



*REPORT* ON THE  
FIRST HALF OF 2013|14

## HIGHLIGHTS OF THE FIRST HALF OF 2013|14

- Revenue: € 1,674.3 million (H1 2012|13: € 1,603.1 million)
- Operating profit before exceptional items:  
€ 108.0 million (H1 2012|13: € 142.5 million)
- Operating margin: 6.5% (H1 2012|13: 8.9%)
- Profit for the period: € 69.2 million (H1 2012|13: € 99.6 million)
- Equity ratio: 49.8% (28 February 2013: 47.0%)
- Gearing<sup>1</sup>: 32.8% (28 February 2013: 39.9%)

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

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## DEAR INVESTOR,

In the first half of 2013|14, AGRANA recorded 4.4% growth in revenue. While higher raw material prices held back earnings in the Sugar and Starch segments, the Fruit segment bounced back from the weak previous financial year, improving its pre-exceptionals operating profit by 75%.

I would like to highlight the construction of our fruit preparations plant in Lysander, New York, which marks an important strategic step forward in the sustained strengthening of our market position in the USA.

At our Austrian bioethanol facility in Pischelsdorf, we successfully brought the wheat starch plant on stream. Achieving 100% utilisation of raw materials, the integrated facility produces wheat starch and gluten, bran, bioethanol, ActiProt® animal feed, and liquid carbon dioxide.

In June 2013 an important political decision was made at the European level: The expiration of the sugar regime means that the sugar and isoglucose quotas will end on 30 September 2017. While this will bring new challenges for our Sugar and Starch segments, we believe we are well placed to master them.

We also welcome the European parliament's recent position of encouraging greater use of sustainably produced bioethanol by advocating a separate target of a 7.5% bioethanol content in petrol. AGRANA regards this as validating our sustainable production of bioethanol.

For the 2013|14 financial year, AGRANA continues to expect a slight increase in Group revenue, driven primarily by sales volume growth. Despite a foreseeable improvement in raw material prices for the new crop, we are projecting that, based on the business trend for the year to date, the Group's operating profit before exceptional items will come in below the record levels of the past two years.

AGRANA's growth and performance in its first 25 years represent results and responsibility, and we aim to remain on this proven path in the decades to come.

Sincerely



Johann Marihart  
Chief Executive Officer

# GROUP MANAGEMENT REPORT

## FOR THE FIRST SIX MONTHS ENDED 31 AUGUST 2013

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### RESULTS FOR THE FIRST HALF OF 2013|14

#### Revenue and earnings

AGRANA Group	H1	
	2013 14	2012 13
Revenue	€ 1,674.3m	€ 1,603.1m
EBITDA	€ 147.0m	€ 176.6m
Operating profit before exceptional items	€ 108.0m	€ 142.5m
Operating margin	6.5%	8.9%
Exceptional items	€ 0.0m	(€ 1.0m)
Operating profit after exceptional items	€ 108.0m	€ 141.5m
Purchases of property, plant and equipment and intangibles <sup>1</sup>	€ 59.3m	€ 59.6m
Staff count <sup>2</sup>	8,919	8,519

**Revenue** of the AGRANA Group increased by € 71.2 million or 4.4% in the first half of the 2013|14 financial year (1 March to 31 August 2013) to € 1,674.3 million (H1 2012|13: € 1,603.1 million). While revenue in the Sugar segment was below the level of one year earlier (mainly for volume reasons), revenue in the Starch and Fruit segments expanded as a result of volume growth.

In the first half of 2013|14 the Group's **operating profit before exceptional items** was € 108.0 million, a decrease of 24.2% from the year-earlier period (€ 142.5 million). While the Fruit segment greatly improved its pre-exceptionals operating profit, higher raw material costs, as expected, weighed on margins in the Sugar and Starch segments. The exceptional items in the prior-year period (a net expense of € 1.0 million) represented reorganisation measures in the Fruit segment. **Net financial items** in the first six months of 2013|14 amounted to a net expense of € 15.4 million (H1 2012|13: net expense of € 13.0 million), with an improve-

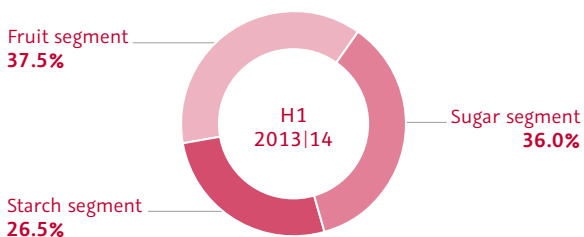
ment in net interest expense but also with higher unrealised currency translation losses. After an income tax expense of € 23.4 million, corresponding to a tax rate of 25.3% (H1 2012|13: 22.5%), the Group's **profit for the period** was € 69.2 million (H1 2012|13: € 99.6 million). With non-controlling interests deducted, earnings per share attributable to AGRANA's shareholders were € 4.59 (H1 2012|13: € 6.86).

#### Investment

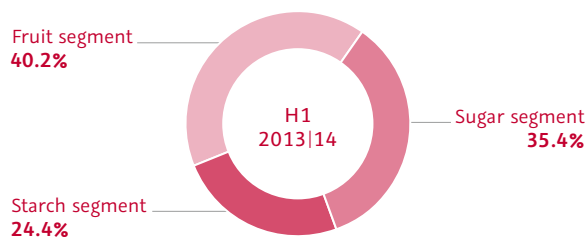
In the first half of 2013|14, € 59.3 million (H1 2012|13: € 59.6 million) was invested in property, plant and equipment and intangible assets. The **Sugar segment** accounted for € 23.1 million of this total (H1 2012|13: € 25.8 million). The new sugar cooler in Tulln, Austria, successfully began operation at the start of the thick-juice campaign and the laboratory building expansion of R&D provider Zuckersforschung Tulln is progressing on schedule. In Kaposvár, Hungary, a 60,000 tonne capacity sugar silo is currently being erected and is to be filled for the first time during the 2013|14 campaign. The preparation of detailed building plans for a new packaging centre at the Hungarian facility is close to completion. In Roman, Romania, a waste water treatment plant is being built. In Buzău, Romania, a number of investments were made to enhance logistics capabilities. This year, the site is to receive a new 50 kg packaging plant, a palletising robot and a silo conditioning system.

Investment in the **Starch segment** during the first half of 2013|14 was € 21.3 million (H1 2012|13: € 19.4 million). It was largely devoted to the completion of the wheat starch plant and an administrative building in Pischelsdorf, Austria, as well as energy efficiency improvement through waste heat recovery from the drying of feedstuffs. At the Hungarian joint venture, HUNGRANA, capital expenditure was for the "water-free ethanol" project and a new 5 megawatt gas turbine. At the plant in Aschach, Austria, the expansion of capacity for waxy corn derivative production was launched.

#### REVENUE BY SEGMENT



#### OPERATING PROFIT BY SEGMENT



<sup>1</sup> Excluding goodwill.

<sup>2</sup> Average number of employees in the period.

Capital spending in the **Fruit segment** was € 14.9 million (H1 2012|13: 14.4 million). The top project in the Fruit segment this year is the construction of the new fruit preparations plant in New York State. The foundation work started in June and the project is to be completed in the second quarter of the 2014 calendar year. In Ukraine an additional line was installed for fruit preparations. The global sales volume growth in fruit preparations also increased the need for stainless steel containers for transport. As well, AGRANA invested in the planned harmonisation of the IT and ERP systems as part of the integration of the Ybbstaler companies into Austria Juice, and in the expansion of processing capacity at the juice facility in Kröllendorf/Allhartsberg, Austria.

### Cash flow

Operating cash flow before change in working capital followed operating earnings downward, declining by 24.3% year-on-year to € 111.3 million (H1 2012|13: € 147.1 million). With an overall reduction of € 96.5 million in working capital (stronger than the decrease of € 63.8 million recorded a year ago), net cash from operating activities in the first half of 2013|14 amounted to € 207.1 million (H1 2012|13: € 210.2 million). Net cash used in investing activities was € 58.6 million (H1 2012|13: net cash used of € 49.9 million). After payment of the dividend for the 2012|13 financial year, net cash used in financing activities was € 99.5 million (H1 2012|13: net cash used of € 93.6 million).

### Financial position

Total assets eased slightly compared with 28 February 2013, to € 2.44 billion, and the equity ratio rose from 47.0% to 49.8%.

While trade receivables went up, AGRANA was able to achieve a strong seasonal reduction in inventories, leading to an overall decrease in current assets. Non-current liabilities declined as long-term borrowings were paid down. Current liabilities also decreased, as a result mainly of the payments made to beet growers and payment of the production levy.

Net debt at 31 August 2013 stood at € 397.8 million, down significantly by € 85.9 million from the 2012|13 financial year-end level of € 483.7 million. The gearing ratio of 32.8% at the quarterly balance sheet date was thus considerably below the level of 28 February 2013 (39.9%).

### AGRANA in the capital market

Share data	H1 2013 14
High (12 Jun 2013)	€ 115.10
Low (14 Aug 2013)	€ 94.50
Closing price (31 Aug 2013)	€ 97.98
Closing book value per share (31 Aug 2013)	€ 79.20
Closing market capitalisation (31 Aug 2013)	€ 1,391.5m

AGRANA started the 2013|14 financial year at a share price of € 101.50. The average trading volume was just under 1,500 shares per day, up slightly from the prior year (based on double counting, as published by the Vienna Stock Exchange). In a continuing volatile environment, AGRANA's share price was € 97.98 at the quarterly balance sheet date, representing a dip of 3.47%. While 12 June saw a new all-time high of € 115.10, from the middle of July AGRANA's share price moved within a band between € 95 and € 100. The Austrian blue-chip index, the ATX, also declined slightly over the reporting period, losing 1.53%.

AGRANA's share price performance can be followed in the investor relations section of the Group's homepage at [www.agrana.com](http://www.agrana.com). The market capitalisation at 31 August 2013 was € 1,391.5 million, with an unchanged 14,202,040 shares outstanding.

The 26<sup>th</sup> Annual General Meeting of AGRANA Beteiligungs-AG on 5 July 2013 approved the payment of a dividend of € 3.60 per share for the 2012|13 financial year (2011|12: € 3.60 per share); the dividend was paid in July 2013.

### SUGAR SEGMENT

#### Market environment

##### World sugar market

In its third, updated estimate of August 2013 for world sugar stocks in the current 2012|13 sugar marketing year (SMY, October 2012 to September 2013), the analytics firm F.O. Licht expects an excess of supply over demand. While the predicted consumption of sugar is 170.1 million tonnes (SMY 2011|12: 166.2 million tonnes), the forecast for total production is 183.8 million tonnes (SMY 2011|12: 175.2 million tonnes). Compared with the prior year, this would constitute production growth of 8.6 million tonnes and an increase of 9.4 million tonnes in global sugar stocks, with demand rising by 3.9 million tonnes.

<sup>1</sup> Excluding goodwill.

Recurring news reports of variable weather conditions in Brazil fomented uncertainty on commodity markets, with corresponding volatility in the world market price of sugar in the first nine months of the 2013 calendar year.

From USD 395 or € 303 per tonne at the start of the financial year on 1 March, raw sugar declined to USD 360 or € 272 per tonne as of the end of the reporting period on 31 August. White sugar, which traded at USD 514 or € 395 per tonne at the beginning of the financial year, quoted at USD 478 or € 361 per tonne at the end of the reporting period.

#### EU sugar market

As in the prior year, the European Commission took two exceptional measures in SMY 2012|13 to increase the level of supply in the European Union sugar market beyond the quota sugar stocks available. By means of a standing invitation to tender for sugar imports at reduced tariffs, approximately 550,000 tonnes of sugar was cleared for preferential import. In addition, four tranches of out-of-quota sugar of 150,000 tonnes each were reclassified as quota sugar and sold into the EU food market. A total of 1,150,000 tonnes of additional sugar was thus placed on the market.

At the same time, the Commission released quantities of European out-of-quota sugar for export. In total, export licences for 1.35 million tonnes were available for SMY 2012|13 (this represents the export limit set by the World Trade Organisation, the WTO). For SMY 2013|14, a preliminary export volume of 650,000 tonnes was already set in April 2013, which if necessary could be increased up to the maximum export limit of the WTO.

#### EU sugar policy

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

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

The tariff protection of the EU sugar market for imports from non-EU countries remains unchanged. AGRANA also believes that, after the quotas are abolished, sugar exports will no longer be subject to volume limits in the future.

#### Raw materials, crops or crop forecasts, and production

The area planted to sugar beet for the AGRANA Group was further expanded for the 2013|14 sugar marketing year to more than 103,000 hectares; in Austria this included approximately 600 hectares dedicated to organic beet production. In view of the in some cases unfavourable weather conditions experienced in the spring and summer, only average beet yields are expected in all countries where beet was grown for AGRANA. The harvest in Austria, Hungary and Slovakia began around 10 September; in the other countries the campaign started at the end of the third week of September.

#### Financial results

Sugar segment	H1 2013 14	H1 2012 13
Revenue	€ 603.1m	€ 634.0m
EBITDA	€ 46.6m	€ 76.5m
Operating profit before exceptional items	€ 38.2m	€ 71.2m
Operating margin	6.3%	11.2%
Purchases of property, plant and equipment and intangibles <sup>1</sup>	€ 23.1m	€ 25.8m

Sugar segment	Q2 2013 14	Q2 2012 13
Revenue	€ 297.4m	€ 327.2m
EBITDA	€ 21.5m	€ 39.3m
Operating profit before exceptional items	€ 17.1m	€ 36.6m
Operating margin	5.7%	11.2%
Purchases of property, plant and equipment and intangibles <sup>1</sup>	€ 14.3m	€ 17.4m

As expected, the Sugar segment's sales volume, revenue and earnings in the first half of 2013|14 were below the level of one year earlier.

The key reasons for the year-on-year revenue decline of € 30.9 million in the first six months were slightly lower quota sugar sales and a weaker export business. While sugar sales volumes eased a little, revenues from by-products and other products were constant.

<sup>1</sup> Excluding goodwill.

As had been foreseen, the operating profit of € 38.2 million before exceptional items was well below the high year-earlier figure (of € 71.2 million), largely because of the strong overall rise in raw material (beet) costs.

## STARCH SEGMENT

### Market environment

World grain production in 2013|14 is estimated by the International Grains Council at 1.93 billion tonnes<sup>1</sup> (2012|13: 1.79 billion tonnes), which exceeds the expected level of consumption. For wheat, production is forecast at 693 million tonnes (2012|13: 655 million tonnes), and the prediction for corn (maize) is 943 million tonnes (2012|13: 863 million tonnes). Worldwide consumption is estimated at 687 million tonnes for wheat and 917 million tonnes for corn. Global stocks will therefore increase, particularly for corn.

As a result of this good crop outlook, commodity prices for wheat and corn declined rather sharply in the past months. On the NYSE Euronext commodity derivatives exchange in Paris, at the end of August 2013, wheat futures for November delivery quoted at just below € 190 per tonne and corn futures traded at € 170 per tonne, down from respective year-earlier levels around € 264 and € 254 per tonne.

Grain production in Austria, excluding grain corn (non-silage corn), is estimated by Agrarmarkt Austria (AMA) at approximately 3.2 million tonnes (2012|13: 2.5 million tonnes), or about 27% more than in the prior year. For grain corn, production is expected to shrink by about 20% to 1.9 million tonnes.

### Raw materials, crops or crop forecasts, and production

On 29 August the potato starch factory in Gmünd, Austria, began the processing of starch potatoes from the 2013 harvest. In light of unfavourable weather conditions (a wet and cold spring, flooding, and extreme heat in the summer), the expectation is that the crop will amount to only approximately 70% of the contracted volume, or about 165,000 tonnes (2012|13: 230,000 tonnes), including organic industrial starch potatoes. With the starch content expected to be similar to last year's at about 19%, potato starch production is likely to reach approximately 37,000 tonnes (2012|13: 48,000 tonnes).

Processing of freshly harvested wet corn at the corn starch plant in Aschach, Austria, began on 5 September. Wet corn volume is expected to be lower than in the prior year; by the end of November about 90,000 tonnes should be processed. The plant will then switch to the use of dry corn. In the first half of 2013|14, approximately 204,000 tonnes of corn was processed, in line with the prior year.

At Hungarian subsidiary HUNGRANA, the wet corn campaign began on 20 August 2013. An increased wet corn processing volume of more than 200,000 tonnes is forecast (2012|13: 159,000 tonnes). In the first six months of 2013|14 (from March to the end of August) the plant's corn throughput was about 535,000 tonnes and thus somewhat below the prior-year level (AGRANA's share is 50%). In Romania the wet corn campaign started at the beginning of September. Before that, in the first half of the 2013|14 financial year, about 28,000 tonnes of dry corn were processed (H1 2012|13: 23,000 tonnes).

As raw materials for bioethanol production in Pischelsdorf, Austria, in the first half of 2013|14 AGRANA used grain (wheat and triticale) and corn in a ratio of approximately 45 to 55. Total processing volume (including the wheat starch factory) for the first six months of the financial year was about 306,000 tonnes (H1 2012|13: 271,000 tonnes). Processing of wet corn for ethanol production began in the middle of September. The volume of wet corn processing is forecast at 70,000 tonnes and is thus expected to fall short of the prior year's 116,000 tonnes.

### Financial results

Starch segment	H1	H1
	2013 14	2012 13
Revenue	€ 443.6m	€ 395.7m
EBITDA	€ 39.6m	€ 58.0m
Operating profit before exceptional items	€ 26.3m	€ 46.5m
Operating margin	5.9%	11.8%
Purchases of property, plant and equipment and intangibles <sup>2</sup>	€ 21.3m	€ 19.4m

Starch segment	Q2	Q2
	2013 14	2012 13
Revenue	€ 223.3m	€ 203.3m
EBITDA	€ 17.2m	€ 28.0m
Operating profit before exceptional items	€ 9.7m	€ 22.5m
Operating margin	4.3%	11.1%
Purchases of property, plant and equipment and intangibles <sup>2</sup>	€ 12.1m	€ 10.7m

Revenue of the Starch segment in the first half of 2013|14 was € 443.6 million, representing growth of 12.1% from a year ago (€ 395.7 million). The increase was driven in large part by higher co-product selling prices and volumes, as well as by greater sales volumes for saccharification products and bioethanol. The sales prices for core products were only little higher than in the year-earlier period.

<sup>1</sup> IGC estimate from 26 September 2013.

<sup>2</sup> Excluding goodwill.

Operating profit of € 26.3 million before exceptional items was significantly below the prior year's comparative result of € 46.5 million. The earnings reduction represented lower profit contributions from all individual companies. As a consequence of intensified competition, the increased raw material costs could not be made up through selling prices. As well, the commissioning of the wheat starch plant in Pischelsdorf, Austria, entailed the expected start-up losses. The decrease in earnings combined with higher revenue meant a contraction in operating margin from 11.8% to 5.9%.

## FRUIT SEGMENT

### Market environment

The macroeconomic environment in Europe remains strained. The fruit yoghurt market in the EU can therefore be expected to be flat at best. Outside Europe, by contrast, the market for fruit yoghurts is expanding by 3% to 5% per year. Aside from the rising per-capita consumption, products with a higher fruit content are in some cases also contributing much to this expansion. This trend towards premium products is occurring above all in Latin American and Asian emerging markets. In the USA, there continues to be growing demand especially for "Greek" yoghurts, also with a high fruit content.

Western European consumption of beverages high in fruit juice is displaying a mild easing trend, with most of this decrease occurring in Germany. The first quarter, particularly in Germany, was marked by low temperatures and persistent rain, which in many regions also contributed to lower consumption. The very good summer weather largely compensated for the cool spring, resulting in an average first half of the year on balance. The non-alcoholic beverage industry continues to show a trend towards consolidation. In the USA in the last few months, substantial price erosion for Chinese apple juice concentrate has driven up imports of the product from China compared to the prior year.

### Raw materials, crops or crop forecasts, and production

In the fruit preparations business, as expected, the winter and spring strawberry harvests were completed with a good yield and prices that were below last year's level. At the beginning of the year there were small price increases for tropical fruits, owing to requirements for specific varieties and the exchange rate trend.

The summer harvests in the continental climate zone, after the prolonged heat and associated crop losses, were marked by price increases for berry crops, especially raspberry

and blackberry. Strawberries from Poland and China were contracted according to price expectations, as were blueberries. With reduced harvest volumes in Greece, peaches and apricots became more expensive in Europe.

In the fruit juice concentrates business, in Poland during the first half of the financial year, for seasonal reasons only winter apples (late-ripening apples that keep well over the winter) were processed into not-from-concentrate juice. The processing of berries by the juice companies was satisfactory; the planned volumes were produced and marketed.

The apple harvest in Poland began in September; at present the juice apple quantities available to the industry are down significantly from last year and below expectations for this year.

### Financial results

Fruit segment	H1	H1
	2013 14	2012 13
Revenue	€ 627.6m	€ 573.4m
EBITDA	€ 61.1m	€ 42.1m
Operating profit before exceptional items	€ 43.4m	€ 24.8m
Operating margin	6.9%	4.3%
Purchases of property, plant and equipment and intangibles <sup>1</sup>	€ 14.9m	€ 14.4m

Fruit segment	Q2	Q2
	2013 14	2012 13
Revenue	€ 302.0m	€ 298.0m
EBITDA	€ 28.2m	€ 22.1m
Operating profit before exceptional items	€ 19.3m	€ 12.5m
Operating margin	6.4%	4.2%
Purchases of property, plant and equipment and intangibles <sup>1</sup>	€ 9.4m	€ 8.8m

Fruit segment revenue increased by 9.5% in the first half of 2013|14 to € 627.6 million. The sales volume of fruit preparations expanded by about 8%. The greatest volume growth was achieved in North America and Asia, but sales quantities also increased in Europe. Selling prices declined slightly, owing in part to the stronger euro. The revenue growth in fruit juice concentrates was driven primarily by higher sales quantities of apple juice concentrate (partly as a result of the Ybbstaler volume, which the first quarter of the prior year did not yet include).

<sup>1</sup> Excluding goodwill.



Operating profit of € 43.4 million before exceptional items was 75.0% better than the year-earlier result of € 24.8 million. The operating margin of 6.9% represented an improvement of 2.6 percentage points year-on-year. Its key drivers were the revenue growth through higher sales volumes and through reorganisation effects in Europe in the fruit preparations business. In the fruit juice concentrate activities, operating profit before exceptionals was improved thanks to the contract situation from the prior-year campaign and to the additional earnings contributed in the first quarter by the Ybbstaler companies.

### MANAGEMENT OF RISKS AND OPPORTUNITIES

AGRANA uses an integrated system for the early identification and monitoring of risks that are relevant to the Group. There are at present no known risks to the AGRANA Group's ability to continue in operational existence, and no future risks of this nature are currently discernible. A detailed description of the Group's business risks is provided on pages 69 to 73 of the annual report 2012|13.

Amid the persistent crisis of confidence in European capital markets, the general risk of customer/counterparty default has risen, as has the level of currency risk. To control these risks, the risk management system is continually updated.

Through the rigorous investigation and correction of last year's earnings-reducing irregularities at AGRANA Fruit México, S.A. de C.V., the confidence in the integrity of the local business transactions was restored. In order to prevent any recurrence of such a case at a company of the AGRANA Group, the control and monitoring system was further reinforced and tightened, both internally and externally. The question of insurance coverage remains under negotiation with the insurance company.

### SIGNIFICANT EVENTS AFTER THE INTERIM REPORTING DATE

No significant events occurred after the balance sheet date of 31 August 2013 that had a material effect on AGRANA's financial position, results of operations or cash flows.

### OUTLOOK

For the 2013|14 financial year, AGRANA continues to expect a slight increase in Group revenue, driven primarily by sales volume growth. In view of results for the year to date, operating profit before exceptional items will not reach that of the very good last two financial years.

In the **Sugar segment**, stable revenue is anticipated amid the expansion of the strong market position in Central and Southeastern Europe; for the procurement of raw sugar for refining, AGRANA already has good relationships with major raw sugar suppliers. In the third quarter (September to November), operating profit will probably show a small further decrease year-on-year. For the full financial year, on the basis of the business trend thus far, AGRANA is projecting a significantly lower operating profit than in the prior two, record years.

For the **Starch segment** a significant revenue increase is expected, thanks particularly to the Austrian wheat starch plant in Pischelsdorf that began production in June. While stable market demand is seen for starch products both in the non-food sector and in isoglucose, bioethanol and by-products, an easing trend is expected in selling prices. Besides a larger supply of starch products on the market, lower raw material costs for grain and corn are leading to downward pressure on the sales side. For potato-based products, on the other hand, the poor harvest in Central Europe is likely to result in a tighter supply and thus in price increases. Overall, AGRANA expects Starch segment operating profit before exceptional items to improve significantly in the next six months from the first half of 2013|14, thanks mainly to the effect of the new harvest, although (due partly to the start-up losses at the wheat starch plant) the level of the 2012|13 financial year will not be reached.

In the **Fruit segment**, based on the good first half, the outlook for the full 2013|14 financial year is for an increase in revenue and for significant growth in pre-exceptionals operating profit. In the fruit preparations activities, the second half of the year too is forecast to bring revenue and earnings growth, driven by vigorous sales volume trends outside Europe and small gains in market share within Europe. An increase in operating profit before exceptional items will be attainable for the full year on net stability in raw material prices, through rising sales volumes and cost savings in processes. In the fruit juice concentrate business, reduced demand for apple juice concentrate is foreseen in the second half of the financial year. For the year as a whole, AGRANA is projecting revenue slightly higher than in the prior year, with continuing satisfactory margins.

In all three segments, total investment in the 2013|14 financial year, at about € 140 million, will again be significantly above the rate of depreciation, in order to provide solid support for the Group's long-term growth.

# INTERIM CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE FIRST SIX MONTHS ENDED 31 AUGUST 2013 (UNAUDITED)

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	Second quarter (1 June – 31 August)		First six months (1 March – 31 August)	
<b>CONSOLIDATED INCOME STATEMENT</b>	2013 14 €000	2012 13 €000	2013 14 €000	2012 13 €000
Revenue	822,730	828,496	1,674,339	1,603,130
Changes in inventories of finished and unfinished goods	(124,389)	(119,167)	(309,404)	(285,967)
Own work capitalised	1,530	146	2,501	1,279
Other operating income	5,732	12,383	9,929	18,470
Cost of materials	(485,354)	(472,189)	(927,491)	(850,618)
Staff costs	(67,505)	(66,233)	(135,801)	(127,004)
Depreciation, amortisation and impairment losses	(20,481)	(18,204)	(38,996)	(34,078)
Other operating expenses	(86,101)	(94,638)	(167,065)	(183,673)
<b>Operating profit after exceptional items</b>	<b>46,162</b>	<b>70,594</b>	<b>108,012</b>	<b>141,539</b>
Finance income	3,215	3,797	5,968	6,505
Finance expense	(10,774)	(7,173)	(21,408)	(19,537)
<b>Net financial items</b>	<b>(7,559)</b>	<b>(3,376)</b>	<b>(15,440)</b>	<b>(13,032)</b>
<b>Profit before tax</b>	<b>38,603</b>	<b>67,218</b>	<b>92,572</b>	<b>128,507</b>
Income tax expense	(9,351)	(15,136)	(23,393)	(28,949)
<b>Profit for the period</b>	<b>29,252</b>	<b>52,082</b>	<b>69,179</b>	<b>99,558</b>
<i>Attributable to shareholders of the parent</i>	27,613	50,339	65,200	97,479
<i>Attributable to non-controlling interests</i>	1,639	1,743	3,979	2,079
Earnings per share under IFRS (basic and diluted)	€ 1.94	€ 3.54	€ 4.59	€ 6.86

	Second quarter (1 June – 31 August)		First six months (1 March – 31 August)	
<b>CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME</b>	2013 14 €000	2012 13 €000	2013 14 €000	2012 13 €000
<b>Profit for the period</b>	<b>29,252</b>	<b>52,082</b>	<b>69,179</b>	<b>99,558</b>
Other comprehensive income/(expense)				
– Currency translation differences	(11,224)	16,923	(15,937)	7,773
– Available-for-sale financial assets under IAS 39, after deferred tax	(86)	177	114	117
– Cash flow hedges under IAS 39, after deferred tax	690	4,884	(214)	5,476
(Expense)/income to be recognised in the income statement in the future	(10,620)	21,984	(16,037)	13,366
– Change in actuarial gains and losses on defined benefit pension obligations and similar liabilities (IAS 19), after deferred tax	63	(2)	9	(14)
<b>(Expense)/income recognised directly in equity</b>	<b>(10,557)</b>	<b>21,982</b>	<b>(16,028)</b>	<b>13,352</b>
<b>Total comprehensive income for the period</b>	<b>18,695</b>	<b>74,064</b>	<b>53,151</b>	<b>112,910</b>
<i>Attributable to shareholders of the parent</i>	17,477	69,170	50,509	107,375
<i>Attributable to non-controlling interests</i>	1,218	4,894	2,642	5,535

<b>CONSOLIDATED BALANCE SHEET</b>	<b>31 August 2013</b>	<b>28 February 2013<sup>1</sup></b>
	€000	€000
<b>ASSETS</b>		
<b>A. Non-current assets</b>		
Intangible assets	246,515	249,338
Property, plant and equipment	698,931	685,481
Securities	105,476	105,264
Investments in non-consolidated subsidiaries and outside companies	5,739	5,745
Receivables and other assets	28,656	18,945
Deferred tax assets	35,176	33,137
	<b>1,120,493</b>	<b>1,097,910</b>
<b>B. Current assets</b>		
Inventories	540,515	851,492
Trade receivables and other assets	567,993	472,084
Current tax assets	16,687	11,271
Securities	38	1,198
Cash and cash equivalents	190,684	144,409
	<b>1,315,917</b>	<b>1,480,454</b>
<b>Total assets</b>	<b>2,436,410</b>	<b>2,578,364</b>
<b>EQUITY AND LIABILITIES</b>		
<b>A. Equity</b>		
Share capital	103,210	103,210
Share premium and other capital reserves	411,362	411,362
Retained earnings	610,216	611,257
Equity attributable to shareholders of the parent	1,124,788	1,125,829
Non-controlling interests	88,356	86,060
	<b>1,213,144</b>	<b>1,211,889</b>
<b>B. Non-current liabilities</b>		
Retirement and termination benefit obligations	58,846	58,844
Other provisions	15,681	15,179
Borrowings	396,445	428,788
Other payables	2,843	2,283
Deferred tax liabilities	18,409	14,368
	<b>492,224</b>	<b>519,462</b>
<b>C. Current liabilities</b>		
Other provisions	26,526	29,186
Borrowings	297,554	305,802
Trade and other payables	367,821	471,421
Current tax liabilities	39,141	40,604
	<b>731,042</b>	<b>847,013</b>
<b>Total equity and liabilities</b>	<b>2,436,410</b>	<b>2,578,364</b>

<sup>1</sup> Prior-year data were adjusted under IAS 8. Further information is provided from page 13.

<b>CONDENSED CONSOLIDATED CASH FLOW STATEMENT</b>		<b>2013 14</b>	<b>2012 13</b>
for the first six months (1 March – 31 August)		€000	€000
Operating cash flow before change in working capital		111,251	147,103
Gains on disposal of non-current assets		(674)	(713)
Change in working capital		96,492	63,795
<b>Net cash from operating activities</b>		<b>207,069</b>	<b>210,185</b>
Net cash (used in) investing activities		(58,648)	(49,933)
Net cash (used in) financing activities		(99,495)	(93,597)
<b>Net increase in cash and cash equivalents</b>		<b>48,926</b>	<b>66,655</b>
Effect of movements in foreign exchange rates on cash and cash equivalents		(2,651)	1,264
Cash and cash equivalents at beginning of period		144,409	98,504
<b>Cash and cash equivalents at end of period</b>		<b>190,684</b>	<b>166,423</b>

<b>CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY</b>	<b>Equity</b>	<b>Non-</b>	<b>Total</b>
	<b>attributable to shareholders of the parent</b>	<b>controlling interests</b>	
for the first six months (1 March – 31 August)	€000	€000	€000
<b>2013 14</b>			
<b>Published at 1 March 2013</b>	<b>1,126,036</b>	<b>86,060</b>	<b>1,212,096</b>
IAS 8 restatement	(207)	0	(207)
<b>Restated at 1 March 2013</b>	<b>1,125,829</b>	<b>86,060</b>	<b>1,211,889</b>
Fair value movements under IAS 39	0	(100)	(100)
Change in actuarial gains and losses on defined benefit pension obligations and similar liabilities	10	(1)	9
Currency translation loss	(14,701)	(1,236)	(15,937)
<b>Other comprehensive (expense) for the period</b>	<b>(14,691)</b>	<b>(1,337)</b>	<b>(16,028)</b>
Profit for the period	65,200	3,979	69,179
<b>Total comprehensive income for the period</b>	<b>50,509</b>	<b>2,642</b>	<b>53,151</b>
Dividends paid	(51,127)	(886)	(52,013)
Other changes	(423)	540	117
<b>At 31 August 2013</b>	<b>1,124,788</b>	<b>88,356</b>	<b>1,213,144</b>
<b>2012 13</b>			
<b>Published at 1 March 2012</b>	<b>1,039,472</b>	<b>33,516</b>	<b>1,072,988</b>
IAS 8 restatement	(233)	0	(233)
<b>Restated at 1 March 2012</b>	<b>1,039,239</b>	<b>33,516</b>	<b>1,072,755</b>
Fair value movements under IAS 39	3,595	1,998	5,593
Change in actuarial gains and losses on defined benefit pension obligations and similar liabilities	16	(30)	(14)
Currency translation gain	6,285	1,488	7,773
<b>Other comprehensive income for the period</b>	<b>9,896</b>	<b>3,456</b>	<b>13,352</b>
Profit for the period	97,479	2,079	99,558
<b>Total comprehensive income for the period</b>	<b>107,375</b>	<b>5,535</b>	<b>112,910</b>
Dividends paid	(51,127)	(1,315)	(52,442)
Other changes	(1,738)	44,781	43,043
<b>At 31 August 2012</b>	<b>1,093,749</b>	<b>82,517</b>	<b>1,176,266</b>

# NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FIRST SIX MONTHS ENDED 31 AUGUST 2013 (UNAUDITED)

<b>SEGMENT REPORTING</b>	<b>2013 14</b>	<b>2012 13</b>	<b>2013 14</b>	<b>2012 13</b>	
for the first six months (1 March – 31 August)	€000	€000	€000	€000	
<b>Total revenue</b>					
Sugar	645,107	674,936			
Starch	449,131	400,550			
Fruit	627,862	574,135			
Group	1,722,100	1,649,621			
<b>Inter-segment revenue</b>					
Sugar	(41,958)	(40,890)			
Starch	(5,543)	(4,824)			
Fruit	(260)	(776)			
Group	(47,761)	(46,490)			
<b>Revenue</b>					
Sugar	603,149	634,046			
Starch	443,588	395,726			
Fruit	627,602	573,359			
Group	1,674,339	1,603,130			
			<b>Operating profit after exceptional items</b>		
			Sugar	38,247	71,247
			Starch	26,324	46,469
			Fruit	43,441	24,774
			Operating profit before exceptional items	108,012	142,490
			Exceptional items	0	(951)
			Operating profit after exceptional items	108,012	141,539
			<b>Purchases of property, plant and equipment and intangibles<sup>1</sup></b>		
			Sugar	23,139	25,772
			Starch	21,253	19,423
			Fruit	14,924	14,441
			Group	59,316	59,636
			<b>Staff count</b>		
			Sugar	2,154	2,105
			Starch	999	939
			Fruit	5,766	5,475
			Group	8,919	8,519

## BASIS OF PREPARATION

The interim report of the AGRANA Group for the six months ended 31 August 2013 was prepared in accordance with the rules for interim financial reporting under IAS 34, in compliance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and their interpretation by the IFRS Interpretations Committee. Consistent with IAS 34, the consolidated financial statements of AGRANA Beteiligungs-AG at and for the period ended 31 August 2013 are presented in condensed form. These interim consolidated financial statements were not audited or reviewed. They were released by the Management Board of AGRANA Beteiligungs-AG on 30 September 2013 for publication.

The annual report 2012|13 of the AGRANA Group is available on the Internet at [www.agrana.com](http://www.agrana.com) for online viewing or downloading.

## ACCOUNTING POLICIES

In the preparation of these interim accounts, the following IFRS and interpretations which became effective in the 2013|14 financial year were applied for the first time.

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

<sup>1</sup> Excluding goodwill.

In the prior year's opening balance sheet at 1 March 2012, the adjustments led to an increase of € 349.5 thousand in pension and termination benefit provisions, and an increase of € 116.5 thousand in deferred tax assets. The net effect was a reduction of € 233.0 thousand in consolidated shareholders' equity. The adjustments to the 2012|13 income statement will be made at the end of the 2013|14 financial year, as most of the pension and termination benefit provisions to be restated had as usual been recognised in the income statement at the 2012|13 year-end. The restatement will involve a decrease of € 39.4 thousand in 2012|13 staff costs and a total increase of € 26.2 thousand in profit for the period. The resulting change of € 13.1 thousand in deferred tax liabilities has already been recognised in the first quarter of 2013|14. As non-cash items, none of the effects cited have an impact on the cash flow statement.

The amendments to IFRS 7 (Financial Instruments: Disclosures) and the newly effective IFRS 13 (Fair Value Measurement) together with the amended IAS 34 (Interim Financial Reporting) have led to expanded disclosures on financial instruments and on fair value measurement which are presented in the section "Financial instruments".

The amended IAS 12 (Income Taxes) and the newly effective IFRIC 20 (Stripping Costs in the Production Phase of a Surface Mine) had no material effects on the interim consolidated financial statements.

Except as noted above, the same accounting methods were applied as in the preparation of the annual consolidated financial statements for the year ended 28 February 2013 (the most recent full financial year).

The notes to those 2012|13 annual consolidated financial statements therefore apply mutatis mutandis to these interim accounts. Corporate income taxes were determined on the basis of country-specific income tax rates, taking into account the tax planning for the full financial year.

#### SCOPE OF CONSOLIDATION

In the first half of 2013|14 there were no material changes in the list of entities included in the consolidated financial statements.

#### SEASONALITY OF BUSINESS

Most of the Group's sugar production falls into the three months from October to December. Depreciation and impairment of plant and equipment used in the campaign are therefore incurred largely in the financial third quarter. The material costs, staff costs and other operating expenses incurred before the sugar campaign in preparation for production are recognised intra-year under the respective type of expense and capitalised within inventories as unfinished goods.

#### NOTES TO THE CONSOLIDATED INCOME STATEMENT

Operating profit after exceptional items in the first half of 2013|14 was € 108.0 million (H1 2012|13: € 141.5 million).

Net financial items amounted to a net expense of € 15.4 million (H1 2012|13: net expense of € 13.0 million) and resulted mainly from the net interest expense and foreign exchange effects.

After taxes, Group profit for the period was € 69.2 million (H1 2012|13: € 99.6 million).

#### NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

From the beginning of March to the end of August 2013, cash and cash equivalents rose by € 46.3 million to € 190.7 million.

Operating cash flow before change in working capital was € 111.3 million, down € 35.8 million from the prior-year comparative period (H1 2012|13: € 147.1 million). The principal driver of this movement was profit for the period, which eased by € 30.4 million to € 69.2 million (H1 2012|13: € 99.6 million). During the reporting period, working capital decreased by € 96.5 million, primarily as a result of a stronger reduction in inventories (H1 2012|13: decrease of € 63.8 million in working capital).

Net cash from operating activities in the first half of 2013|14 was € 207.1 million (H1 2012|13: € 210.2 million).

The increased net cash used in investing activities, at € 58.6 million (H1 2012|13: net cash used of € 49.9 million), was the result mainly of higher purchases of property, plant and equipment in the Sugar segment (notably in Hungary) and in the Starch segment (particularly in Austria).

The paying down of non-current and current borrowings by € 48.0 million, together with the dividend payment of AGRANA Beteiligungs-AG, led to a net cash outflow of € 99.5 million from financing activities (H1 2012|13: net cash outflow of € 93.6 million).

**NOTES TO THE CONSOLIDATED BALANCE SHEET**

Compared with 28 February 2013, total assets eased by € 142.0 million to a new total of € 2,436.4 million as of 31 August 2013. On the assets side of the balance sheet, the seasonal reduction in inventories coincided with an increase in trade receivables.

On the liabilities side, lower trade and other payables accounted for the largest change. With total equity of € 1,213.1 million (28 February 2013 after IAS 19 restatement: € 1,211.9 million), the equity ratio at the end of August was 49.8% (28 February 2013: 47.0%).

**FINANCIAL INSTRUMENTS**

To hedge risks from operating and financing activities (risks related to changes in interest rates, exchange rates and commodity prices), the AGRANA Group to a limited

extent uses common derivative financial instruments. Derivatives are recognised at cost at the inception of the derivative contract and are subsequently measured at fair value at every balance sheet date. Changes in value are as a rule recognised in profit or loss. Where the conditions for cash flow hedge accounting under IAS 39 are met, the unrealised changes in value are recognised directly in equity.

In the table below, the financial assets and liabilities measured at fair value are analysed by their level in the fair value hierarchy. The levels are defined as follows under IFRS 7:

- 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.

In the reporting period no reclassifications were made between levels of the hierarchy.

	Level 1	Level 2	Level 3	Total
	€000	€000	€000	€000
<b>31 AUGUST 2013</b>				
Securities (non-current)	20,476	0	0	20,476
Investments in non-consolidated subsidiaries and outside companies (non-current)	0	0	277	277
Derivative financial assets at fair value through equity (hedge accounting)	0	62	0	62
Derivative financial assets at fair value through profit or loss (held for trading)	0	771	0	771
Securities (current)	38	0	0	38
<b>Financial assets</b>	<b>20,514</b>	<b>833</b>	<b>277</b>	<b>21,624</b>

	Level 1	Level 2	Level 3	Total
	€000	€000	€000	€000
Liabilities from derivatives at fair value through equity (hedge accounting)	0	1,379	0	1,379
Liabilities from derivatives at fair value through profit or loss (held for trading)	0	5,800	0	5,800
<b>Financial liabilities</b>	<b>0</b>	<b>7,179</b>	<b>0</b>	<b>7,179</b>
<b>31 AUGUST 2012</b>				
Securities (non-current)	21,294	0	0	21,294
Investments in non-consolidated subsidiaries and outside companies (non-current)	0	0	278	278
Derivative financial assets at fair value through equity (hedge accounting)	0	10,442	0	10,442
Derivative financial assets at fair value through profit or loss (held for trading)	0	3,638	0	3,638
Securities (current)	53	0	0	53
<b>Financial assets</b>	<b>21,347</b>	<b>14,080</b>	<b>278</b>	<b>35,705</b>
Liabilities from derivatives at fair value through equity (hedge accounting)	0	3,475	0	3,475
Liabilities from derivatives at fair value through profit or loss (held for trading)	0	8,976	0	8,976
<b>Financial liabilities</b>	<b>0</b>	<b>12,451</b>	<b>0</b>	<b>12,451</b>

For cash and cash equivalents, securities, trade and other receivables and trade and other payables, it can be assumed that the carrying amount is a realistic estimate of fair value.

The following table presents the carrying amounts and fair values of borrowings. The fair values of bank loans and overdrafts, other loans from non-Group entities, borrowings from affiliated companies in the Südzucker group and obligations under finance leases are measured at the present value of the payments related to the borrowings:

	Carrying amount	Fair value
	€000	€000
<b>31 AUGUST 2013</b>		
Bank loans and overdrafts, and other loans from non-Group entities	443,831	447,914
Borrowings from affiliated companies in the Südzucker group	250,000	257,132
Finance lease obligations	168	185
<b>Borrowings</b>	<b>693,999</b>	<b>705,231</b>
<b>31 AUGUST 2012</b>		
Bank loans and overdrafts, and other loans from non-Group entities	412,091	419,155
Borrowings from affiliated companies in the Südzucker group	250,000	260,168
Finance lease obligations	132	145
<b>Borrowings</b>	<b>662,223</b>	<b>679,468</b>



#### STAFF COUNT

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In the first six months of the financial year the AGRANA Group had an average of 8,919 employees (H1 2012|13: 8,519). An increase of about 290 positions in the Fruit segment was attributable mainly to the higher requirement for seasonal labour in Mexico.

#### RELATED PARTY DISCLOSURES

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There were no material changes in related party relationships since the year-end balance sheet date of 28 February 2013. Transactions with related parties as defined in IAS 24 are conducted on arm's length terms. Details of individual related party relationships are provided in the AGRANA annual report for the year ended 28 February 2013.

#### SIGNIFICANT EVENTS AFTER THE INTERIM REPORTING DATE

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No significant events occurred after the balance sheet date of 31 August 2013 that had a material effect on AGRANA's financial position, results of operations or cash flows.

# MANAGEMENT BOARD'S RESPONSIBILITY STATEMENT

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We confirm that, to the best of our knowledge:

■ the condensed consolidated interim financial statements, which have been prepared in accordance with the applicable accounting standards, give a true and fair view of the Group's financial position, results of operations and cash flows; and

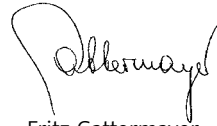
■ the Group's management report for the first six months gives a true and fair view of the financial position, results of operations and cash flows of the Group in relation to (1) the important events in the first half of the financial year and their effects on the condensed consolidated interim financial statements, (2) the principal risks and uncertainties for the remaining six months of the financial year, and (3) the reportable significant transactions with related parties.

Vienna, 30 September 2013

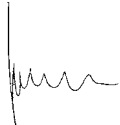
The Management Board of AGRANA Beteiligungs-AG



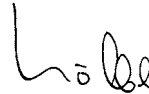
Johann Marihart  
Chief Executive Officer  
Business Strategy, Production, Quality Management,  
Human Resources, Communication (including Investor Relations),  
Research & Development, and Starch Segment



Fritz Gattermayer  
Member of the Management Board  
Sales, Raw Materials, Purchasing,  
and Sugar Segment



Walter Grausam  
Member of the Management Board  
Finance, Controlling, Treasury, Information Technology &  
Organisation, Mergers & Acquisitions, Legal,  
and Fruit Segment



Thomas Kölbl  
Member of the Management Board  
Internal Audit

## FINANCIAL CALENDAR

<b>13 January 2014</b>	Publication of results for first three quarters of 2013 14
<b>9 May 2014</b>	Press conference on annual results for 2013 14
<b>4 July 2014</b>	Annual General Meeting for 2013 14
<b>9 July 2014</b>	Dividend payment and ex-dividend date
<b>10 July 2014</b>	Publication of results for first quarter of 2014 15
<b>9 October 2014</b>	Publication of results for first half of 2014 15

## FOR FURTHER INFORMATION

### AGRANA Beteiligungs-AG

Friedrich-Wilhelm-Raiffeisen-Platz 1  
1020 Vienna, Austria  
[www.agrana.com](http://www.agrana.com)

### Corporate Communications/Investor Relations

Hannes Haider  
Phone: +43-1-211 37-12905  
Fax: +43-1-211 37-12998  
E-mail: [investor.relations@agrana.com](mailto:investor.relations@agrana.com)

### Corporate Communications/Public Relations

Markus Simak  
Phone: +43-1-211 37-12084  
Fax: +43-1-211 37-12998  
E-mail: [info.ab@agrana.com](mailto:info.ab@agrana.com)

### AGRANA online annual report 2012|13

<http://reports.agrana.com>

This English translation of the AGRANA report is solely for readers' convenience and is not definitive. In the event of discrepancy or dispute, only the German-language version shall govern.

## FORWARD-LOOKING STATEMENTS

This interim report contains forward-looking statements, which are based on assumptions and estimates made by the Management Board of AGRANA Beteiligungs-AG. Although these assumptions, plans and projections represent the Management Board's current intentions and best knowledge, a large number of internal and external factors may cause actual future developments and results to differ materially from these assumptions and estimates. Some examples of such factors are, without limitation: negotiations concerning world trade agreements; changes in the overall economic environment, especially in macroeconomic variables such as exchange rates, inflation and interest rates; EU sugar policy; consumer behaviour; and public policy related to food and energy.

AGRANA Beteiligungs-AG does not guarantee in any way that the actual future developments and actual future results achieved will match the assumptions and estimates expressed or made in this interim 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 and similar errors.

