



## **REPORT**

on the first half of 2016|17

## First half of 2016|17 at a glance

- Significant improvement in operating profit (EBIT)
- Revenue: € 1,320.3 million (up 4.5%; H1 prior year: € 1,263.5 million)
- EBIT: € 90.4 million (up 31.6%; H1 prior year: € 68.7 million)
- EBIT margin: 6.8% (H1 prior year: 5.4%)
- Profit for the period: € 62.6 million (up 42.6%; H1 prior year: € 43.9 million)
- Equity ratio: 55.9% (29 February 2016: 53.5%)
- Gearing ratio<sup>1</sup>: 32.9% (29 February 2016: 33.8%)
- Number of employees (FTE)<sup>2</sup>: 8,755 (H1 prior year: 9,046)

<sup>1</sup> Ratio of net debt to total equity.

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

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## Letter from the CEO



### DEAR INVESTOR,

AGRANA had a good first half of 2016|17. Especially the recovery in the Sugar segment and the good business performance in the Fruit segment led to a significant rise in the Group's operating profit (EBIT). In the Starch segment as well, overcoming the effect of easing ethanol prices, our EBIT surpassed the high figure reached in the first half of the prior financial year.

As early as 8 September, most of our sugar plants started this year's beet campaign, the last before the expiration of the EU sugar regime. The tonnage of the EU beet crop, despite an increase in beet cultivation area, is expected to be in line with the long-term average, with very good yields anticipated in Austria and the Central and Eastern European countries. AGRANA's contract farmers held their planting area constant at last year's level. Nonetheless, AGRANA is forecasting a beet processing volume of about 7 million tonnes for the 2016 campaign (prior year: 5.4 million tonnes). The campaign is expected to run approximately 140 days and produce more than 1 million tonnes of beet sugar, or about 30% more than last year. On the sales side, we registered a moderate price gain in the Sugar segment thanks to reduced sugar surpluses in the EU and high world market prices.

The Starch segment maintained its good earnings in the first half of the year. In raw materials, wheat is cheaper than last year as a result of the large crop quantities. We are also expecting good corn (maize) yields, particularly in Eastern Europe, and lower overall raw material costs are thus foreseeable. For potato starch, production is forecast to exceed 50,000 tonnes again for the first time in five years. Volatile ethanol prices remain a key factor for the Starch segment. This market is driven by overcapacity, declining raw material prices and low petrol prices among other influences. In this business area it is therefore important to advertise the environmental advantages (reduced CO<sub>2</sub> and soot emissions) of a 10% ethanol content in petrol blends.

In the Fruit segment the sales volume growth in fruit preparations is as welcome as the profit increase in the fruit juice concentrate division. Apple juice concentrate prices have stabilised as predicted; in the 2016 apple campaign now underway, large apple crops are expected, especially in Poland.

Conditions are thus good at the mid-point of the financial year and bode well for the remaining six months of 2016|17. The expansion of the starch activities in Aschach, Austria, is progressing rapidly. In the Sugar segment, we are working to finalise the Sunoko acquisition project.

Thanks to the good results for the first six months and a now-improved outlook in all segments, AGRANA is expecting EBIT for the full 2016|17 financial year to be *significantly* above the prior-year level.

Sincerely

A handwritten signature in black ink, which appears to read "Johann Marihart". The signature is fluid and cursive.

Johann Marihart  
Chief Executive Officer

# Group management report

## Results for the first half of 2016|17

### Revenue and earnings

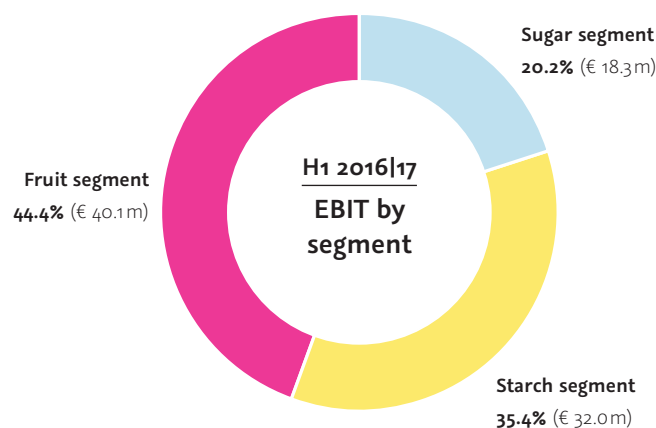
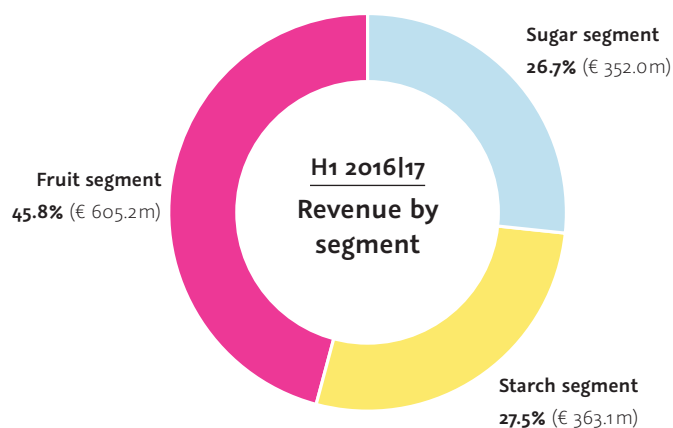
AGRANA GROUP	H1 2016 17	H1 2015 16
€m, except % and per-share data		
Revenue	1,320.3	1,263.5
EBITDA <sup>1</sup>	114.2	93.1
Operating profit before exceptional items and results of equity-accounted joint ventures	78.3	58.0
Share of results of equity-accounted joint ventures	15.0	12.0
Exceptional items	(2.9)	(1.3)
<b>Operating profit [EBIT]<sup>2</sup></b>	<b>90.4</b>	<b>68.7</b>
<b>EBIT margin</b>	<b>6.8%</b>	<b>5.4%</b>
Net financial items	(10.3)	(11.2)
Income tax expense	(17.5)	(13.6)
Profit for the period	62.6	43.9
Earnings per share	€ 4.21	€ 3.08

In the first half of 2016|17 (ended 31 August 2016), **revenue** of the AGRANA Group was € 1,320.3 million, up 4.5% from the prior-year<sup>1</sup> first six months. The revenue growth came from all segments and was most pronounced in the Fruit business, where it was driven partly by volume gains.

**Operating profit (EBIT)** grew to € 90.4 million, a significant increase of 31.6% from the prior year. While EBIT in the Starch segment rose slightly from an already high level, in the Sugar segment stronger contribution margins despite one-time negative effects in Romania led to positive EBIT of € 18.3 million. Sugar EBIT thus marked a significant improvement from the figure of € 6.4 million in the prior year's first half. In the Fruit

AGRANA GROUP	Q2 2016 17	Q2 2015 16
€m, except % and per-share data		
Revenue	654.8	650.8
EBITDA <sup>1</sup>	56.1	49.9
Operating profit before exceptional items and results of equity-accounted joint ventures	37.7	32.0
Share of results of equity-accounted joint ventures	8.6	6.3
Exceptional items	(2.9)	(1.1)
<b>Operating profit [EBIT]<sup>2</sup></b>	<b>43.4</b>	<b>37.2</b>
<b>EBIT margin</b>	<b>6.6%</b>	<b>5.7%</b>
Net financial items	(2.8)	(9.5)
Income tax expense	(8.8)	(5.3)
Profit for the period	31.8	22.4
Earnings per share	€ 2.14	€ 1.63

segment, EBIT expanded significantly to € 40.1 million (H1 prior year: € 31.2 million) thanks not least to a recovery in the fruit juice concentrate business. **Net financial items** in the first half of 2016|17 amounted to a net expense of € 10.3 million (H1 prior year: net expense of € 11.2 million); the improvement, coming despite an impairment charge on a current finance receivable in Ukraine in the Fruit segment, was attributable to more favourable currency translation effects. After an income tax expense of € 17.5 million, corresponding to a tax rate of approximately 21.8% (H1 prior year: 23.7%), **profit for the period** was € 62.6 million (H1 prior year: € 43.9 million). **Earnings per share** attributable to AGRANA shareholders increased to € 4.21 (H1 prior year: € 3.08).



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

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

## Investment

In the first half of 2016|17, AGRANA invested a total of € 42.4 million, or € 1.6 million more than in the year-earlier comparative period. Capital expenditure by segment was as follows:

INVESTMENT <sup>1</sup>	H1 2016 17	H1 2015 16
€m		
Sugar	11.1	22.0
Starch	21.5	6.6
Fruit	9.8	12.2
<b>Group</b>	<b>42.4</b>	<b>40.8</b>

A short overview of the most important investment projects underway in the AGRANA Group:

### Sugar segment

- General overhaul of the high-bay warehouse in Tulln, Austria
- Renewal of the fresh water treatment plant in Tulln, Austria
- Construction of the pelleted dried beet bagging station in Leopoldsdorf, Austria

### Starch segment

- The plant expansion in Aschach, Austria, is the top investment priority in 2016|17
- Replacement of existing dry-derivatives reactor in Gmünd, Austria, with resulting performance gains

### Fruit segment

- Third production line in Lysander, New York, USA
- Installation of a bag-in-box packaging line in Botkins, Ohio, USA
- Material preparation area for allergenic fruit preparations at the site in Valence, France
- SAP rollout at AGRANA Fruit in Australia

Additionally in the first half of 2016|17, € 6.2 million (H1 prior year: € 8.4 million) was invested in the equity-accounted joint ventures (the HUNGRANA and STUDEN groups; investment in these entities is stated at 100% of the total).

## Cash flow<sup>2</sup>

Operating cash flow before changes in working capital was € 121.6 million in the first six months of 2016|17 (H1 prior year: € 110.1 million), rising as a result of the higher profit for the period. With a decrease of € 7.9 million in working capital (H1 prior year: increase of € 19.8 million) that was also due to a smaller reduction in trade payables, and with slightly reduced outflows for interest and taxes, net cash from operating activities in the first half of 2016|17 was € 109.3 million (H1 prior year: € 60.8 million). Net cash used in investing activities remained steady at € 41.8 million (H1 prior year: net cash use of € 42.2 million) as a result of almost unchanged payments for purchases of property, plant and equipment and intangibles. The lower net cash outflow of € 82.9 million from financing activities (H1 prior year: net cash outflow of € 102.1 million), which includes a slightly increased dividend payment, reflected a smaller reduction in current borrowings than during the year-earlier period.

## Financial position

Total assets eased marginally compared with the 29 February 2016 year-end, to € 2.16 billion from € 2.24 billion, and the equity ratio rose slightly to 55.9% (29 February 2016: 53.5%).

Non-current assets were almost constant on balance. Current assets decreased moderately overall, with a marked seasonal reduction in inventories and a significant increase in trade receivables and other assets. On the opposite side of the balance sheet, non-current liabilities receded slightly, due mainly to lower borrowings. Current liabilities showed a significant contraction, with reductions both in borrowings and in trade and other payables, according to the seasonal business cycle.

Net debt at 31 August 2016 was € 397.1 million, or € 8.7 million less than the 2015|16 year-end level. The gearing ratio thus eased to 32.9% as of the quarterly balance sheet date (29 February 2016: 33.8%).

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

<sup>2</sup> The prior-year data have been restated. Further information is provided on page 16.

## AGRANA capital market developments and corporate governance

SHARE DATA	H1 2016 17
High (29 August 2016)	€ 105.45
Low (3 March 2016)	€ 78.80
Closing price (31 August 2016)	€ 104.50
Closing book value per share	€ 80.75
Closing market capitalisation	€ 1,484.1m

AGRANA started the 2016|17 financial year at a share price of € 80.50 and closed at € 104.50 on the last trading day of August 2016. This represented a substantial price gain of 29.8% for the six-month reporting period, on an average trading volume of about 2,000 shares per day (H1 prior year: about 1,100 shares). The Austrian blue-chip index, the ATX, rose by 7.4% over the same period.

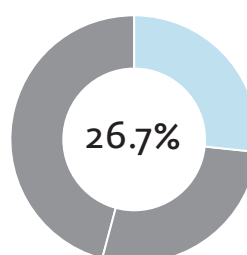
AGRANA's share price performance can be followed in the investor relations section of the Group's website at [www.agrana.com](http://www.agrana.com). The market capitalisation at the end of August 2016 was € 1,484.1 million, with an unchanged 14,202,040 shares outstanding.

The 29th Annual General Meeting of AGRANA Beteiligungs-AG on 1 July 2016 approved the payment of a dividend of € 4.00 per share for the 2015|16 financial year (prior year: € 3.60 per share); the dividend was paid in July 2016.

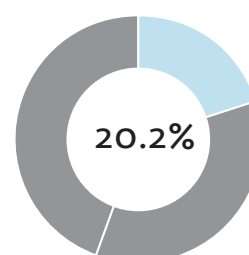
With effect from 1 July 2016 a change was made to the division of responsibilities in the Management Board terms of reference. The responsibility of individual Management Board members for specific segments was eliminated. The functional responsibilities of the Management Board members are unaffected by this change.

## Sugar segment

Share of Group revenue



Share of Group EBIT<sup>2</sup>



## Financial results

SUGAR SEGMENT	H1 2016 17	H1 2015 16
€m, except %		
Revenue	352.0	345.0
EBITDA <sup>3</sup>	26.1	12.1
Operating profit before exceptional items and results of equity-accounted joint ventures	18.8	6.0
Share of results of equity-accounted joint ventures	2.4	0.4
Exceptional items	(2.9)	0.0
<b>Operating profit [EBIT]<sup>2</sup></b>	<b>18.3</b>	<b>6.4</b>
<b>EBIT margin</b>	<b>5.2%</b>	<b>1.9%</b>

SUGAR SEGMENT	Q2 2016 17	Q2 2015 16
€m, except %		
Revenue	173.6	197.2
EBITDA <sup>3</sup>	13.4	11.2
Operating profit before exceptional items and results of equity-accounted joint ventures	9.7	7.9
Share of results of equity-accounted joint ventures	1.5	0.4
Exceptional items	(2.9)	0.0
<b>Operating profit [EBIT]<sup>2</sup></b>	<b>8.3</b>	<b>8.3</b>
<b>EBIT margin</b>	<b>4.8%</b>	<b>4.2%</b>

In the first half of 2016|17, revenue in the Sugar segment grew slightly year-on-year, by 2.0% to € 352.0 million. Higher sugar selling prices contributed to the revenue increase. By contrast, a headwind for

<sup>1</sup> Trading volume based on double counting, as published by the Vienna Stock Exchange.

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

<sup>3</sup> EBITDA represents operating profit before exceptional items, results of equity-accounted joint ventures, and operating depreciation and amortisation.

revenue growth came from lower sugar sales quantities, especially with resellers and in non-quota sales to the chemical industry. Revenue from by-products and other products increased.

The higher EBIT of € 18.3 million in the first half of 2016|17 (H1 prior year: € 6.4 million) was attributable to a year-on-year increase in spot sales prices.

## Market environment

### World sugar market

For the end of the 2016|17 sugar marketing year (SMY, October 2016 to September 2017) the analytics firm F.O. Licht in its estimate of the world sugar balance dated 6 September 2016 is forecasting a sustained deficit of 8.8 million tonnes (end of SMY 2015|16: deficit of 10.2 million tonnes), as global consumption is expected to keep growing (by about 1.5%) and remain significantly ahead of production in the new sugar marketing year.

SMY 2015|16 saw the first deficit in the world market in six years and global sugar stocks fell to 69.9 million tonnes as of 30 September 2016 (end of prior SMY: 80.2 million tonnes), or 39% (end of prior SMY: 45%) of estimated annual consumption of 181.0 million tonnes (prior SMY: 178.8 million), which led to a continual increase in world market prices. This trend was heightened by the El Niño weather cycle, especially in India and Thailand. At the balance sheet date of 31 August 2016, raw sugar quoted at US\$ 442.3 per tonne and the white sugar quotation was US\$ 529.1 per tonne. As of the end of September 2016, both raw sugar (about US\$ 487 per tonne) and white sugar (around US\$ 589 per tonne) marked four-year highs.

### EU sugar market

The European Commission (EC) is forecasting closing stocks of 0.72 million tonnes of quota sugar at 30 September 2016 (the end of SMY 2015|16), which is very low compared to the past years.

The current projections for the sugar beet harvest in Europe call for a steady level of utilisation of the EU sugar quota in SMY 2016|17; an above-average crop is expected particularly in Central and Southeastern Europe. Accordingly, the EC already decided in August

2016 to release for export the first tranche of European non-quota sugar in October 2016.

### Customers in industry and resellers

The significantly reduced quota sugar stocks existing at the EU level are reflected in recently risen prices, especially in the spot markets in Central and Eastern Europe. Demand for sugar overall is steady on balance. While the partly weather-related lower availability of fruit (especially for jam-making by consumers) led to a reduction in sugar quantities sold to resellers, a small increase was achieved with industrial accounts. Demand for organic products is steadily growing.

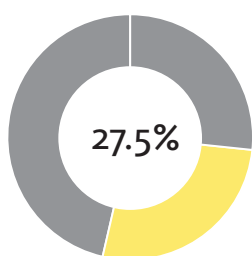
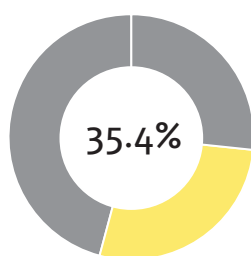
### Raw materials and production

The area contracted by AGRANA with its growers for sugar beet production in the 2016 crop year, at about 94,000 hectares, is in line with the prior year. In Austria about 1,050 hectares were dedicated to the production of organic sugar beet. In all beet-growing areas, sowing began early and was completed quickly as a result of dry, warm conditions. Thanks to the comparatively ample rainfall in the spring and the warm temperatures, the beet stocks mostly developed very well. Beet yields in all countries are likely to be above average in view of the weather and growing conditions to date. The first sugar plants began to process beet on 8 September.

The terms of sugar beet production and delivery for the time after the quota expiration are currently being negotiated with the various grower associations. The goal is to contract sufficient raw material for the full utilisation of all AGRANA sugar factories.

## Starch segment

Share of Group revenue

Share of Group EBIT<sup>1</sup>

### Financial results

STARCH SEGMENT €m, except %	H1 2016 17	H1 2015 16
Revenue	363.1	352.7
EBITDA <sup>2</sup>	30.2	31.0
Operating profit before exceptional items and results of equity-accounted joint ventures	19.4	19.5
Share of results of equity-accounted joint ventures	12.6	11.6
<b>Operating profit [EBIT]<sup>1</sup></b>	<b>32.0</b>	<b>31.1</b>
<b>EBIT margin</b>	<b>8.8%</b>	<b>8.8%</b>

STARCH SEGMENT €m, except %	Q2 2016 17	Q2 2015 16
Revenue	183.7	178.6
EBITDA <sup>2</sup>	16.5	16.4
Operating profit before exceptional items and results of equity-accounted joint ventures	11.1	10.6
Share of results of equity-accounted joint ventures	7.1	5.9
<b>Operating profit [EBIT]<sup>1</sup></b>	<b>18.2</b>	<b>16.5</b>
<b>EBIT margin</b>	<b>9.9%</b>	<b>9.2%</b>

Revenue in the first half of 2016|17, at € 363.1 million, was somewhat higher than one year earlier, for volume reasons. The revenue growth from higher sales quantities both in core and by-products more than made up for the decrease in bioethanol revenue caused by significantly lower ethanol quotations.

The EBIT result of € 32.0 million was up slightly from the good comparative prior-year period; the EBIT profit margin for the segment was 8.8%, like one year earlier. Lower costs for conventional raw materials thanks to the abundant 2016 harvest supported the margin in commodity products, notably in wheat starch. While the drop in ethanol quotations weighed on Starch segment EBIT, the equity-accounted subsidiary HUNGRANA was able to raise its earnings contribution.

### Market environment

The market for food starch is steady in terms of sales quantities. The poor 2015 potato harvest (especially in Southern Germany, Austria and Northeastern Europe) led to rising market prices for potato starch. In view of the good crop outlook for the potato campaign now in progress, this trend is unlikely to continue.

For starch saccharification products in general and isoglucose in particular, there is high competitive pressure in the run-up to October 2017 and the associated liberalisation of the sugar market. The upward trend witnessed in sugar prices is therefore only partly reflected in the contracts for starch saccharification products.

The paper and corrugated board sector is characterised by good demand. This positive development is driven by the increase in production volumes and (due to the weaker euro) the rise in export volumes of paper and packaging materials.

Since May 2016 the bioethanol business benefited from a close correspondence between supply and demand in the EU and from a short-term increase in prices. On balance, as a result of the numerous factors affecting bioethanol quotations (supply and demand, US dollar vs. euro, imports, etc.), volatility should be expected to remain high, which was also reflected towards the end of the reporting period in very heavy volume and price pressure and significantly affected the margins in bioethanol production despite lower raw material costs.

In protein by-products there is sustained strong demand for high-protein offerings (for example, potato protein and corn gluten meal) and for vital wheat gluten. Medium-protein feeds (Actiprot<sup>®</sup> and corn gluten feed), on the other hand, are closely coupled to

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



grain and corn markets (with a currently falling trend) and, due to weak demand from the compound feed sector, are also subject to high supply pressure and thus downward pressure on prices.

### Raw materials and production

World grain production in the 2016|17 grain marketing year (July to June) is estimated by the International Grains Council<sup>1</sup> at a record level of about 2.07 billion tonnes (prior year: 2.00 billion tonnes). Wheat production is forecast at 743 million tonnes (prior year: 736 million tonnes) and the predicted output of corn is 1,030 million tonnes (prior year: 969 million tonnes). Worldwide consumption is estimated at 732 million tonnes for wheat and 1,019 million tonnes for corn. This means that total global grain stocks are expected to grow to 492 million tonnes (prior year: 469 million tonnes). In view of the high stocks and satisfactory crop situation, the commodity quotations for wheat and corn have fallen in the past months. Thus, at the end of the financial second quarter, on the commodity derivatives exchange in Paris (NYSE Euronext Liffe), wheat futures for December 2016 delivery quoted at € 162.0 per tonne and corn futures for November delivery were € 161.5 per tonne.

Grain production in Austria, excluding grain corn (non-silage corn), is estimated by Agrarmarkt Austria (AMA) at approximately 3.7 million tonnes (prior year: 3.2 million tonnes), or about 16% more than in the previous year. For grain corn, production is expected to grow by 19% to 1.99 million tonnes.

### Potatoes

On 25 August 2016 the potato starch factory in Gmünd, Austria, began the processing of starch potatoes from the 2016 harvest. Thanks to the good weather conditions during the growing season, contract fulfilment by the growers is likely to reach 100% to 105% of the contracted amount of about 250,000 tonnes of starch potatoes. For weather reasons, the average starch content is estimated at approximately 18.5% to 19%, an increase from the prior year's 17.3%.

### Corn and wheat

Receiving of freshly harvested wet corn at the corn starch plant in Aschach, Austria, began at the start of September. Wet corn volume is expected to be somewhat more than in the prior year and is to reach about 95,000 to 105,000 tonnes; its processing should be completed at the beginning of December. Production will then switch to the use of dry corn. In the first half of 2016|17, about 199,500 tonnes of corn was processed, exceeding the amount of the year-earlier period.

As raw materials for bioethanol and wheat starch production in Pischelsdorf, Austria in the first half of 2016|17, AGRANA used approximately 80% wheat, organic wheat and triticale and 20% corn. The total processing volume at this facility for the first six months of the financial year was approximately 391,700 tonnes (H1 prior year: 370,000 tonnes). Processing of wet corn in Pischelsdorf started at the beginning of September; the total amount of wet corn to be processed there is forecast to increase to 85,000 tonnes (prior year: 75,000 tonnes) as a result of weather conditions.

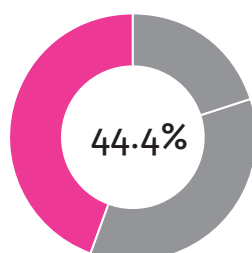
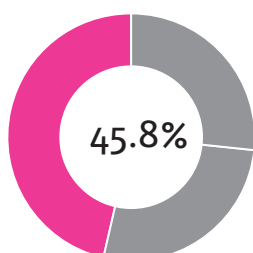
At the equity-accounted plant in Hungary (HUNGRANA), the wet corn campaign was launched with a delay due to damp weather; it was not until the middle of September that the plant processed only wet corn. Wet corn processing volume at this facility is forecast to increase year-on-year to approximately 250,000 tonnes (prior year: 220,000 tonnes). In the first half of 2016|17 a total of about 599,000 tonnes of corn was processed there (H1 prior year: 578,000 tonnes; AGRANA's share is 50%).

<sup>1</sup> IGC forecast of 25 August 2016

## Fruit segment

Share of Group revenue

Share of Group EBIT<sup>1</sup>



## Financial results

FRUIT SEGMENT	H1	H1
€m, except %	2016 17	2015 16
Revenue	605.2	565.8
EBITDA <sup>2</sup>	57.9	50.0
Operating profit before exceptional items and results of equity-accounted joint ventures	40.1	32.5
Exceptional items	0.0	(1.3)
<b>Operating profit [EBIT]<sup>1</sup></b>	<b>40.1</b>	<b>31.2</b>
<b>EBIT margin</b>	<b>6.6%</b>	<b>5.5%</b>

FRUIT SEGMENT	Q1	Q1
€m, except %	2016 17	2015 16
Revenue	297.5	275.0
EBITDA <sup>2</sup>	26.2	22.3
Operating profit before exceptional items and results of equity-accounted joint ventures	16.9	13.5
Exceptional items	0.0	(1.1)
<b>Operating profit [EBIT]<sup>1</sup></b>	<b>16.9</b>	<b>12.4</b>
<b>EBIT margin</b>	<b>5.7%</b>	<b>4.5%</b>

Fruit segment revenue rose by 7.0% in the first half of 2016|17, to € 605.2 million. In the fruit preparations division, a positive trend in sales volumes was coun-

teracted by somewhat reduced selling prices outside the EU (affected by exchange rates, notably in Eastern Europe, Latin America and Asia), thus producing only slight overall growth in revenue. In the fruit juice concentrate division, revenue increased significantly on a rise in sales prices of apple juice concentrates and beverage bases.

EBIT of € 40.1 million represented growth of 28.5% from one year earlier. Both the fruit preparations business (thanks to increased sales volumes) and the fruit juice concentrate activities (on higher prices of apple juice concentrate and beverage bases from the 2015 crop) delivered a significant improvement in earnings.

## Market environment

For the *fruit preparations* division, the markets outside Europe – notably Asia, but also North Africa and the Middle East – are growing significantly. In saturated markets such as the EU and the USA, there is an increase in consumption of yoghurt without fruit. In Latin America the growth of the market has slowed a little, due particularly to the economic problems in Brazil. The consumer goods markets of ice-cream, food services and bakery can be expected to continue to grow.

In *apple juice concentrate*, with the good crop forecasts for 2016 in Poland, selling prices are expected to decline compared to the prior year. The concentrate business in China has been stable again since 2015, after the volume loss in 2014 in North America, the largest market. The competitiveness of European product in the North American market in the new 2016 processing season will very much depend on raw material prices in Poland and China and on the exchange rate between the US dollar and the euro.

For *berry juice concentrates* from the 2016 crop there are currently no significant marketing or price risks. The processing of strawberries, sour cherries and black currants is already completed.

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

## Raw materials and production

In the *fruit preparations* division the harvests this year, with few exceptions, were good. Generally the raw material markets are therefore showing a slightly falling price trend, although with regional fruit-specific exceptions, such as in Poland (strawberries) and Greece and Spain (peaches).

The markets are predominantly well-supplied, with deficits only for pineapple and organic vanilla. Demand for raw materials is subdued for macroeconomic reasons.

As a consequence of the Ukrainian hryvnia's depreciation against the euro, Ukraine has become a competitive procurement market for AGRANA's Fruit segment, allowing synergies to be generated with the local frozen-fruit production operations.

In the *fruit juice concentrate* division, the favourable weather in spring and summer 2016 in Europe produced berry harvests of normal quality and quantity. Only for strawberries were there significant reductions in crop volume. As a result of the overall sufficient supply of raw materials, a trend towards lower berry prices can be seen in 2016 both in the processing sector and in fresh fruit marketing.

The 2016 apple processing season has begun in all major growing regions. As of the start of the campaign, prices are below the prior-year level because of excellent crop forecasts in Poland, the largest apple-producing country in Europe. The strict enforcement of the trade embargo banning the export of Polish apples to Russia already triggered significant downward price pressure in the European market in spring 2016.

The frost damage in May 2016 in Styria (Austria) and in Western Hungary and Slovenia led to a considerably reduced raw material availability in these regions.

## 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 currently no known risks to the AGRANA Group's ability to continue in operational existence and no future risks of this nature are discernible at present.

A detailed description of the Group's business risks is provided on pages 83 to 87 of the annual report 2015|16.

## Related party disclosures

For disclosures on related party relationships, refer to the interim consolidated financial statements.

## Significant events after the interim reporting date

No significant events occurred after the interim balance sheet date of 31 August 2016 that had a material effect on AGRANA's financial position, results of operations or cash flows.

## Outlook

AGRANA GROUP	2015 16 ACTUAL	2016 17 FORECAST
€m		
Revenue	2,477.6	↑
EBIT	129.0	↑↑
Investment <sup>1</sup>	116.0	129

↑ Moderate increase

↑↑ Significant increase

AGRANA expects Group **revenue** in the full 2016|17 financial year to show moderate growth. **Operating profit (EBIT)** now is projected to increase significantly.

SUGAR SEGMENT	2015 16 ACTUAL	2016 17 FORECAST
€m		
Revenue	672.6	→
EBIT	4.3	↑↑
Investment <sup>1</sup>	46.1	24

→ Steady

↑↑ Significant increase

In the **Sugar segment**, AGRANA expects revenue in line with the previous year. Improved margins and the cost reduction programme launched in summer 2015 augur a significant increase in EBIT for the 2016|17 financial year.

STARCH SEGMENT	2015 16 ACTUAL	2016 17 FORECAST
€m		
Revenue	721.6	→
EBIT	65.9	→
Investment <sup>1</sup>	28.2	70

→ Steady

In the **Starch segment**, AGRANA's projection for the 2016|17 financial year calls for slightly rising sales volumes and steady revenue. Despite a year-on-year decrease in average bioethanol prices, EBIT is now expected to be in line with the prior year.

FRUIT SEGMENT	2015 16 ACTUAL	2016 17 FORECAST
€m		
Revenue	1,083.4	↑↑
EBIT	58.8	↑↑
Investment <sup>1</sup>	41.7	35

↑↑ Significant increase

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

For the *fruit preparations* division a positive revenue trend is predicted – especially in the Europe and Asia regions – driven by rising sales volumes. With expected stable raw material prices, EBIT in this business area is projected to be comparable to that of the 2015|16 financial year.

In the *fruit juice concentrate* division, revenue is forecast to grow significantly, due to higher sales prices as a result of increased raw material prices for the 2015 harvest compared with the 2014 crop; however, this revenue outlook may yet be affected by the 2016 harvest. On balance, this trend is expected to lead to a significant recovery in EBIT.

### Investment

**Total investment** across the three business segments in the financial year, at about € 129 million, will significantly exceed depreciation of about € 85 million.

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

# Interim consolidated financial statements

For the first six months ended 31 August 2016 (unaudited)

## Consolidated income statement

€000, EXCEPT PER-SHARE DATA	FIRST SIX MONTHS (1 MARCH–31 AUGUST)		SECOND QUARTER (1 JUNE–31 AUGUST)	
	H1 2016 17	H1 2015 16	Q2 2016 17	Q2 2015 16
Revenue	1,320,257	1,263,460	654,752	650,805
Changes in inventories of finished and unfinished goods	(159,325)	(173,910)	(71,594)	(73,332)
Own work capitalised	1,116	1,287	492	529
Other operating income	14,231	26,025 <sup>1</sup>	7,021	16,314 <sup>1</sup>
Cost of materials	(792,117)	(739,887)	(398,039)	(399,110)
Staff costs	(136,210)	(139,029)	(69,228)	(70,375)
Depreciation, amortisation and impairment losses	(35,917)	(35,879)	(18,402)	(18,695)
Other operating expenses	(136,609)	(145,385) <sup>1</sup>	(70,144)	(75,217) <sup>1</sup>
Share of results of equity-accounted joint ventures	15,023	12,030	8,597	6,268
<b>Operating profit [EBIT]</b>	<b>90,449</b>	<b>68,712</b>	<b>43,455</b>	<b>37,187</b>
Finance income	14,009	24,980 <sup>1</sup>	5,805	8,919 <sup>1</sup>
Finance expense	(24,341)	(36,160) <sup>1</sup>	(8,641)	(18,355) <sup>1</sup>
<b>Net financial items</b>	<b>(10,332)</b>	<b>(11,180)</b>	<b>(2,836)</b>	<b>(9,436)</b>
<b>Profit before tax</b>	<b>80,117</b>	<b>57,532</b>	<b>40,619</b>	<b>27,751</b>
Income tax expense	(17,469)	(13,592)	(8,789)	(5,342)
<b>Profit for the period</b>	<b>62,648</b>	<b>43,940</b>	<b>31,830</b>	<b>22,409</b>
▪ Attributable to shareholders of the parent	59,742	43,720	30,296	23,127
▪ Attributable to non-controlling interests	2,906	220	1,534	(718)
Earnings per share under IFRS (basic and diluted)	€ 4.21	€ 3.08	€ 2.13	€ 1.63

<sup>1</sup> The prior-year data have been restated. Further information is provided on page 16.

## Consolidated statement of comprehensive income

€000	FIRST SIX MONTHS (1 MARCH–31 AUGUST)		SECOND QUARTER (1 JUNE–31 AUGUST)	
	H1 2016 17	H1 2015 16	Q2 2016 17	Q2 2015 16
<b>Profit for the period</b>	<b>62,648</b>	<b>43,940</b>	<b>31,830</b>	<b>22,409</b>
Other comprehensive income/(expense)				
▪ Currency translation differences	2,728	(7,751)	3,454	(18,112)
▪ Available-for-sale financial assets under IAS 39, after deferred taxes	279	(218)	126	(196)
▪ Cash flow hedges under IAS 39, after deferred taxes	1,097	(1,233)	(119)	(285)
▪ Equity-accounted joint ventures	268	(2,842)	789	(1,130)
Income/(expense) to be recognised in the income statement in the future	4,372	(12,044)	4,250	(19,723)
Changes in actuarial gains and losses on defined benefit pension obligations and similar liabilities (IAS 19), after deferred taxes	(4,663)	3,418	(4,657)	3,442
<b>(Expense) recognised directly in equity</b>	<b>(291)</b>	<b>(8,626)</b>	<b>(407)</b>	<b>(16,281)</b>
<b>Total comprehensive income for the period</b>	<b>62,357</b>	<b>35,314</b>	<b>31,423</b>	<b>6,128</b>
▪ Attributable to shareholders of the parent	59,621	36,173	29,336	8,444
▪ Attributable to non-controlling interests	2,736	(859)	2,087	(2,316)

## Condensed consolidated cash flow statement

FOR THE FIRST SIX MONTHS (1 MARCH - 31 AUGUST)	H1 2016 17	H1 2015 16 <sup>1</sup>
€000		
Operating cash flow before changes in working capital	121,566	110,060
Changes in working capital	7,921	(19,761)
Interest received and paid and income tax paid, net	(20,208)	(29,543)
<b>Net cash from operating activities</b>	<b>109,279</b>	<b>60,756</b>
Net cash (used in) investing activities	(41,800)	(42,192)
Net cash (used in) financing activities	(82,879)	(102,084)
<b>Net (decrease) in cash and cash equivalents</b>	<b>(15,400)</b>	<b>(83,520)</b>
Effect of movements in foreign exchange rates on cash and cash equivalents	24	536
Other, valuation-related changes in cash and cash equivalents	(4,775)	0
Cash and cash equivalents at beginning of period	109,375	193,818
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>89,224</b>	<b>110,834</b>

<sup>1</sup> The prior-year data have been restated. Further information is provided on page 16.

## Consolidated balance sheet

€000	31 AUGUST 2016	29 FEBRUARY 2016	31 AUGUST 2015
<b>ASSETS</b>			
<b>A. Non-current assets</b>			
Intangible assets, including goodwill	239,225	241,961	238,719
Property, plant and equipment	690,544	679,592	664,669
Equity-accounted joint ventures	76,197	60,906	67,672
Securities	18,887	18,622	104,857
Investments in non-consolidated subsidiaries and outside companies	1,091	1,091	1,124
Receivables and other assets	9,009	10,602	11,387
Deferred tax assets	14,271	14,873	22,119
	<b>1,049,224</b>	<b>1,027,647</b>	<b>1,110,547</b>
<b>B. Current assets</b>			
Inventories	499,315	654,172	455,660
Trade receivables and other assets	504,250	439,521	531,548
Current tax assets	13,819	10,774	13,083
Securities	45	45	46
Cash and cash equivalents	89,224	109,375	110,834
	<b>1,106,653</b>	<b>1,213,887</b>	<b>1,111,171</b>
<b>C. Non-current assets held for sale</b>	<b>1,631</b>	<b>1,631</b>	<b>0</b>
<b>TOTAL ASSETS</b>	<b>2,157,508</b>	<b>2,243,165</b>	<b>2,221,718</b>
<b>EQUITY AND LIABILITIES</b>			
<b>A. Equity</b>			
Share capital	103,210	103,210	103,210
Share premium and other capital reserves	411,362	411,362	411,362
Retained earnings	632,189	629,709	599,735
Equity attributable to shareholders of the parent	1,146,761	1,144,281	1,114,307
Non-controlling interests	58,610	55,843	60,473
	<b>1,205,371</b>	<b>1,200,124</b>	<b>1,174,780</b>
<b>B. Non-current liabilities</b>			
Retirement and termination benefit obligations	71,774	67,146	65,782
Other provisions	19,744	19,999	14,625
Borrowings	270,185	286,028	323,890
Other payables	1,386	1,024	1,107
Deferred tax liabilities	4,395	4,481	12,144
	<b>367,484</b>	<b>378,678</b>	<b>417,548</b>
<b>C. Current liabilities</b>			
Other provisions	26,909	28,426	39,472
Borrowings	235,068	247,820	264,822
Trade and other payables	306,288	375,058	308,146
Current tax liabilities	16,388	13,059	16,950
	<b>584,653</b>	<b>664,363</b>	<b>629,390</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2,157,508</b>	<b>2,243,165</b>	<b>2,221,718</b>

## Condensed consolidated statement of changes in equity

FOR THE FIRST SIX MONTHS (1 MARCH - 31 AUGUST)	Equity attributable to shareholders of the parent	Non- controlling interests	TOTAL
€000			
<b>2016 17</b>			
<b>At 1 March 2016</b>	<b>1,144,281</b>	<b>55,843</b>	<b>1,200,124</b>
Fair value movements under IAS 39	1,376	0	1,376
Changes in actuarial gains and losses on defined benefit pension obligations and similar liabilities	(4,663)	0	(4,663)
Currency translation gain/(loss)	3,166	(170)	2,996
<b>Other comprehensive (expense) for the period</b>	<b>(121)</b>	<b>(170)</b>	<b>(291)</b>
Profit for the period	59,742	2,906	62,648
<b>Total comprehensive income for the period</b>	<b>59,621</b>	<b>2,736</b>	<b>62,357</b>
Dividends paid	(56,808)	(312)	(57,120)
Other changes	(333)	343	10
<b>AT 31 AUGUST 2016</b>	<b>1,146,761</b>	<b>58,610</b>	<b>1,205,371</b>

### 2015|16

<b>At 1 March 2015</b>	<b>1,129,259</b>	<b>65,161</b>	<b>1,194,420</b>
Fair value movements under IAS 39	(1,451)	0	(1,451)
Changes in actuarial gains and losses on defined benefit pension obligations and similar liabilities	3,419	(1)	3,418
Currency translation (loss)	(9,515)	(1,078)	(10,593)
<b>Other comprehensive (expense) for the period</b>	<b>(7,547)</b>	<b>(1,079)</b>	<b>(8,626)</b>
Profit for the period	43,720	220	43,940
<b>Total comprehensive income/(expense) for the period</b>	<b>36,173</b>	<b>(859)</b>	<b>35,314</b>
Dividends paid	(51,127)	(3,833)	(54,960)
Other changes	2	4	6
<b>AT 31 AUGUST 2015</b>	<b>1,114,307</b>	<b>60,473</b>	<b>1,174,780</b>



# Notes to the interim consolidated financial statements

For the first six months ended 31 August 2016 (unaudited)

## Segment reporting

FOR THE FIRST SIX MONTHS (1 MARCH - 31 AUGUST)	H1 2016 17	H1 2015 16
---	---------------	---------------

€000

TOTAL REVENUE		
Sugar	391,285	375,241
Starch	368,522	356,437
Fruit	605,495	565,933
<b>Group</b>	<b>1,365,302</b>	<b>1,297,611</b>

INTER-SEGMENT REVENUE		
Sugar	(39,266)	(30,279)
Starch	(5,472)	(3,755)
Fruit	(307)	(117)
<b>Group</b>	<b>(45,045)</b>	<b>(34,151)</b>

REVENUE		
Sugar	352,019	344,962
Starch	363,050	352,682
Fruit	605,188	565,816
<b>Group</b>	<b>1,320,257</b>	<b>1,263,460</b>

OPERATING PROFIT BEFORE EXCEPTIONAL ITEMS AND RESULTS OF EQUITY-ACCOUNTED JOINT VENTURES		
Sugar	18,813	5,995
Starch	19,375	19,491
Fruit	40,111	32,499
<b>Group</b>	<b>78,299</b>	<b>57,985</b>

EXCEPTIONAL ITEMS		
Sugar	(2,873)	0
Starch	0	0
Fruit	0	(1,303)
<b>Group</b>	<b>(2,873)</b>	<b>(1,303)</b>

FOR THE FIRST SIX MONTHS (1 MARCH - 31 AUGUST)	H1 2016 17	H1 2015 16
---	---------------	---------------

€000

SHARE OF RESULTS OF EQUITY- ACCOUNTED JOINT VENTURES		
Sugar	2,384	396
Starch	12,639	11,634
Fruit	0	0
<b>Group</b>	<b>15,023</b>	<b>12,030</b>

OPERATING PROFIT [EBIT] <sup>1</sup>		
Sugar	18,324	6,391
Starch	32,014	31,125
Fruit	40,111	31,196
<b>Group</b>	<b>90,449</b>	<b>68,712</b>

INVESTMENT <sup>2</sup>		
Sugar	11,129	21,952
Starch	21,446	6,586
Fruit	9,815	12,244
<b>Group</b>	<b>42,390</b>	<b>40,782</b>

NUMBER OF EMPLOYEES (FTE) <sup>3</sup>		
Sugar	1,930	2,036
Starch	883	867
Fruit	5,942	6,143
<b>Group</b>	<b>8,755</b>	<b>9,046</b>

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

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

<sup>3</sup> Average number of full-time equivalents in the reporting period.

## Basis of preparation

The interim report of the AGRANA Group for the six months ended 31 August 2016 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-Aktiengesellschaft ('AGRANA Beteiligungs-AG') at and for the period ended 31 August 2016 are presented in condensed form. These interim consolidated financial statements, which were not audited or reviewed, were prepared by the Management Board of AGRANA Beteiligungs-AG on 26 September 2016.

The annual report 2015|16 of the AGRANA Group is available on the Internet at [www.agrana.com/en/investor](http://www.agrana.com/en/investor) for viewing or downloading.

## Accounting policies

In the preparation of these interim financial statements, certain new or changed standards and interpretations became effective, as described on pages 102 to 105 of the 2015|16 annual report in the notes to the consolidated financial statements, section 2, 'Basis of preparation'.

Except for these newly effective IFRS and interpretations, the same accounting methods were applied as in the preparation of the annual consolidated financial statements for the year ended 29 February 2016 (the latest full financial year).

The notes to those 2015|16 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.

## Changes in comparative information

From 29 February 2016, currency translation gains or losses were for the first time presented on a gross basis in operating profit (EBIT) and in net financial items. For the comparative first half of the prior, 2015|16 financial year,

this adjustment led to a net increase of € 8,467 thousand in other operating income and other operating expenses and a net reduction of € 1,573 thousand in finance income and expenses, relative to the published amounts.

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

In the cash flow statement, the interest and taxes representing cash flows are now presented separately and the foreign currency adjustments are reflected in the balance sheet items to which they relate; the prior-year data have therefore been adjusted for comparability.

## Basis of consolidation

The second quarter of 2016|17 saw the liquidation of AGRANA Juice Denmark A/S, Køge, Denmark. This deconsolidation had no material impact on the consolidated balance sheet, income statement and statement of comprehensive income. In total, besides the parent company, 57 companies were fully consolidated (29 February 2016 year-end: 58 companies) and 12 companies were accounted for using the equity method (29 February 2016: 12 companies).

## Seasonality of business

Most of the Group's sugar production falls into the period from September to January. 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 (through the item 'changes in inventories of finished and unfinished goods').

## Notes to the consolidated income statement

Operating profit (EBIT) in the first half of 2016|17 was € 90.4 million (H1 prior year: € 68.7 million). This rise resulted mainly from significantly improved earnings in the Sugar and Fruit segments and also from an increase in the item 'share of results of equity-accounted

joint ventures'. Reflected in operating profit was a net exceptional items expense of € 2.9 million in the Sugar segment from one-time effects in Romania.

Net financial items were approximately in line with the year-earlier period, at a net expense of € 10.3 million (H1 prior year: net expense of € 11.2 million).

The AGRANA Group's profit for the period was € 62.6 million (H1 prior year: € 43.9 million).

### Notes to the consolidated cash flow statement

In the six months to the end of August 2016, cash and cash equivalents declined by € 20.2 million to € 89.2 million.

The operating cash flow of € 121.6 million before changes in working capital was up by € 11.5 million compared with the first half of the prior year, thanks largely to the higher profit for the period. Net cash from operating activities in the first half of 2016|17 was € 109.3 million (H1 prior year: € 60.8 million). The improvement was explained both by a smaller increase in trade receivables and a smaller reduction in trade payables than in the year-earlier period; these factors more than made up for a lesser reduction in inventories.

Net cash used in investing activities, at € 41.8 million (H1 prior year: net cash use of € 42.2 million), was in line with the year-ago level.

Net cash used in financing activities came in at € 82.9 million, which was less than the year-earlier amount (H1 prior year: net cash use of € 102.1 million) The reason lay in the prior year's higher repayments of borrowings.

Other, valuation-related changes in cash and cash equivalents amounted to an expense of € 4.8 million that concerned a bank deposit in Ukraine.

### Notes to the consolidated balance sheet

Total assets eased by € 85.7 million compared with 29 February 2016, to € 2,157.5 million. The decrease on the assets side resulted primarily from a considerable reduction in inventories. On the liabilities side,

it was especially a significant decline in trade payables and a decrease in borrowings which led to the lower balance sheet total. The rise of € 4.7 million in provisions for pensions and termination benefit obligations resulted from the adjustment of the discount rate to 1.1% (29 February 2016: 1.8%).

With shareholders' equity of € 1,205.4 million (29 February 2016: € 1,200.1 million), the equity ratio at the end of August was 55.9% (29 February 2016: 53.5%).

### 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. Derivative financial instruments 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.

<b>31 AUGUST 2016</b>	<b>LEVEL 1</b>	<b>LEVEL 2</b>	<b>LEVEL 3</b>	<b>TOTAL</b>
€000				
Securities (non-current)	13,593	0	4,404	17,997
Derivative financial assets at fair value through equity (hedge accounting)	43	42	0	85
Derivative financial assets at fair value through profit or loss (held for trading)	3,147	1,291	0	4,438
Securities (current)	45	0	0	45
<b>FINANCIAL ASSETS</b>	<b>16,828</b>	<b>1,333</b>	<b>4,404</b>	<b>22,565</b>
Liabilities from derivatives at fair value through equity (hedge accounting)	2,033	49	0	2,082
Liabilities from derivatives at fair value through profit or loss (held for trading)	0	9,038	0	9,038
<b>FINANCIAL LIABILITIES</b>	<b>2,033</b>	<b>9,087</b>	<b>0</b>	<b>11,120</b>

<b>31 AUGUST 2015</b>	<b>LEVEL 1</b>	<b>LEVEL 2</b>	<b>LEVEL 3</b>	<b>TOTAL</b>
€000				
Securities (non-current)	13,669	0	5,247	18,916
Derivative financial assets at fair value through equity (hedge accounting)	74	25	0	99
Derivative financial assets at fair value through profit or loss (held for trading)	0	1,117	0	1,117
Securities (current)	46	0	0	46
<b>FINANCIAL ASSETS</b>	<b>13,789</b>	<b>1,142</b>	<b>5,247</b>	<b>20,178</b>
Liabilities from derivatives at fair value through equity (hedge accounting)	1,084	0	0	1,084
Liabilities from derivatives at fair value through profit or loss (held for trading)	141	6,777	0	6,918
<b>FINANCIAL LIABILITIES</b>	<b>1,225</b>	<b>6,777</b>	<b>0</b>	<b>8,002</b>

For cash and cash equivalents, trade receivables and other assets, and trade and other payables, the carrying amount can be assumed to be 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:

<b>31 AUGUST 2016</b>	<b>CARRYING</b>	<b>FAIR</b>
€000	<b>AMOUNT</b>	<b>VALUE</b>
Bank loans and overdrafts, and other loans from non-Group entities	337,556	340,299
Borrowings from affiliated companies in the Südzucker group	165,000	168,507
Finance lease obligations	2,697	2,845
<b>BORROWINGS</b>	<b>505,253</b>	<b>511,651</b>

<b>31 AUGUST 2015</b>	<b>CARRYING</b>	<b>FAIR</b>
€000	<b>AMOUNT</b>	<b>VALUE</b>
Bank loans and overdrafts, and other loans from non-Group entities	338,674	341,606
Borrowings from affiliated companies in the Südzucker group	250,000	255,592
Finance lease obligations	38	40
<b>BORROWINGS</b>	<b>588,712</b>	<b>597,238</b>

Further details on the fair value measurement of the individual types of financial instruments and their assignment to levels of the fair value hierarchy are provided on pages 144 to 147 of the annual report 2015|16, in section 10.3, 'Additional disclosures on financial instruments'.

#### Number of employees

In the first half of 2016|17 the AGRANA Group employed an average of 8,755 full-time equivalents (H1 prior year: 9,046). The reduction in staff numbers was the result of a lower requirement for seasonal labour in Morocco in the Fruit segment and a normalisation of the campaign length in the Sugar segment.

#### Related party disclosures

Credit relationships with companies with significant influence decreased to € 19,883 thousand (29 February

2016: € 54,697 thousand) and bank deposits at companies with significant influence increased to € 12,346 thousand (29 February 2016: € 2,363 thousand). The changes were the result of standard treasury management arrangements. There were no material changes in other related party relationships since the year-end balance sheet date of 29 February 2016. Transactions with related parties as defined in IAS 24 are conducted on arm's length terms. Details of individual related party relationships are given in the AGRANA annual report 2015|16.

#### Significant events after the interim reporting date

No significant events occurred after the interim balance sheet date of 31 August 2016 that had a material effect on AGRANA's financial position, results of operations or cash flows.

# Management board's responsibility statement

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 within the meaning of the Austrian Stock Exchange Act; 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, within the meaning of the Stock Exchange Act, 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, 26 September 2016

## The Management Board of AGRANA Beteiligungs-AG



**Johann Marihart**  
Chief Executive Officer

Business Strategy, Production, Quality Management,  
Human Resources, Communication (incl. Investor Relations),  
Research & Development



**Stephan Büttner**  
Member of the Management Board

Finance, Controlling, Treasury,  
Information Technology & Organisation,  
Mergers & Acquisitions, Legal, Compliance



**Fritz Gattermayer**  
Member of the Management Board

Sales, Raw Materials, Purchasing & Logistics



**Thomas Kölbl**  
Member of the Management Board

Internal Audit

## Further information

### Financial calendar

12 January 2017	Results for first three quarters of 2016 17
12 May 2017	Results for full year 2016 17 (annual results press conference)
27 June 2017	Record date for Annual General Meeting participation
7 July 2017	Annual General Meeting for 2016 17
12 July 2017	Ex-dividend date
13 July 2017	Results for first quarter of 2017 18
13 July 2017	Record date for dividend
14 July 2017	Dividend payment date
12 October 2017	Results for first half of 2017 18
11 January 2018	Results for first three quarters of 2017 18

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<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.

For financial performance indicators not defined in a footnote, please see the definitions on page 179 of the annual report 2015|16.

In the interest of readability, this document may sometimes use language that is not gender-neutral. Any gender-specific references should be understood to include masculine, feminine and neuter as the context permits.

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

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

