€000	128,053	91,937
EBITDA	Earnings before interest, tax, depreciation and amortisation (income statement items 8 + 6) *= EBIT + depreciation and amortisation*	€000	207,234	176,246
EBITDA margin	*= EBITDA × 100 ÷ revenue*	%	9.6	8.9
EPS	Earnings per share *= Profit/(loss) for the period ÷ number of shares outstanding*	€	5.95	5.08
	Equity ratio *= Equity ÷ total assets*	%	48.7	47.9
EVS	Equity value per share *= Equity attributable to shareholders of the parent* *÷ number of shares outstanding*	€	66.3	61.9
FCF	Free cash flow *= Net cash flow from/used in operating activities* *+ net cash from/used in investing activities*	€000	23,842	113,750
	Gearing *= Net debt ÷ total equity × 100*	%	39.4	41.6
	Intangible assets including goodwill	€000	248,551	252,446
P/E	Price/earnings ratio *= Closing share price at financial year end ÷ earnings per share*		13.3	14.1
PP&E	Property, plant and equipment	€000	577,709	597,788
	Net debt *= Borrowings less (cash + cheques + other bank deposits* *+ current securities + non-current securities)*	€000	382,436	376,581
	Operating margin = EBIT × 100 ÷ revenue	%	5.9	4.6
ROCE	Return on capital employed *= EBIT ÷ capital employed*	%	9.3	6.9
ROS	Return on sales = Profit/(loss) before tax × 100 ÷ revenue	%	5.0	4.4
WC I	Working capital I *= Inventories + trade receivables + other assets* *– current provisions – current prepayments received* *– trade payables – other payables*	€000	556,794	473,996

PARENT COMPANY FINANCIAL STATEMENTS 2010|11

BASED ON AUSTRIAN COMMERCIAL CODE (UGB)

PARENT COMPANY INCOME STATEMENT

FOR THE YEAR ENDED 28 FEBRUARY 2011

€000	2010|11	2009|10
1. Revenue	71	75
2. Other operating income	24,461	22,034
3. Staff costs	(15,104)	(14,200)
4. Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	(1,845)	(1,912)
5. Other operating expenses	(19,196)	(16,073)
6. Operating (loss) [subtotal of items 1 to 5]	**(11,613)**	**(10,076)**
7. Income from investments in subsidiaries and other companies	37,860	28,914
– Of which from subsidiaries: € 37,855 thousand (prior year: € 28,914 thousand)		
8. Income from other non-current securities	5,235	4,796
9. Other interest and similar income	2,761	1,662
– Of which from subsidiaries: € 381 thousand (prior year: € 522 thousand)		
10. Income from disposal of non-current financial assets	0	2,300
11. Expenses from non-current financial assets and from current securities	0	0
12. Interest and similar expense	(436)	(1,319)
13. Net financial items [subtotal of items 7 to 12]	**45,421**	**36,353**
14. Profit before tax [subtotal of items 1 to 13]	**33,808**	**26,277**
15. Income tax credit	1,072	2,083
16. Profit for the period	**34,880**	**28,360**
17. Profit brought forward from prior year	1,401	735
18. Net profit available for distribution	**36,281**	**29,095**

PARENT COMPANY BALANCE SHEET

AT 28 FEBRUARY 2011

€000	28 February 2011	28 February 2010
ASSETS		
A. Non-current assets		
I. Intangible assets	1,228	2,293
II. Property, plant and equipment	899	774
III. Non-current financial assets	475,800	439,299
	477,927	**442,366**
B. Current assets		
I. Receivables and other assets	118,566	146,618
II. Securities	0	0
III. Cash and bank balances	4	4
	118,570	**146,622**
Total assets	**596,496**	**588,988**
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	36,281	29,095
– Of which brought forward from prior year: € 1,401 thousand (prior year: € 735 thousand)		
	572,409	**565,223**
B. Untaxed reserves	**0**	**0**
C. Provisions		
I. Provisions for retirement, termination and long-service benefit obligations	2,429	2,225
II. Provisions for tax and other liabilities	10,168	9,391
	12,597	**11,616**
D. Payables		
I. Borrowings	0	0
II. Other payables	11,490	12,150
	11,490	**12,150**
Total equity and liabilities	**596,496**	**588,988**
Contingent liabilities	321,758	467,677

STATEMENT BY THE MEMBERS OF THE MANAGEMENT BOARD

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

- the separate financial statements for the year ended 28 February 2011 give a true and fair view of the financial position, results of operations and cash flows of the parent company as required by the applicable accounting standards;

- the management report for the 2010|11 financial year presents the business performance, financial results and situation of AGRANA Beteiligungs-AG in such a way as to provide a true and fair view of AGRANA's financial position, results of operations and cash flows, together with a description of the principal risks and uncertainties faced by the company.

Vienna, 28 April 2011

Johann Marihart
Chief Executive Officer

Fritz Gattermayer
Member of the Management Board

Walter Grausam
Member of the Management Board

Thomas Kölbl
Member of the Management Board

PROPOSED ALLOCATION OF PROFIT

	2010|11
	€
The financial year to 28 February 2011 closed with the following net profit available for distribution:	36,281,257
The Management Board proposes to the Annual General Meeting to allocate this profit as follows:	
Distribution of a dividend of € 2.40 per ordinary no-par value share on 14,202,040 participating ordinary shares, that is, a total of	34,084,896
Profit to be carried forward:	2,196,361
	36,281,257

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements, including the accounting system, of AGRANA Beteiligungs-AG, Vienna, for the fiscal year from 1 March 2010 to 28 February 2011. These financial statements comprise the balance sheet as of 28 February 2011, the income statement for the fiscal year ended 28 February 2011, and the notes.

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

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

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

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

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

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

Opinion

Our audit did not give rise to any objections. In our opinion, which is based on the results of our audit, the financial statements comply with legal requirements and give a true and fair view of the financial position of the Company as of 28 February 2011 and of its financial performance for the year from 1 March 2010 to 28 February 2011 in accordance with Austrian Generally Accepted Accounting Principles.

REPORT ON OTHER LEGAL REQUIREMENTS (MANAGEMENT REPORT)

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

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

Vienna, 28 April 2011

KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

signed by:

Mag. Wilhelm Kovsca	ppa. Mag. Claudia Draxler-Eisert
Wirtschaftsprüfer	Wirtschaftsprüferin

(Austrian Chartered Accountants)

OTHER INFORMATION

A

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

ACP countries: A group of states in Africa, the Caribbean and the Pacific region that have concluded a special agreement on development cooperation with the European Union. Consisting largely of the successor states of former French and British colonies, and currently numbering 79 countries, the ACP group has since 1975 been given preferential access to the EU market and the ability to export sugar duty-free to the EU.

Agrarmarkt Austria (AMA): Agrarmarkt Austria is an Austrian institution of central importance to the country's agricultural industry. It was created as a public sector entity by the AMA Act of 1992 and set up as an EU-compliant market regulatory agency, which now oversees the implementation and administration of all EU market regimes. Agricultural marketing is performed by its subsidiary, Agrarmarkt Austria Marketing GesmbH. AMA is supervised by the Federal Minister of Agriculture, Forestry, Environment and Water Management. AMA's key functions are the implementation of market regimes and direct payments (milk quota administration, licence management, etc.), administration of nationally managed payments (e. i., the Austrian Agri-Environmental Programme, or "ÖPUL"), preparation of market and price reports, and cattle marking and tracing.

Amylopectin: The main component of starch, making up an average of 70% to 80%, is amylopectin. The other of the two fractions is amylose. The starch found in waxy varieties of corn and millet has an amylopectin content of almost 100%. Amylopectin is a complex carbohydrate (a polysaccharide) and composed of D-glucose molecules.

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 20 most liquid shares traded on Wiener Börse. The index composition is determined on the basis of companies' market capitalisation (the price per share multiplied by the number of shares). The influence of a given ATX stock on the index thus depends on the number and price of the company's shares. The ATX also serves as the underlying for futures and options quoted in euros on the Exchange. The starting value of the ATX on 2 January 1991 was set at 1,000 points.

B

Bioethanol: Bioethanol is a fuel manufactured by the fermentation of carbohydrate-containing biomass (renewable carbon sources). It has a minimum alcohol content of 99% by volume and contains effectively no water. In Europe, for climate reasons, bioethanol is produced mainly either directly from sugar or from starch-containing grains. Unlike fossil fuels, bioethanol is CO_2 neutral and its physical properties differ from those of petrol. Its use in undiluted form as a petrol substitute therefore requires modifications to engines.

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

CEFS (Comité Européen des Fabricants de Sucre): The CEFS is the international organisation of European national sugar industry associations. It represents the interests of European sugar producers and refiners vis-à-vis European institutions (Council of Ministers, European Commission, European Parliament, Economic and Social Committee, and others) and with the various international organisations (FAO, WTO, etc.).

Clean label: A marketing concept in the food industry for promoting products as particularly natural. The clean-label approach accommodates consumers' mounting interest in foods not containing additives with E numbers. The message of naturalness is conveyed on packaging through additional wordings such as, for instance, "No flavour enhancers", "No added preservatives", and "No artificial flavours".

Coloured juice concentrate: This term includes all fruit juice concentrates except apple juice concentrate and citrus fruit concentrate. Among the fruits used are cherry, black currant, etc.

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): Seen today as the most important greenhouse gas, carbon dioxide is a gas made up 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 greenhouse potential (global warming potential) is used. It indicates the contribution of different gases 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 third 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 connection with the renunciation of quotas under the EU sugar regime, in Europe this concerns countries such as Ireland, Italy and Portugal, as well as Hungary and Romania.

E

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

E85: *See SuperEthanol E85.*

EFFAT (European Federation of Food, Agriculture and Tourism Trade Unions): EFFAT is the European federation of trade unions for the food, agriculture and tourism sectors. As the European umbrella organisation for 120 national trade unions from 35 countries, EFFAT represents the interests of more than 2.6 million members in dealing with European institutions, industry associations and employers.

Emerging market: A relatively rapidly growing market found in newly industrialised countries (suchas China and India) or the economies of developing countries.

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

E number: E numbers are official European number codes for food additivites. They are essentially an indication that the substance in question (added to the food to achieve chemical, physical or physiological effects) has been shown by the authorisation procedure of the European Union to present no threat to human health. The E number of an additive is the code by which the substance can be uniquely identified regardless of the national language.

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

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

EU sugar regime: *See sugar regime.*

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

F

FAO (Food and Agriculture Organisation): The Food and Agriculture Organisation is a specialised agency of the United Nations based in Rome. Its mission worldwide is to improve the production and distribution of agricultural products in general and foods in particular, in order to ensure good nutrition and food security and improve living standards. To this end it has developed, among other instruments, the Codex Alimentarius, which defines international standards of food safety.

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

First transformation: First transformation refers to the first stage of fruit processing, which turns freshly harvested fruit into storable, semi-finished goods (frozen, aseptic or pureed). The process steps involved include sorting, washing, cleaning, cutting, freezing and packing.

F. O. Licht: A leading private-sector source of analysis on the global markets for sugar, ethanol, molasses, feed additives, biofuels, coffee and tea, F. O. Licht publishes a wide range of print reports and organises conferences for the sugar and ethanol industries.

FFG (Austrian Research Promotion Agency): The Austrian Research Promotion Agency, or FFG (Österreichische Forschungsförderungsgesellschaft) is the national funding agency for industrial research and development in Austria. The FFG was established in 2004 and is wholly owned by the Austrian government.

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

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

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.

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.

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

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

ISCC (International Sustainability & Carbon Certification): The ISCC is the world's first government-recognised system for the certification of sustainability and greenhouse gas emissions that can be applied to all agricultural raw materials. In 2009 in the EU Renewable Energies Directive (2009/28/EC), the EU set out requirements for the sustainable production of biomass (liquid biomass and biofuels). Germany has transposed this EU Directive into national law through its Biofuel Sustainability Regulation and Biomass Electricity Sustainability Regulation. Under this legislation, from 1 January 2011, companies wishing to receive a feed-in tariff under the German Renewable Energies Act (EEG) or credit toward the biofuel quota must document that the feedstocks used in the biofuels' production or in electricity generation were produced in accordance with the sustainability regulations. The ISCC serves to implement these legal requirements in all stages of the production process.

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

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

L

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

M

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

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

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

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

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

O

Organic stabilisers: Organic stabilisers are used at AGRANA instead of chemical biocides (such as formaldehyde) to combat microorganisms in the sugar production process. For use in sugar production, natural organic stabilisers are developed based on hops and tree resins. These products are therefore of herbal origin and have a long tradition of use in food production.

P

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

Preferential imports: For raw sugar imports from outside the EU, in view of the high world market prices, the European Commission in November 2010 suspended the tariff of € 98 per tonne on preferential imports for the period from 1 December 2010 to 31 August 2011.

Prime Market: A subsegment of the “equity market.at” market segment of Wiener Börse (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 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 and can be procured from the SMY 2007|08 up to 50% from the sugar beet farmers. For isoglucose the amount is 50% of the output applicable for sugar. It is an administrative contribution to the EU.

Production quota: *See sugar quota.*

Q

Quota: *See sugar quota.*

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

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

R

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

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

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

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

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

S

SEDEX (Supplier Ethical Data Exchange): SEDEX is a non-profit organisation for companies committed to 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 connection and one of the most important reserve materials in the plant cells. In our latitudes, starch is mainly acquired from corn (maize), wheat or potatoes. In order to acquire starch, the parts of the plants containing starch are cut into pieces and, subsequently, the cleaning out of the starch takes place. Through filtration and centrifugation steps, the extraction of the starch takes place. The last stage is, finally, their drying. Native starch presents as white powder

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

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

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

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

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

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

Sugar marketing year (SMY): The set of regulations of the EU existing from 1968 for quotas and customs helps the general market organisation for sugar and for ensuring indigenous sugar production.

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

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

Sugar regime: The set of regulations of the EU existing from 1968 for quotas and customs helps the general market organisation for sugar and for ensuring indigenous sugar production.

Sugar regime restructuring levy: Annual payment of the sugar producers in the EU with reference to the production quota for the financing of the EU restructuring funds in the scope of the EU sugar regime (over a time period of three years): July 2006 to September 2009.

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

T

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

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

U

Umweltbundesamt (Austrian environment agency): The Umweltbundesamt, the Austrian environment agency, was created in 1985 through the Environmental Monitoring Act (the Umweltkontrollgesetz). Three years later an amendment of the Act led to a change in the agency's core responsibilities. In 1999 the environment agency became a limited liability company. It remains wholly owned by the Republic of Austria as represented by the Ministry of Agriculture, Forestry, Environment and Water Management. The environment agency is the leading Austrian expert organisation for all environmental subjects and media. Its staff works in four programmes: Data & Diagnosis, Substances & Analysis, Economy & Impact, and Nature & Habitat Use.

V

VÖNIX: The VÖNIX, the Austrian Sustainability Index, is an equity index consisting of those listed Austrian companies that are leading in social and environmental performance. The VÖNIX is owned by VBV-Pensionskasse AG and VINIS GmbH, both based in Vienna. Sustainability analysis for the Index is the responsibility of Mag. Friesenbichler Unternehmensberatung, a consultancy. The Index is calculated daily by Wiener Börse AG.

W

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

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

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

WHO (World Health Organisation): The WHO is a specialised organisation of the United Nations based in Geneva, Switzerland. Founded in April 1948, its membership numbers 193 countries. The World Health Organisation is the United Nations' coordinating authority on international public health.

WTO (World Trade Organisation): The World Trade Organisation with its office in Geneva, in which 150 member states negotiate the liberalisation of the world trade.

AGRANA Annual Report 2010|11:
http://ir.agrana.com

AGRANA BETEILIGUNGS-AG

Donau-City-Strasse 9, 1220 Vienna, Austria
Phone: +43-1-211 37-0
Fax: +43-1-211 37-12998
E-mail: info.ab@agrana.com
www.agrana.com

Would you like more information?
We will be very happy to help you.
Please contact us at:

Corporate Communications/ Investor Relations
Hannes Haider
Phone: +43-1-211 37-12905
Fax: +43-1-211 37-12045
E-mail: investor.relations@agrana.com

Corporate Communications/ Public Relations
Christine Göller
Ulrike Middelhoff (on parental leave)
Phone: +43-1-211 37-12084
Fax: +43-1-211 37-12045
E-mail: info.ab@agrana.com

SUBSIDIARIES

AGRANA Zucker GmbH

Headquarters:
Donau-City-Strasse 9, 1220 Vienna, Austria
Phone: +43-1-211 37-0
Fax: +43-1-211 37-12998

Administration:
Josef-Reither-Strasse 21–23, 3430 Tulln, Austria
Phone: +43-2272-602-0
Fax: +43-1-211 37-11225
E-mail: info.zucker@agrana.com

AGRANA Stärke GmbH

Headquarters:
Donau-City-Strasse 9, 1220 Vienna, Austria
Phone: +43-1-211 37-0
Fax: +43-1-211 37-12998

Administration:
Conrathstrasse 7, 3950 Gmünd, Austria
Phone: +43-2852-503-0
Fax: +43-1-211 37-19420
E-mail: info.staerke@agrana.com

AGRANA Bioethanol GmbH

Headquarters:
Donau-City-Strasse 9, 1220 Vienna, Austria
Phone: +43-1-211 37-0
Fax: +43-1-211 37-12998

Administration:
Industriegelände, 3435 Pischelsdorf, Austria
Phone: +43-2277-90303-0
Fax: +43-2277-90303-13133
E-mail: info.bioethanol@agrana.com

AGRANA J&F Holding GmbH

Donau-City-Strasse 9, 1220 Vienna, Austria
Phone: +43-1-211 37-0
Fax: +43-1-211 37-12853
E-mail: info.juice-fruit@agrana.com

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 macroeconomic variables such as exchange rates, inflation and interest rates); EU sugar policy; consumer behaviour; and public policy related to food and energy. AGRANA Beteiligungs-AG does not guarantee in any way that the actual future developments and actual future results achieved will match the assumptions and estimates expressed or made in this Annual Report, and does not accept any liability in the event that assumptions and estimates prove to be incorrect.

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

No liability is assumed for misprints, typographical or similar errors.

About this report

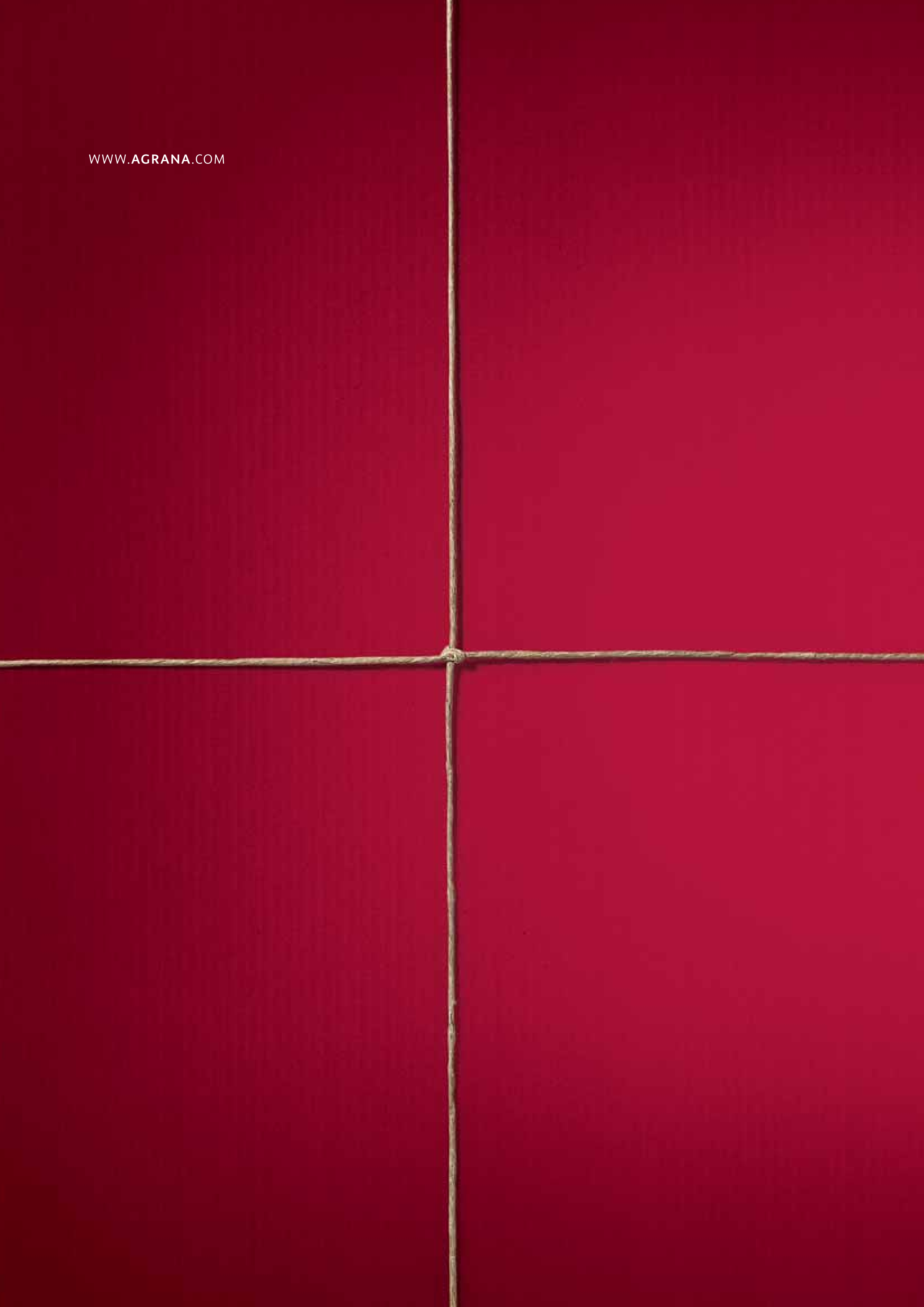
Published by: AGRANA Beteiligungs-AG
Donau-City-Strasse 9, 1220 Vienna, Austria
Corporate Communications/Investor Relations
Hannes Haider
Phone: +43-1-211 37-12905, Fax: -12045
E-mail: investor.relations@agrana.com

Design: marchesani_kreativstudio
Concept for images: gantnerundenzi
Photography: Manfred Klimek, Klaus Vhynalek, AGRANA

English translation:
Martin Focken Translating & Editing

UW 811 DAS
Printed on Claro matt paper by Wallig – Ennstaler Druckerei und Verlag Ges.m.b.H.
The company is PEFC-certified and has printed this product on paper from documented sustainable-forestry sources. Printing was carried out in accordance with the Austrian Low-Pollution Printing Products directive (UZ 24).

This English translation of the AGRANA Annual Report is solely for readers' convenience. Only the German-language report is definitive.


WWW.AGRANA.COM