AGRANA

HALF-YEAR FINANCIAL REPORT 2008|09

ADDING VALUE TO NATURE'S GIFTS.

Q1–Q2 2008|09

DEAR INVESTOR!

The first half of the 2008|09 financial year was shaped by volatilities in raw materials and in energy supply that were unprecedented in our industry, leading to pronounced disturbances in our procurement markets and the markets for our products. The combination of causes includes, among other factors, extremely poor crops in 2007 and substantial speculative influences related to the fact that agricultural products too are increasingly subject to globalisation of markets. This confluence of numerous unfavourable factors resulted in a net loss for the first half of our Group's financial year.

This can be traced to the following specific causes:

- Prices for apple juice concentrate plunged amid the good expectations for the 2008 harvest and are now well below the prior year's high production costs that were caused by the poor European apple crop in 2007. This price decline required a write-down of our inventories of contracted and stored apple juice concentrate.
- The extreme rise in raw material prices last year was unforeseeable and atypical. After this year's harvest, prices are normalising for the major grains, but this beneficial effect will not make itself felt until the second half of our financial year.
- Energy prices are significantly higher than a year ago.
- New processing capacity was completed and brought on stream in the ethanol and starch activities.

To improve earnings performance, we have taken the following countermeasures:

- Adjustment of the sales strategy to adapt to volatile input materials prices, with the aim of minimising risk positions between the prices of raw materials and of products
- Reduction in investment to well below the level of depreciation
- Intensification of energy efficiency projects
- Rapid capacity utilisation, especially at the new manufacturing units

In this shareholder letter you will find detailed explanations on the market developments in the individual segments and on the measures we have taken. With their implementation, and thanks to an extensive normalisation in our purchasing markets and product markets, we expect that, in the second half of this financial year, we will already overcome the current adverse situation and generate clearly positive net earnings for the full year. We are confident that in the next 2009|10 financial year, we will return to the earnings strength shown in the last several years.

The Management Board of AGRANA Beteiligungs-AG

Johann Marihart
Walter Grausam
Thomas Kölbl

RESULTS FOR THE FIRST HALF OF 2008|09

General market environment
The uncertainty over the future trend in the world economy and high volatility in commodity prices defined the business environment in the first half of the 2008|09 financial year. Thus, between February and early July 2008, the oil price shot up from about $ 90 per barrel to almost $ 150, although it eased again to $ 110 by the end of August. European wheat prices, by contrast, fell from approximately € 284 per tonne at the beginning of the financial year to about € 186 per tonne at the end of August 2008. For European apple juice concentrate, prices of almost € 2,000 per tonne were contractually fixed at the end of February, but current prices then declined to approximately € 1,000 per tonne at the end of August.

Towards the middle of the 2008 calendar year, a broad improvement became discernible on the raw materials side. It was driven mainly by very good forecasts for European grain crops (after the suspension of the EU set-aside scheme) and for many other agricultural raw materials in the northern hemisphere. As well, there were early signs of a withdrawal of speculative capital from agricultural commodity markets.

On the other hand, the fears of a further cooling in global economic activity as a result of the financial market crisis, coupled with inflation concerns, undermined the confidence of many of our customers in the food industry regarding future consumer behaviour. The consequence was significantly more cautious purchasing by the large food groups and greater price pressure on their suppliers.

Key financials AGRANA Group	H1 2008|09 €m	H1 2007|08 €m
Revenue	1,045.5	933.3
Operating profit/(loss) before exceptional items	(7.8)	54.4
Exceptional items	(2.3)	(1.6)
Operating profit/(loss) after exceptional items	(10.1)	52.8
Purchases of property, plant and equipment and intangibles (excluding goodwill)	32.6	107.9
Staff count	8,617	8,950

Revenue and earnings
In the first half of the 2008|09 financial year (1 March 2008 to 31 August 2008), AGRANA's consolidated revenue grew by 12.0% to € 1,045.5 million (H1 2007|08: € 933.3 million). The Fruit segment remained the highest-revenue segment at 39.1% of Group revenue (H1 2007|08: 46.6%), even if the segment's absolute revenue fell by 6.2% to € 408.3 million (H1 2007|08: € 435.1 million) due largely to a significantly poorer market environment for apple juice concentrate. The revenue increase of 4.5% in the Sugar segment to € 383.6 million (H1 2007|08: € 367.2 million) reflected higher sales of quota sugar. Sugar's share of Group revenue in the first six months was 36.7% (H1 2007|08: 39.3%). The rise in AGRANA's consolidated revenue was driven primarily by the Starch segment (with new bioethanol capacity in Austria and Hungary and additional trading revenue in feedstuffs). The Starch segment's share of Group sales, at € 253.6 million (H1 2007|08: € 131.0 million) grew to 24.3% (H1 2007|08: 14.0%).

Particularly in the Starch and Fruit segments, as a result of the difficult price trends in raw materials and energy, less favourable margins were earned than in the year-earlier period.

In the Starch segment, the high input prices resulting from the 2007 harvest still weighed on profitability. Costly old inventories of wheat and corn (maize) were successfully run down in the first half, but in the current market environment the high raw material costs could not be sufficiently passed through to customers.

The dramatic erosion in prices of apple juice concentrate required a revaluation of the contracted and stored inventories of apple juice concentrate to current market prices. These one-time expenses amounted to € 32.4 million.

In the Sugar segment, the price declines during the course of the prior year left sales prices and margins lower in the period under review.

On balance, as a consequence mainly of these external influences, the Group thus generated an operating loss of € 7.8 million (H1 2007|08: operating profit of € 54.4 million) before exceptional items. After a net exceptional expense of € 2.3 million (H1 2007|08: net expense of € 1.6 million) – which was unchanged from the first quarter of this financial year and related to the start-up costs at the bioethanol plant in Pischelsdorf, Austria – the Group registered an operating loss of € 10.1 million (H1 2007|08: operating profit of € 52.8 million).

Net financial items in the six-month reporting period amounted to a net expense of € 8.0 million (H1 2007|08: net expense of € 2.8 million). This was attributable both to an investment- and EU-levies-driven higher financing volume and to an increase in the average interest rate paid on borrowings from about 4.3% to 4.8% as a result of the general conditions in financial markets. This led to a loss of € 18.1 million before tax, compared with the year-earlier pre-tax profit of € 50.0 million. The nominal income tax charge decreased due to a reduced tax base. The Group's net loss of € 21.4 million for the period (H1 2007|08: profit of € 36.6 million) resulted in a loss per share of € 1.39 (H1 2007|08: earnings per share of € 2.55).

Investment

Following the massive investment programme in the prior years, capital expenditures in this financial year have been reduced significantly. Investment during the first half of 2008|09 amounted to € 32.6 million (H1 2007|08: € 107.9 million). In the Sugar segment, where investment was € 8.3 million (H1 2007|08: € 20.1 million), capital spending focused on ensuring plant availability and improving energy efficiency. In the Starch segment, where the investment in expansion was completed last year, € 12.9 million was invested during the reporting period (H1 2007|08: € 71.1 million). Optimisation of production plants and energy saving measures accounted for investment in the Fruit segment of € 11.4 million (H1 2007|08: € 16.7 million).

Cash flow

In the first half of 2008|09, AGRANA generated operating cash flow of € 54.1 million before changes in working capital (H1 2007|08: € 69.6 million). Higher inventories and lower liabilities led to an increase in funding requirements for working capital and to reduced net cash from operating activities of € 6.9 million (H1 2007|08: € 34.3 million). Net cash used in investing activities was € 30.8 million (H1 2007|08: € 68.7 million of net cash used). A dividend of € 28.3 million – unchanged from the prior year – was distributed to shareholders in July 2008.

Financial position

The equity ratio of 44.1% as of 31 August 2008 is above the level of the prior year-end (41.8%). The Group's equity eased by 4.8% to € 878.1 million (29 February 2008: € 922.1 million) as a result of the loss for the period and the dividend payment in the second quarter.

AGRANA share

Share data	H1 2008|09
High	€ 73.50
Low	€ 50.50
Closing price	€ 53.77
Book value per share	€ 61.83
Market capitalisation	€ 763.64 million

The AGRANA share closed at a price of € 53.77 at the end of August 2008, corresponding to a decrease of 25.4% from the beginning of the financial year and representing a market capitalisation of € 763.6 million. On 14 July 2008 Prudential plc, London, reported that it owned, jointly with some of its subsidiaries, more than 10% of AGRANA's share capital.

SUGAR SEGMENT

Market environment

World sugar market

For the 2007|08 sugar marketing year (1 October 2007 to 30 September 2008) the latest projection from F. O. Licht is forecasting production of 170.4 million tonnes and consumption of 156.9 million tonnes, with a resulting increase of 13.5 million tonnes in global sugar inventories to 84.2 million tonnes, equivalent to 53.6% of consumption. Early forecasts for the 2008|09 marketing year predict a decrease in production, while consumption has been growing at an accelerating pace for years. In the course of the second quarter, the raw sugar quotation in New York rallied to the level at which it had started the financial year. At the end of August, raw sugar traded at $ 281 (€ 191) per tonne. The white sugar quotation on London's LIFFE derivatives exchange showed a similar pattern, closing at $ 398 (€ 270) per tonne at the end of August.

EU sugar regime

In August the sugar management committee set a duty-free import quota for the chemical industry of 400,000 tonnes of sugar (white and raw sugar) for the 2008|09 sugar marketing year. To compensate for the import quota, the industry will be permitted to export 650,000 tonnes of out-of-quota sugar and 50,000 tonnes of isoglucose to the world market. With this measure, the European Commission acknowledged the demands of industrial sugar users in less competitive sugar-beet-growing regions. At the same time, it opens up scope for additional exports without reimbursement.

Sugar exports

The WTO negotiations broke off at the end of July 2008 without having produced results. The USA, China and India could not agree on import protection for agricultural products from developing countries and transition economies. Other major open issues are market access for industrial products to emerging markets and the subsidies for cotton in the USA.

Business performance

Key financials Sugar segment	H1 2008|09 €m	H1 2007|08 €m
Revenue	402.1	376.2
Operating profit/(loss) before exceptional items	13.0	14.6
Purchases of property, plant and equipment and intangibles (excluding goodwill)	8.3	20.1
Staff count	2,292	2,482

AGRANA's Sugar segment recorded revenue of € 402.1 million in the reporting period, up € 25.9 million or 6.9% from the year-earlier figure of € 376.2 million. Through an increase in quota sugar sales in the EU, as well as through exports, the Group achieved growth in sugar sales to 544,000 tonnes (H1 2007|08: 458,000 tonnes). Intensified sales efforts with international key accounts began to be rewarded with success, particularly in Romania and Bulgaria. In the consumer sector, the consistent brand policy – validated by high consumer acceptance – generated growth in sales quantities. The price situation was determined above all by fierce competition from Croatia, Serbia and Poland. This is expected to improve with the beginning of the 2008 campaign, as the large amount of quota surrendered across Europe under the sugar regime promises a normalisation in markets.

The operating profit contribution from the Sugar segment was € 13.0 million. As expected, this was slightly lower than in the year-earlier period. The rise in exchange rates against the euro in the Czech Republic, Slovakia and Hungary detracted from selling prices in national currency. Margin declines were unavoidable, as costs (raw materials, staff, energy, etc.) were not subject to this exchange rate effect. The raw sugar refinery in Brcko, Bosnia, is currently in the process of being brought on stream, which entails corresponding launch costs.

Raw materials, crop and production

In all beet-processing countries, growing conditions during the 2008 crop year were good to very good. In most countries the harvest began around 20 September 2008 and processing started two to three days later. The total area of about 72,500 hectares under beet is expected to produce a crop of about 4.53 million tonnes (prior year: 4.62 million tonnes). In the seven AGRANA sugar beet processing plants, the crop will be turned into approximately 675,000 tonnes of sugar (prior year: 711,080 tonnes). In the 2008|09 campaign, for the first time AGRANA will also produce organic sugar from Austrian organic beets.

The sugar quota allocated to AGRANA for the 2008|09 marketing year is 618,502 tonnes.

STARCH SEGMENT

Market environment

In its latest estimate from 12 September 2008, the US Department of Agriculture expects an increase in world grain production (excluding rice) of 4.5% to about 1,763 million tonnes. In a change from its estimates made at the beginning of the year, the USDA now projects growth not only in the production of wheat, but also of coarse grains (notably corn and rye). The US agency expects that, for the first time in four grain marketing years, world grain production will exceed global grain consumption (which is estimated to rise by 3.7% to about 1,745 million tonnes) and thus permit a modest increase in world grain stocks to approximately 277 million tonnes (up 2.8%).

The grain production forecast for the European Union was revised upward for 2008|09 to about 300 million tonnes (prior year: 256 million tonnes) as a result of good weather and additional crop area (made available by the European Commission's suspension of the 10%-set-aside scheme). The winter wheat crop in Europe provided very good yields and contributed to a strong easing in grain prices. In Eastern Europe especially, climatic conditions have prompted increases in crop estimates. The total European soft wheat crop for 2008 is expected to measure 133.9 million tonnes (prior year: 111.8 million tonnes). Drought-induced decreases in Northern European production are far outweighed by higher crop volumes in Romania, Bulgaria, Spain and France. Since the beginning of July, good predicted crops led to a significant decline in Euronext's LIFFE (formerly MATIF) quotations for corn and wheat on the Paris commodity futures exchange. At the end of August 2008 the European wheat price was € 186 per tonne, compared with € 284 per tonne at the beginning of the financial year; corn was quoted in Europe at € 154 per tonne.

Business performance

Key financials Starch segment	H1 2008|09 €m	H1 2007|08 €m
Revenue	270.7	154.7
Operating profit/(loss) before exceptional items	0.4	21.2
Purchases of property, plant and equipment and intangibles (excluding goodwill)	12.9	71.1
Staff count	850	826

Revenue in the Starch segment for the first six months of 2008|09 was € 270.7 million, or 75.0% higher than the year-earlier level of € 154.7 million. The increase was attributable mainly to rising bioethanol sales in Austria and Hungary and the inclusion of animal feed revenue (which in the prior year was still credited to the Sugar segment). In native and modified starches, revenue was boosted by the necessary adjustment of sales prices, while quantities saw a small decrease. The revenue growth in saccharification products was based on growing volumes, particularly in isoglucose exports from Hungary.

Operating profit before exceptional items fell to € 0.4 million (H1 2007|08: € 21.2 million) in the Starch segment. This reduction is explained by the fact that in the first half of 2008|09, the expensive crop from last year had to be processed. In the traditional starch business (native and modified starches), these high raw material prices and high energy costs were largely offset by adjustments in sales prices. For saccharification products, however (especially isoglucose from Hungary), and for bioethanol, selling prices could not be raised. As well, the Starch segment results reflected both higher fixed costs resulting from the capacity expansions at Hungrana, and start-up costs for the bioethanol plant in Pischelsdorf since its commissioning on 1 June 2008. The pre-commissioning losses incurred by the Pischelsdorf operation are recognised in exceptional items.

Raw materials, crop and production

On 26 August 2008 the potato starch factory in Gmünd, Austria, began the processing of starch potatoes from the 2008 harvest. Thanks to good weather conditions, a crop of about 210,000 tonnes is forecast (prior year: 195,000 tonnes) and the contracted volume is therefore expected to be reached. An increase of approximately 18% in average starch content compared with the previous year promises a likely potato starch production of about 45,000 tonnes (prior year: 40,000 tonnes). The Austrian potato starch quota of 47,691 tonnes, unchanged from the prior year, would thus be 94% utilised.

The processing of freshly harvested wet corn at the starch plant in Aschach, Austria, commenced on 8 September 2008. About 100,000 tonnes (prior year: 103,000 tonnes) of wet corn are expected to be processed by the middle of December. Subsequently, production will proceed with dry corn. Approximately 167,000 tonnes of corn was processed in the first half of 2008|09, about 10% less than the volume of 184,000 tonnes reached in the first half of 2007|08.

In Hungary, processing of the new corn crop began on 5 September 2008. Hungrana is forecasting a wet corn volume of about 160,000 tonnes (prior year: 21,100 tonnes). Total corn processing in the 2008 calendar year in Hungary will be approximately 860,000 tonnes, an increase of more than 300,000 tonnes from the prior year.

At the AGFD Tandarei corn starch plant in Romania, 5,500 tonnes of corn were processed in the first six months of 2008|09 (H1 2007|08: 11,800 tonnes).

Bioethanol

The Austrian bioethanol plant in Pischelsdorf was commissioned on 1 June 2008. The feedstock used is wheat, triticale and corn. During the first half of the financial year, bioethanol was produced solely from high-priced raw materials from the 2007 crop. The raw material supply going forward has been secured at far better prices until into the first quarter of the 2009 calendar year through grower contracts and market purchases.

The bioethanol produced in Pischelsdorf is sold mainly in Austria, where a biogenic fuel share requirement of 4.3% (by energy content) was in effect since 1 October 2007. With effect from 1 October 2008, this substitution level is raised to 5.75%. A co-product of bioethanol manufacturing, “ActiProt” high-protein feed, is marketed in Austria and neighbouring countries. The sales prices for “ActiProt” followed a satisfactory trend.

FRUIT SEGMENT

Market environment

The general increase in food prices led to greater price sensitivity on the part of consumers. The strongly risen prices for dairy products caused a worldwide slowing of growth in sales of fruit yoghurts and chilled fresh desserts.

In fruit juices – particularly apple juice – the higher wholesale and retail prices led to a change in market behaviour and in the behaviour of wholesale customers and consumers. Instead of one-year agreements, the large retail chains switched to shorter-term contracts. Consumer demand shifted from pure fruit juices towards more fruit juice blends. However, premium products such as smoothies registered substantial growth in demand.

Business performance

Key financials Fruit segment	H1 2008|09 €m	H1 2007|08 €m
Revenue	408.3	435.1
Operating profit/(loss) before exceptional items	(21.2)	18.7
Purchases of property, plant and equipment and intangibles (excluding goodwill)	11.4	16.7
Staff count	5,475	5,642

The Fruit segment saw a revenue decline of 6.2% to € 408.3 million in the first half of 2008|09. While sales volumes of fruit preparations still grew in Russia, Latin America, Africa and Asia, they eased slightly in Western Europe and North America. The key reasons were the higher dairy prices and one-off events such as milk supply boycotts by farmers.

However, the chief cause of the Fruit segment's revenue decrease in the first half of 2008|09 was the revenue decline in apple juice concentrates. There was not only a fall in sales quantities of apple juice concentrate but also, beginning in the second financial quarter, a plunge in prices. The high prices after the scant prior-year crop drove a change in the contract behaviour of customers towards more spot purchases. This left the Group with large inventories of apple juice concentrate from the prior-year campaign. Based on normalised crop expectations for the new campaign, current concentrate prices fell drastically.

The € 32.4 million write-down on the contracted and stored supplies of apple juice concentrate to the new season's expected price level led to a significant deterioration in pre-exceptionals operating earnings from a profit of € 18.7 million in the first half of 2007|08 to an operating loss of € 21.2 million in the reporting period.

Many measures have already been taken to stabilise profitability in the concentrate business and achieve a positive result in the second half of the year. Thus, a reorganisation in the sales activities brought an expansion in targeted markets and customer segments. By limiting the risk positions between raw material prices and product sales, as well as by the reorganisation in the production countries that was initiated in the spring, production costs are to be reduced and flexibility for adjusting to market fluctuations is to be enhanced.

In fruit preparations as well, an important restructuring step was taken by the scheduled ending of production at Kaplice, Czech Republic, in August 2008. By moving the production volume involved to existing larger plants in Austria and Germany, corresponding economies of scale are to be achieved there.

Raw materials, crop and production

The fruit crops for fruit preparations (largely individually quick-frozen fruit and purees) were satisfactory, particularly in Morocco and Mexico. For raspberries, frost in Chile led to a significant increase in purchasing prices in South and North America. Procurement of the required raspberry supply was ensured by also sourcing from the European market. Prices for strawberries from China remained high, while the price trend for European strawberries was favourable. In tropical fruits, the mango crop volume in India was low due to cold spells in the early flowering season and heavy rainfalls late in the flowering period. This was responsible for an extraordinary price increase for mango purees, which, however, was mitigated by also sourcing in South America.

European apple production is expected to be about 15% higher than last year. In the growing regions important for AGRANA in Poland and Hungary, where severe frost damage had occurred last year, normal crops are forecast for the current harvest. The growing season for apples was marked by good flowering conditions during the summer months (temperatures that are not too warm, and an even distribution of precipitation). Likewise, the apple crop regions relevant to AGRANA in China experienced a favourable growing season. The launch of the processing campaign was delayed by blockades of the larger processing plants by apple growers in Poland and Hungary over apple prices, which as a result of market forces were well below year-earlier levels. In this year's campaign, the AGRANA juice concentrate plants are to process 890,000 tonnes of apples (prior year: 513,000 tonnes).

In red berries for fruit juice concentrates, the procurement of raw materials was satisfactory overall. The prior-year quantities were slightly exceeded and good purchasing terms were obtained. Thanks to favourable growing conditions, quality levels were above average. Only the sour cherry crop in Denmark was poorer than normal, the result of heavy storms.

RISK MANAGEMENT

AGRANA uses an integrated system for the early identification and monitoring of risks that are specific to the Group. A detailed description of the Group's business risks is provided in the 2007|08 annual report on pages 65 to 69.

OUTLOOK

Consistent with the revenue trend in the first half of 2008|09, AGRANA's revenue forecast for the full 2008|09 financial year remains unchanged. The Management Board expects Group revenue to grow to more than € 2.1 billion. However, because of the inventory write-down for apple juice concentrate, the projection for operating profit before exceptional items for the 2008|09 financial year is lowered to about € 30 million.

Based on the fundamental market conditions established by the European sugar regime (lower quota sugar production and the reduction of the producer margin), the operating result in the Sugar segment is likely to decrease. There will also be effects from price increases for energy and supplies and from instances of exchange-rate-induced deterioration in margins in the CEE countries. The raw sugar refinery in Brcko, Bosnia, will still incur start-up costs in the second half of the financial year. Higher sales volumes and additional energy conservation measures are planned to address this. In addition, a normalisation in sugar markets can be expected in the 2008|09 sugar marketing year.

In the Starch segment, the good grain crop in Austria and Europe leads AGRANA to expect grain prices well below last year's level. This will have a beneficial impact on production costs in the second half of the financial year. The newly commissioned bioethanol capacity in Austria and Hungary, however, is still in the technical optimisation phase, which will detract from profitability until full utilisation is reached. Given the poor first six months, the Starch segment's operating profit before exceptional items for the full 2008|09 financial year will not reach the prior-year 2007|08 level, but the second half of 2008|09 will surpass the second half of the prior year.

A significant decrease in pre-exceptionals operating profitability in the Fruit segment is expected as a consequence of the sharp price decline in the concentrate market and the resulting inventory write-down, as well as of necessary reorganisation in this segment. Thanks to the improved course of business in the latter half of the financial year and the stable trend in fruit preparations, the Fruit segment will deliver a level of operating profit in the second half of the year similar to that of the corresponding prior-year period.

In addition to a rearrangement of sales structures and broadening of target markets, the Fruit segment has undertaken a reorganisation of its European production sites. This latter initiative should have the twin benefits of improving cost structures and making the overall organisation more nimble and flexible, thus setting the stage for managing efficiently in a very volatile market environment.

The present high milk prices and localised one-time events (mainly the milk strikes in Europe and milk scandal in China) are currently holding back volume growth in fruit preparations. However, by virtue of its worldwide presence, AGRANA will be able to partially compensate for these trends during the remainder of the financial year. Thus, towards the end of the year, capacity at the plant in Brazil will be doubled by adding a second production line in order to better utilise the market's high potential.

In line with these actions, the Fruit segment is targeting a small operating profit before exceptional items for the full year 2008|09. For the next 2009|10 financial year, the already mentioned optimisation measures taken and the stabilisation in raw material prices at a lower level – particularly for apples – form the basis for expecting a Fruit segment operating profit that exceeds the relatively strong result recorded in the last 2007|08 financial year.

For the AGRANA Group as a whole, a 2008|09 operating profit of approximately € 30 million before exceptional items is expected. New investment for the year will be below the level of depreciation. Working capital will be reduced until the end of the financial year. In the 2009|10 financial year, AGRANA plans to return to the approximate profit level of 2007|08.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

	SECOND QUARTER (1 June – 31 August)		FIRST SIX MONTHS (1 March – 31 August)	
	2008|09 €000	2007|08 €000	2008|09 €000	2007|08 €000
Revenue	550,436	484,360	1,045,547	933,334
Changes in inventories of finished and unfinished goods	(162,395)	(83,532)	(257,101)	(162,373)
Own work capitalised	454	744	1,070	1,322
Other operating income	8,823	6,688	17,764	11,779
Cost of materials	(302,784)	(261,148)	(579,178)	(492,015)
Staff costs	(49,229)	(49,511)	(97,336)	(98,517)
Depreciation, amortisation and impairment losses	(18,853)	(15,441)	(35,970)	(30,142)
Other operating expenses	(52,313)	(56,996)	(104,912)	(110,602)
Operating profit/(loss) after exceptional items	**(25,861)**	**25,164**	**(10,116)**	**52,786**
Finance income	9,083	8,012	15,957	12,252
Finance expenses	(12,986)	(7,595)	(23,975)	(15,047)
Share of profit of associates	0	0	0	0
Net financial items	**(3,903)**	**417**	**(8,018)**	**(2,795)**
Profit/(loss) before tax	**(29,764)**	**25,581**	**(18,134)**	**49,991**
Income tax expense	972	(7,178)	(3,230)	(13,406)
Profit/(loss) for the period	**(28,792)**	**18,403**	**(21,364)**	**36,585**
Attributable to shareholders of the parent	(27,709)	18,306	(19,693)	36,207
Minority interests	(1,083)	97	(1,671)	378
Earnings per share under IFRS	€ (1.95)	€ 1.29	€ (1.39)	€ 2.55

CONDENSED CONSOLIDATED CASH FLOW STATEMENT
for the first six months (1 March – 31 August)

	2008|09 €000	2007|08 €000
Operating cash flow before change in working capital	54,145	69,670
Gains on disposal of non-current assets	(5,646)	(2,132)
Change in working capital	(41,614)	(33,282)
Net cash from/(used in) operating activities	**6,885**	**34,256**
Net cash from/(used in) investing activities	(30,797)	(68,710)
Net cash from/(used in) financing activities	(788)	3,783
Net increase/(decrease) in cash and cash equivalents	**(24,700)**	**(30,671)**
Effect of movements in foreign exchange rates on cash and cash equivalents	2,049	866
Cash and cash equivalents at beginning of period	86,760	132,218
Cash and cash equivalents at end of period	64,109	102,413

CONSOLIDATED BALANCE SHEET

		31 August 2008 €000	29 February 2008 €000
	ASSETS		
A.	**Non-current assets**		
	Intangible assets	258,142	252,939
	Property, plant and equipment	674,270	653,316
	Investments in associates	600	600
	Securities	18,774	18,657
	Investments in non-consolidated subsidiaries and outside companies, and loan receivables	72,147	92,852
	Receivables and other assets	30,675	42,101
	Deferred tax assets	28,097	16,710
		1,082,705	**1,077,175**
B.	**Current assets**		
	Inventories	425,291	680,271
	Trade receivables and other assets	409,439	346,050
	Current tax assets	7,482	9,370
	Securities	919	4,314
	Cash and cash equivalents	64,109	86,760
		907,240	**1,126,765**
	Total assets	**1,989,945**	**2,203,940**
	EQUITY AND LIABILITIES		
A.	**Equity**		
	Share capital	103,210	103,210
	Share premium and other capital reserve	411,362	411,362
	Retained earnings	335,584	379,187
	Equity attributable to equity holders of the parent	850,156	893,759
	Minority interests	27,934	28,306
		878,090	**922,065**
B.	**Non-current liabilities**		
	Retirement and termination benefit obligations	45,760	46,233
	Other provisions	19,844	18,784
	Borrowings	335,454	307,286
	Other payables	2,070	2,033
	Deferred tax liabilities	39,933	38,549
		443,061	**412,885**
C.	**Current liabilities**		
	Other provisions	29,145	42,097
	Borrowings	369,449	370,116
	Trade and other payables	260,926	452,616
	Current tax liabilities	9,274	4,161
		668,794	**868,990**
	Total equity and liabilities	**1,989,945**	**2,203,940**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the first six months (1 March – 31 August)

	Equity attributable to equity holders of the parent €000	Minority interests €000	Total equity €000
At 1 March 2008	**893,759**	**28,306**	**922,065**
Change in revaluation reserve (IAS 39)	(17,726)	0	(17,726)
Change in equity as a result of currency translation	21,770	1,267	23,037
Net income/(expense) recognised directly in equity	4,044	1,267	5,311
Profit/(loss) for the period	(19,693)	(1,671)	(21,364)
Total recognised income and expense	(19,693)	(1,671)	(21,364)
Dividends paid	(27,694)	(595)	(28,289)
Other changes	(260)	627	367
Equity at 31 August 2008	**850,156**	**27,934**	**878,090**
At 1 March 2007	**871,154**	**24,345**	**895,499**
Change in revaluation reserve (IAS 39)	(11,952)	0	(11,952)
Change in equity as a result of currency translation	1,409	113	1,522
Net income/(expense) recognised directly in equity	(10,543)	113	(10,430)
Profit/(loss) for the period	36,207	378	36,585
Total recognised income and expense	36,207	378	36,585
Dividends paid	(27,694)	(976)	(28,670)
Other changes	(94)	5,435	5,341
Equity at 31 August 2007	**869,030**	**29,295**	**898,325**

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

including segment reporting

SEGMENT REPORTING

for the first six months (1 March – 31 August)

	2008|09	2007|08
	€000	€000
Revenue		
Sugar	402,074	376,179
Starch	270,712	154,732
Fruit	408,358	435,149
Group	1,081,144	966,060
Inter-segment revenue		
Sugar	(18,457)	(9,024)
Starch	(17,117)	(23,702)
Fruit	(23)	0
Group	(35,597)	(32,726)
External revenue		
Sugar	383,617	367,155
Starch	253,595	131,030
Fruit	408,335	435,149
Group	1,045,547	933,334

	2008|09	2007|08
	€000	€000
Operating profit/(loss)		
Sugar	12,966	14,563
Starch	357	21,176
Fruit	(21,162)	18,695
Group	(7,839)	54,434
Exceptional item: Bioethanol	(2,277)	(1,648)
Operating profit/(loss) after exceptional items	(10,116)	52,786
Investment		
Sugar	8,270	20,066
Starch	12,951	71,149
Fruit	11,364	16,645
Group	32,585	107,860
Staff count		
Sugar	2,292	2,482
Starch	850	826
Fruit	5,475	5,642
Group	8,617	8,950

Accounting policies

The interim report of the AGRANA Group for the six months ended 31 August 2008 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 Standard Board (IASB) and their interpretation by the International Financial Reporting Interpretations Committee (IFRIC). The consolidated interim financial statements at and for the period ended 31 August 2008 were not audited or reviewed.

The same accounting policies were applied as in the preparation of the consolidated financial statements for the year ended 29 February 2008 (the 2007|08 financial year). The notes to those 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.

The 2007|08 annual report of the AGRANA Group is available on the Internet at www.agrana.com for online viewing or downloading.

Scope of consolidation

With effect from the beginning of the second quarter of 2008|09, Chinese fruit juice producer Yongji Andre Juice Co, Ltd., China, was consolidated for the first time. This 50%-owned joint venture is included in the financial statements by proportionate consolidation.

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 maintenance costs for the coming 2008 campaign that were accrued before the financial third quarter are recognised on an intra-year accrual basis as prepaid expenses in the items "trade receivables and other assets".

Notes to the consolidated income statement

In the first half of 2008|09 the operating loss of € 10.1 million after exceptional items (H1 2007|08: profit of € 52.8 million) represented a pre-exceptionals operating loss of € 7.8 million (H1 2007|08: profit of € 54.4 million) and net expenses for exceptional items of € 2.3 million (H1 2007|08: € 1.6 million).

The decline in operating earnings is attributable mainly to the negative result in the Fruit segment and the earnings decrease in the Starch segment. In the Fruit segment, the outlook for the apple crop in Europe, which began to be harvested at the end of August, solidified in the second quarter of 2008|09 to the effect that apple production will be significantly higher than last year's. The market prices for apple juice concentrate from the new crop are therefore considerably below prior-year levels. Accordingly, a write-down of € 32.4 million had to be recognised on the contracted and stored apple juice concentrate inventories from last year's crop to reflect the expected net sales proceeds.

The exceptional items were costs incurred before the start of production at the bioethanol plant in Pischelsdorf.

Net financial items decreased to a net expense of € 8.0 million from a net expense of € 2.8 million in the prior year's first six months. While interest costs were up because of the higher net debt, favourable influences included currency translation gains from the appreciation especially of the Hungarian forint.

After taxes, the loss for the period was € 21.4 million (H1 2007|08: profit of € 36.6 million).

Notes to the cash flow statement

In the six months to the end of August 2008, cash and cash equivalents decreased by € 22.7 million to € 64.1 million. Compared to the first half of the prior year, operating cash flow before change in working capital decreased by € 15.5 million to € 54.1 million (H1 2007|08: € 69.6 million) and working capital was reduced by more than in the comparative period. This resulted in net cash from operating activities of € 6.9 million (H1 2007|08: € 34.3 million).

The reduction in net cash used in investing activities to € 30.8 million (H1 2007|08: € 68.7 million) reflects the significantly smaller capital investment plans for this financial year.

The assumption of new debt, particularly of current borrowings, and the outflow of dividend payments of € 28.3 million led to net cash used in financing activities of € 0.8 million.

Notes to the consolidated balance sheet

The reduction of € 214.0 million in total assets compared with 29 February 2008 to a new total of € 1,989.9 million was driven primarily by the reduction in inventories. Intangible assets included goodwill of € 6.3 million from the first-time consolidation of Yongji Andre Juice Co, Ltd. Contrasting with a reduction of € 20.6 million in the fair value of investments in other companies was an increase in non-current assets.

While non-current borrowings rose by € 28.2 million to € 335.5 million, trade and other payables fell by € 191.7 million, especially through payments made to beet growers and the restructuring fund. With total equity of € 878.1 million, the equity ratio at the end of August was 44.1%.

Staff count

In the six months ended 31 August 2008, the AGRANA Group had an average of 8,617 employees (H1 2007|08: 8,950). A decrease of 190 employees in the Sugar segment resulted from the closing of a Hungarian sugar plant. A reduction of the workforce in the Fruit segment was caused by the gradual downsizing in Kaplice as a result of the plant closure and by the reduced use of seasonal labour in Austria and Ukraine.

Management Board's responsibility statement

To the best of our knowledge, and in accordance with the applicable accounting principles for interim reporting, the consolidated financial statements give a true and fair view of the Group's financial position and the results of its operations, and the interim management report of the Group presents a true and fair review of the course of business, the business performance and the situation of the Group, together with a description of the principal opportunities and risks associated with the expected developments in the Group for the remainder of the financial year.

Vienna, 15 October 2008

The Management Board of AGRANA Beteiligungs-AG

Johann Marihart
Walter Grausam
Thomas Kölbl

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 macroeconomic conditions and in market policy, such as the EU sugar regime; consumer behaviour; and public policy related to food and energy.

AGRANA Beteiligungs-AG does not guarantee in any way that the forward-looking assumptions and estimates contained in this interim report will prove correct, nor does it accept any liability for loss or damages that may result from any use of or reliance on this report.

FINANCIAL CALENDAR

14 January 2009	Publication of results for first three quarters of 2008|09
20 May 2009	Press conference presenting annual results for 2008|09
10 July 2009	Annual General Meeting for 2008|09
15 July 2009	Publication of results for first quarter of 2009|10

FOR FURTHER INFORMATION

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