REPORT
ON THE
FIRST THREE
QUARTERS

Q3 2004|05

AGRANA
BETEILIGUNGS-
AG

SUGAR. STARCH. FRUIT.

DEAR SHAREHOLDER,
DEAR SIR OR MADAM,

The Extraordinary General Meeting of Shareholders held on 5 November 2004 authorized the Board of Management to increase the company's share capital – subject to the Supervisory Board's consent – by a maximum of € 23.074 million by issuing up 3.175 million ordinary shares. That authorized capital will allow the AGRANA Group to sustain its dynamic growth strategy while at the same time maintaining its solid capital base. In particular, it gives AGRANA the option of carrying out a capital increase via the stock market.

Results
The Group's positive development during the first two quarters continued during the third quarter of the current financial year from 1 September to 30 November 2004. Sales revenues were 20.2 per cent up on the same quarter of the previous financial year at € 280.5 million (Q3 2003|04: € 233.4 million), and sales revenues during the first three quarters were 13.5 per cent up on the year at € 753.0 million (Q1–Q3 2003|04: € 663.2 million). Third-quarter consolidated earnings were 175 per cent up on the year at € 41.2 million (Q3 2003|04: € 15.0 million) and 77.8 per cent up on the year in the nine months ended 30 November 2004 at € 72.9 million (Q1–Q3 2003|04: € 41.0 million). Consequently, per-share earnings in the first three quarters advanced to € 6.61 (Q1–Q3 2003|04: € 3.72).

Acquisitions
AGRANA took over a second block of shares in *Financière Atys S.A.* in December 2004. As a result, it currently holds a 50 per cent stake. For its part, *Atys S.A.* acquired *Dirafrost Frozen Fruits Industries N.V.*, Belgium, in August 2004. *Dirafrost* is a supplier of frozen fruits, fruit salads and fruit purees. The necessary competition authority approvals were granted in October 2004.

In October 2004, AGRANA subsidiary *Vallø Saft A.S.* signed the agreements for the acquisition of the German *Wink Group* based in Bingen. The competition authority approvals were granted in December 2004. The agreements were put into effect by the closing declarations signed on 3 January 2005.

The AGRANA share
Between 1 March 2004 and 30 November 2004, the AGRANA share advanced from € 61.50 to € 72.80, which translates into a gain of 18.4 per cent. It stood at € 70.42 on 30 December 2004 (14.5 per cent gain since 1 March 2004).

Raw materials and harvests
Group-wide, 796,700 tonnes of sugar (2003: 616,000 tonnes of sugar) will have been extracted from 5.1 million tonnes of beet (2003: 4.2 million tonnes of beet) by the end of the 2004 beet campaign, and 183,200 tonnes of white sugar (2003: 139,000 tonnes of white sugar) will have been refined from imported unrefined sugar in Romania, giving total sugar production of nearly 980,000 tonnes (2003: 775,000 tonnes). That is a total of 205,000 tonnes more than in the previous year, when harvests were low because of the drought.

The Austrian Starch Division obtained 47,900 tonnes of potato starch (2003: 32,500 tonnes of potato starch) from 204,000 tonnes of starch potatoes (2003: 149,500 tonnes of starch potatoes), thus making full use of its EU starch quota.

The Aschach and Hörbranz maize starch factories processed 243,100 tonnes of maize during the first three quarters (2003|04: 231,700 tonnes of maize), 80,800 tonnes of which was delivered freshly harvested (2003|04: 47,300 tonnes). During the same period, the *Hungrana* maize starch factory processed 276,800 tonnes of maize.

In the absence of sustainable positive scenarios for its continuation, maize starch production in Hörbranz will have to be discontinued during the first half of 2005.

Bioethanol
Following the enactment of the mandatory Austrian admixture regulation and the amendment to Austria's *Mineralölsteuergesetz* (mineral oil tax act), which will favour petrol with an ethanol admixture of 4.4 volume per cent from 1 October 2007, AGRANA is currently looking at the business feasibility of investing in a bioethanol plant.

AGRANA ZUCKER GMBH

AGRANA Stärke GmbH was split off from *AGRANA Zucker und Stärke Gesellschaft mbH* as of 9 September 2004. Since that time, the Sugar Division has been trading under the name *AGRANA Zucker GmbH*.

The Sugar Market

EU Sugar CMO and WTO Panel

The EU Commission proposals for reform of the European Union's sugar market regime published in mid-July 2004 are still under discussion. During the meeting of EU agriculture ministers on 22 November 2004, the new EU Agriculture Commissioner Mariann Fischer Boel announced a legislative proposal for April or May 2005. Consequently, the reform is unlikely to enter into force before 1 July 2006.

This roadmap will make it possible to take into account the outcome of the EU Commission's appeal against the ruling of the WTO Panel requested by Australia, Thailand and Brazil regarding ACP sugar re-exports and C sugar exports.

The Commission will be lodging its appeal against the Panel's report on the WTO conformity of ACP sugar re-exports and C sugar exports in January 2005, so a decision is to be expected in April 2005.

Western Balkans agreement

Since 8 August 2004, it has again been possible to import white sugar from Serbia and Montenegro into the European Union duty-free within the scope of the Western Balkans agreement. In November 2004, the Commission proposed imposing a quota of 163,000 tonnes on those imports. Bilateral negotiations on the issue are to take place with Croatia.

The Austrian Sugar Division

In the course of a campaign lasting 76 days (2003: 68 days), the Group's sugar factories in Austria – Hohenau, Leopoldsdorf and Tulln – extracted 458,150 tonnes of sugar (2003: 386,200 tonnes of sugar) from 2.9 million tonnes of sugar beet (2003: 2.5 million tonnes of sugar beet). It proved possible to increase their average daily processing throughput to 38,140 tonnes (2003: 36,740 tonnes). The beet had a sugar content of 17.29 per cent this campaign, as against 17.14 per cent in 2003. The extracted sugar total of 458,150 tonnes was 18 per cent above the Austrian EU sugar quota of 387,327 tonnes. The per-hectare beet yield of 64.9 tonnes was above the figure of 57.5 tonnes recorded in the previous year, when it was affected by drought. The resulting per-hectare sugar yield was also excellent at 10.24 tonnes. The area under beet in Austria was 1,500 hectares bigger than in 2003 at 44,700 hectares.

Domestic sugar sales during the first three quarters of the financial year totalled 247,400 tonnes, which was 12,300 tonnes or 4.8 per cent down on the year. Most of the fall-off during the third quarter took place in the fermentation and confectionery and other food industry sectors, where sales declined by a total of 14,700 tonnes. The reduction was attributable to the use of starch hydrolysates in the fermentation sector and to imports from new EU member-states. Sales of household sugar developed well during the first three quarters of the 2004|05 financial year, when they were 2,300 tonnes or 3.3 per cent up on the same period of 2003|04. They grew by 11.6 per cent in the third quarter alone.

The International Sugar Division

The Group's six beet sugar factories outside Austria, which are located in Hungary (Petöhaza and Kaposvar), the Czech Republic (Hrusovany and Opava) and Slovakia (Sered and Rimavská Sobota), processed the following quantities of beet and extracted the following quantities of sugar during the 2004|05 beet sugar campaign:

	Campaign Completion	Beet Processed (tonnes)	Sugar Extracted (tonnes)
Hungary	25/12/2004	1,106,400	160,550
Czech Republic	21/12/2004	673,700	112,800
Slovakia	About 10/1/2005	~ 454,400	~ 65,200
Total		**~ 2,234,500**	**~ 338,550***

* In addition, the Group's sugar factories in Romania (Buzau and Roman) made 183,200 tonnes of white sugar by refining imported unrefined sugar.

The Group's sugar factories in Romania (Buzau and Roman) will be limiting their activities to refining imported unrefined sugar this year.

Sugar sales in the Group's individual national markets developed as follows:

- Imports from Poland and Romania into Hungary increased after it joined the EU. However, small-scale "car-boot" imports from Romania were halted by a quantity restriction of 20 kilograms per person and year introduced on 1 August 2004. On the other hand, imports from Poland continued in the third quarter and there was a very aggressive price war in the Hungarian domestic marketplace. The situation appears to have been becoming more stable since November 2004.
- Thanks to a good third quarter, sugar sales by volume in the Czech Republic were above plan during the first three quarters of 2004|05.
- Imports into Slovakia continued and the domestic retail market collapsed, resulting in below-plan sugar sales.
- The distribution centres set up by the Group throughout Romania proved very successful. Sales by volume in both the retail and the industrial market were above plan.

AGRANA STÄRKE GMBH

The Austrian Starch Division

Starch potato processing

Between 16 August and 29 December 2004, AGRANA processed 204,000 tonnes of starch potatoes (2003: 149,500 tonnes of starch potatoes) into 47,900 tonnes of potato starch in a campaign lasting 136 days. Because the crop's starch content in 2004 was above average at 20 per cent (2003: 18.3 per cent), average daily processing throughput was down on the year at 1,588 tonnes (2003: 1,633 tonnes). For the first time in many years, AGRANA was able to use the entirety of its EU potato starch quota of 47,691 tonnes.

Delivery of 12,400 tonnes of food potatoes had been accepted by year-end 2004 for making long-life potato products (mashed potato and dumpling mixes).

Maize processing

The Aschach maize starch factory will process about 280,000 tonnes of maize during the 2004|05 financial year. That would be roughly the same total as in 2003|04, but it must be pointed out that the latest increase in the factory's capacity from 750 to 1,000 tonnes a day, currently ongoing, is leading to more days of lost production this financial year as production is halted to allow the installation of new manufacturing plant.

The Aschach and Hörbranz maize starch factories processed 80,800 tonnes of wet maize in the period from 1 September through 5 December 2004.

Starch sales by volume and by value were both well above plan and well up on the year during the first three quarters of the 2004|05 financial year. Because of the good harvest, maize prices were substantially down on the year.

The maize starch factory in Hörbranz will close during the first half of 2005. The lease agreements have been terminated with effect from 30 June 2005. The closure will affect 46 employees, but a hardship prevention plan is in preparation. AGRANA took the company over from the Deuring family as a loss-making business in 2002. Despite many and diverse remedial measures, positive and sustainable scenarios for the continuation of the business have failed to emerge. Consequently, for economic reasons, closure is unavoidable.

The International Starch Division

The *Hungrana* isoglucose and maize starch factory processed 277,000 tonnes of maize during the first three quarters of the financial year. Maize prices in Hungary normalized again in 2004. Despite stiffening competition, *Hungrana* held its own well in the Hungarian marketplace.

The Tandarei maize starch factory in Romania processed 7,100 tonnes of maize during its wet maize campaign. Both output and sales have been above plan this financial year.

AGRANA FRUCHT GMBH & CO KG

Atys S.A.

AGRANA took over a second block of shares in *Financière Atys S.A.* in December 2004 and currently has a 50 per cent stake. AGRANA will be taking over the next block in March 2005, giving it a 56 per cent majority. *Atys* will be-come a fully consolidated member of the AGRANA Group as of the second quarter of the coming (2005|06) financial year.

The necessary competition authority approvals for the *Atys Group*'s takeover of *Dirafrost Frozen Fruits Industries N.V.*, Belgium, having been granted, the contract of purchase entered into effect in October 2004. *Dirafrost* is a supplier of frozen fruits, fruit salads and fruit purees. It recorded sales of € 42 million with 320 employees during its 2003 financial year.

Vallø Saft A/S

After the granting of the necessary competition authority approvals in Germany, Austria and Hungary, the closing declarations in the agreements for the acquisition of 100 per cent of the German *Wink Group* by *Vallø Saft A/S* were signed on 3 January 2005, putting those agreements into effect.

The *Wink Group* is a major European manufacturer of fruit juice concentrates. It has production facilities in Poland, Romania and Hungary. It recorded sales revenues of € 43.5 million during the 2003|04 financial year. The *Wink Group* has a workforce of 200.

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Steirerobst AG

The construction of the new fruit preparation factory in Serpuchov south of Moscow is progressing rapidly, so production should commence as planned in mid-2005.

A shared distribution and sales network is being developed to integrate the Group's subsidiaries in the fruit juice con-centrates sector.

BUSINESS PERFORMANCE

AGRANA's sales revenues during the first three quarters of the financial year (1 March through 30 November 2004) were 13.5 per cent up on 2003|04 at € 753.0 million. Profit from operating activities advanced by 31.2 per cent to € 82.3 million (Q1–Q3 2003|04: € 62.7 million). Profit before income tax came to € 85.2 million (Q1–Q3 2003|04: € 60.6 million), and consolidated earnings were 77.8 per cent up on the previous year's figure of € 41.0 million at € 72.9 million. Earnings per share after the first three quar-ters of 2004|05 came to € 6.61, which was € 2.89 up on the same period of the previous year.

Consolidation took place in conformity with *IFRS*; prior-year figures have been adjusted accordingly.

OUTLOOK

In the light of the Group's healthy development, we are confident that full-year sales revenues during the 2004|05 financial year will grow by 15 per cent to € 996 million.

We expect our full-year profit from operating activities to advance by 17 per cent to roughly € 90 million, and thanks to a very low taxation ratio, consolidated earnings should be slightly over 30 per cent up on the year.

Vienna
January 2005

The Board of Management of
AGRANA Beteiligungs-AG

CONSOLIDATED INCOME STATEMENT

	3RD QUARTER (1 Sep – 30 Nov)		1ST – 3RD QUARTER (1 Mar – 30 Nov)	
	2004|05 €000	Previous Year €000	2004|05 €000	Previous Year €000
1. Sales revenues	280,511	233,435	752,955	663,214
2. Changes in stocks of finished and unfinished products	231,324	171,692	79,306	26,649
3. Other capitalized self-produced items	422	343	1,077	1,071
4. Other operating income	6,634	3,439	16,507	9,292
5. Expenditure on materials and purchased services	(354,895)	(293,000)	(532,096)	(447,456)
6. Expenditure on staff	(45,125)	(36,638)	(85,197)	(74,765)
7. Depreciation/amortization/write-downs of intangible non-current assets (without goodwill) and tangible non-current assets	(23,763)	(19,237)	(36,718)	(30,328)
8. Other operating expenses	(52,807)	(35,378)	(113,557)	(84,984)
9. Profit from operating activities (subtotal of items 1 – 8)	**42,301**	**24,656**	**82,277**	**62,693**
10. Amortization/write-downs of goodwill	0	0	0	0
11. Net income from restructuring	0	0	0	0
12. Profit from ordinary activities (subtotal of items 1 – 11)	**42,301**	**24,656**	**82,277**	**62,693**
13. Net interest income	(665)	583	(2,725)	(459)
14. Net income from interests held as investments	3,104	18	3,448	1,045
15. Other profit (loss) from investing and financial activities	948	(1,893)	2,245	(2,634)
16. Profit (loss) from investing and financial activities (subtotal of items 13 – 15)	**3,387**	**(1,292)**	**2,968**	**(2,048)**
17. Profit before income tax (items 12 + 16)	**45,688**	**23,364**	**85,245**	**60,645**
18. Income tax expense	(1,808)	(7,948)	(7,875)	(18,535)
19. Profit after income tax	**43,880**	**15,416**	**77,370**	**42,110**
20. Minority interests in consolidated earnings	(2,654)	(426)	(4,457)	(1,105)
21. Consolidated earnings	**41,226**	**14,990**	**72,913**	**41,005**
Earnings per share	€ 3.74	€ 1.36	€ 6.61	€ 3.72

CONSOLIDATED BALANCE SHEET AS AT 30 NOVEMBER

	2004|05 €000	Previous Year €000
ASSETS		
A. Non-current assets		
I. Intangible non-current assets	30,850	28,904
II. Tangible non-current assets	337,611	272,274
III. Financial investments	141,651	81,335
IV. Deferred tax assets	3,994	2,486
V. Accounts receivable and other non-current assets	1,007	676
	515,113	**385,675**
B. Current assets		
I. Inventories	426,364	336,698
II. Accounts receivable and other current assets	214,058	151,181
III. Shares and other securities	39,567	118,810
IV. Cash, cheques, bank balances	46,974	30,823
	726,963	**637,512**
Total assets	**1,242,076**	**1,023,187**
EQUITY AND LIABILITIES		
A. Equity		
I. Share capital	80,137	80,137
II. Capital reserves	213,463	213,463
III. Retained earnings reserves	197,802	147,070
IV. Consolidated earnings	72,913	41,005
Shareholders' stake in equity	*564,315*	*481,675*
V. Minorities	36,904	9,106
	601,219	**490,781**
B. Long-term provisions and obligations		
I. Provisions for retirement benefits	50,860	52,934
II. Provisions for deferred taxes	23,011	33,371
III. Other provisions	25,680	20,290
IV. Long-term financial obligations	96,822	31,635
V. Other long-term obligations	3,823	3,461
	200,196	**141,691**
C. Short-term provisions and obligations		
I. Other provisions	61,371	49,005
II. Short-term financial obligations	111,662	123,690
III. Other short-term obligations	267,628	218,020
	440,661	**390,715**
Total equity and liabilities	**1,242,076**	**1,023,187**

CONSOLIDATED CASH FLOW STATEMENT FOR THE FIRST THREE QUARTERS (1 MAR – 30 NOV)

	2004|05 €000	Previous Year €000
Net cash from operating activities	70,278	95,360
Net cash used in investing activities	(74,047)	(62,140)
Net cash used in financing activities	(6,618)	(40,114)
Net decrease in cash and cash equivalents during period	**(10,387)**	**(6,894)**
Cash and cash equivalents at beginning of period	96,928	156,527
Cash and cash equivalents at end of period	86,541	149,633

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (WITHOUT MINORITIES) AS AT 30 NOVEMBER

	2004|05 €000	Previous Year €000
Balance (shareholders' stake) at beginning of period	**506,448**	**465,732**
Revaluations of available-for-sale securities	52	(107)
Currency translation differences	4,523	(5,138)
Other changes not recognized in the Income Statement	228	32
Consolidated earnings for the period	72,913	41,005
Dividends	(19,849)	(19,849)
Balance (shareholders' stake) at end of period	**564,315**	**481,675**

OTHER DISCLOSURES

		2004|05 €000	Previous Year €000
Capital expenditure on tangible non-current assets			
– Q1–Q3		39,608	25,046
– during year	Planned:	62,900	51,800
Working capital		281,290	209,310
Staff		4,971	3,919