REPORT

ON THE

FIRST THREE

QUARTERS

Q3 2005|06

AGRANA

BETEILIGUNGS-

AG

SUGAR. STARCH. FRUIT.

DEAR SHAREHOLDER, DEAR SIR OR MADAM,

Results during the First Three Quarters of 2005|06

The AGRANA Group's revenues during the first three quarters of the current 2005|06 financial year (1 March through 30 November 2005) were 49 per cent up on the same period of 2004|05 at € 1,121.5 million (Q1 – Q3 2004|05: € 753.0 million). Most of the powerful increase in revenues was due to the addition of the *Atys Group* to the scope of consolidation as of the second quarter of 2005|06, but part was also attributable to an advance in revenues in the Sugar Segment.

Despite a sharp rise in energy costs and a narrowing of margins from sugar operations, consolidated profit from operating activities during the first three quarters came to € 83.5 million (Q1 – Q3 2004|05: € 82.3 million). Profit after income tax during the first nine months of the financial year fell to € 63.6 million (Q1 – Q3 2004|05: € 77.4 million). That was mainly the consequence of a fall in profit from investing and financial activities (loss of € 4.6 million, as against a profit of € 3.0 million in Q1 – Q3 2004|05) and a substantially increased tax load. The key factors underlying the development of profit from investing and financial activities were the Group's acquisitions in the fruit sector and the associated increase in interest expense.

Consolidated earnings for the period came to € 56.2 million, as against € 72.9 million in the first nine months of the previous financial year. The principal reasons for the decline included an increase in minority interests in the Group's consolidated earnings. However, AGRANA already took over the remaining stock of the *Atys Group* in December 2005, so minority interests will be significantly smaller in the fourth quarter.

Capital expenditure in the Specialities Segment came to € 49.4 million during the period under review. That was more than double the figure of € 24.3 million invested in the same period of the previous financial year. Capital expenditure in the Sugar Segment was reduced by a third to € 10.2 million (Q1 – Q3 2004|05: € 15.3 million).

As a result of the enlargement of the scope of consolidation within the Fruit Division, the average workforce during the first nine months of the financial year grew rapidly from 4,971 to 8,358. This reflected the Fruit Division's powerful growth.

Results during the Third Quarter of 2005|06

As in the first half of 2005|06, the effects of consolidating *Atys* as well as the growth in sugar sales by volume were clearly evident during the third quarter. Third-quarter revenues rose by 41.9 per cent to € 398.0 million (Q3 2004|05: € 280.5 million). However, third-quarter profit from operating activities was below the previous year's figure of € 42.3 million at € 35.7 million.

The AGRANA Share

AGRANA's share stood at € 77.00 on 30 November 2005, as against € 72.80 on 30 November 2004. Daily turnover of the AGRANA share during the first nine months of 2005|06 (single-counted) averaged 15,398, compared with 543 in the same period of 2004|05. The reasons for the large increase in liquidity were a bigger free float following the capital increase in February 2005 and the inclusion of the AGRANA share in the ATX, which is the index of the shares most traded on the Vienna stock exchange. In addition, *Morgan Stanley* and *CA IB* researchers began analyzing the AGRANA share (alongside *Raiffeisen Centrobank*) during the period under review.

THE SUGAR SEGMENT

Conditions in the Sugar Market
The EU Sugar CMO and the WTO

At the end of November 2005, the Council of the European Union came to an agreement on reform of the EU sugar CMO. The cornerstones of the reform are:

- validity until the 2014|15 marketing year; no mid-term review;
- a cut in the sugar reference price of a total of 36 per cent starting in the 2008|09 marketing year and spread over the two subsequent years and a cut in the minimum beet price of a total of 36 per cent taking place in four steps from 2006|07;

- compensation to beet farmers at the amount of 64.2 per cent of the cut in the beet price;
- the introduction of a restructuring fund for four years from 2006|07 through 2009|10 as an incentive to surrender quotas; it is to be financed by a levy on the sugar industry of € 126 per tonne of quota in 2006|07, € 174 per tonne of quota in 2007|08 and € 113 per tonne of quota in 2008|09; just half will be payable for isoglucose;
- a 400,000 tonne increase of the isoglucose quota.

Final assessment of the effects of the reform of the EU sugar CMO will not be possible until the related regulations – which have yet to be published – become available, because they will contain further crucial details of the required implementation of the reform resolutions. Moreover, the reform's impact on the profitability of sugar operations will depend greatly on the actual development of market prices, which will in turn be determined by use and acceptance of the restructuring fund and will affect the aggregate supply of sugar within Europe.

As Central Europe's leading sugar maker, AGRANA intends to continue to produce the same quota volumes as before within the new market environment. To achieve this goal in an altered competitive setting, AGRANA will need to take further significant action to cut costs and rationalize. This will be the only way to ensure its sustained competitiveness in the sugar sector. Such action will also include re-examining its present production structures in Austria, Slovakia, Hungary and the Czech Republic. The resulting decisions will be made by the end of the current 2005|06 financial year.

AGRANA welcomes the increase of 81,000 tonnes in the isoglucose quota granted to its Hungarian subsidiary *Hungrana* within the scope of the new sugar CMO. It will give *Hungrana* a total isoglucose quota of 218,000 tonnes.

As a result of the WTO panel ruling, the EU will no longer be able to re-export ACP (African-Caribbean-Pacific) sugar. Consequently, the CMO reform includes a quota cut. The unsubsidized exporting of European beet sugar will also end, necessitating substantial EU exports during the first half of 2006 up to the time the WTO panel ruling enters into force.

During the WTO Ministerial Conference in Hong Kong in December 2005, the negotiating parties agreed that the export refunds should expire by 2013. The reform of the sugar CMO has already done much to take that into account. Negotiations on cutting agricultural and industrial tariffs are to continue during a further WTO meeting in the spring of 2006.

Business Development in the Sugar Segment

Despite significant declassification for the 2005|06 marketing year, prices in the European sugar market have yet to recover. At the same time, the world market prices of white and raw sugar have remained firm at € 280 per tonne and € 260 per tonne, respectively (quotations in December 2005).

The AGRANA Sugar Division's revenues during the first three quarters of 2005|06 came to € 594.3 million, which was 15 per cent up on the previous year's figure of € 515.8 million. The increase was above all due to a sizeable advance in sales by volume. 880,000 tonnes of sugar were sold in the nine months ended 30 November 2005 (Q1 – Q3 2004|05: 656,000 tonnes). This growth was attributable to higher sugar exports and deliveries made within the scope of the EU intervention system. The large supply of sugar within the EU forced the industry to accept price cuts averaging about 12 per cent. In addition, profits were dented by energy costs – which increased by over 57 per cent – and by back payments of the supplementary levy for the 2004 harvest. Consequently, profit from operating activities during the first three quarters of 2005|06 fell to € 41.0 million, as against € 60.8 million in the same period of 2004|05.

The 2005|06 sugar campaign has been successfully concluded. The AGRANA Group processed roughly 5.9 million tonnes of sugar beet this financial year (2004|05: 5.1 million tonnes) to make some 895,300 tonnes of beet sugar (2004|05: 796,800 tonnes). In addition, it had refined roughly another 237,000 tonnes of sugar from raw sugar in Romania by the end of 2005 (2004: 183,200 tonnes), resulting in total sugar output of approximately 1.1 million tonnes (2004|05: 980,000 tonnes).

The Austrian Sugar Division

Total sugar sales by volume by the Group's Austrian subsidiaries during the first three quarters of 2005|06 were 35 per cent up on the year at 399,000 tonnes.

The increase was primarily due to a rise in sugar exports. Domestic sugar sales fell by 1.5 per cent to 244,000 tonnes. This decrease took place in both the retail and the industrial sector. It was above all due to an increase in imports from the new EU member states and within the scope of the Western Balkans agreement.

Beet processing at the Austrian sugar factories ended on 21 December 2005 after a campaign lasting 78 days (2004: 76 days). A total of 489,000 tonnes of sugar was extracted from a qualitatively and quantitatively good harvest of 3.1 million tonnes of sugar beet (2004: 2.9 million tonnes). That was 6.8 per cent above the previous year's total of 458,000 tonnes and was significantly above Austria's current post-declassification EU sugar quota for 2005|06 of 340,799 tonnes. Daily beet processing throughput at the Group's three Austrian factories during the recent campaign averaged 40,100 tonnes (2004: 38,100 tonnes).

The International Sugar Division

Sales by volume in the countries in which AGRANA's Sugar Division operates apart from Austria also grew during the first three quarters of 2005|06, and the increase in some countries was substantial. Those countries' exports were likewise high.

Weather and harvest conditions in Hungary, the Czech Republic and Slovakia were excellent and, as in Austria, resulted in very high beet yields. However, energy prices rose significantly in all those countries, affecting processing costs accordingly.

After a one-year break, beet growing in Romania and beet processing at the Group's factory in Roman were resumed.

SPECIALITIES SEGMENT (STARCH AND FRUIT)

The first-time consolidation of the *Atys Group* – the world's leader in fruit preparations for the dairy industry – had a major impact on the development of the Specialities Segment during the first nine months of this financial year. During the period under review, total sales by volume in the Specialities Segment more than doubled to € 527.2 million (Q1 – Q3 2004|05: € 237.2 million). The segment's profit from operating activities also doubled to € 42.6 million (Q1 – Q3 2004|05: € 21.5 million).

THE STARCH DIVISION

The Austrian Starch Division

Starch revenues during the first three quarters grew by 4.8 per cent. The 14.0 per cent increase in sales by volume more than made up for the year-on-year fall in prices. The division continued to step up its sales of tailor-made starch products.

The starch potato harvest during the 2005|06 financial year came to roughly 237,000 tonnes (2004|05: 204,000 tonnes). The area under cultivation totalled approximately 6,500 hectares (2004|05: 6,400 hectares). Potato starch output will total an estimated 51,000 tonnes, using up the entirety of the Austrian EU potato starch quota of 47,691 tonnes.

The Aschach factory processed about 86,000 tonnes of freshly harvested wet maize (2004|05: 81,000 tonnes). In the meantime, processing has been switched back to dried maize. The factory's enlargement to increase its daily maize processing throughput to 1,000 tonnes is nearing completion. The maize unloading station was also rebuilt in the course of that enlargement and it successfully went into operation at the start of the wet maize campaign.

The International Starch Division

The International Starch Division's revenues during the first three quarters of 2005|06 were 6.1 per cent up on the same period of the previous year, and sales by volume grew by 11.4 per cent.

The total volume of maize processed in Hungary during the 2005 calendar year is expected to be up on 2004 at 395,000 tonnes. Sales by volume by the Group's isoglucose and maize starch factory in Hungary during the period under review were 12.8 per cent up on the year, and revenues were up 6 per cent; selling prices were down, but so were maize prices. Deliveries to the fuel industry led to a sharp rise in bioethanol production in Hungary.

In Romania, revenues during the first nine months of 2005|06 were up 2 per cent, and sales by volume advanced by 13.6 per cent. As in Hungary, prices were down on the year. The installation of an additional starch drying unit in Romania was successfully completed.

Bioethanol

Preparatory work on the construction of the bioethanol plant in Pischelsdorf, Lower Austria, is proceeding to plan. Production is to begin in the autumn of 2007. The environmental impact assessment is currently ongoing.

THE FRUIT DIVISION

The comprehensive organizational integration of all the fruit companies in the AGRANA Group is to be completed by mid-2006. In the course of that process, the Group's fruit operations will be split into two divisions, namely Fruit Juice Concentrates (AGRANA Juice) and Fruit Preparations (AGRANA Fruit).

The Group continued to optimize its global buying of fruits for its production facilities in Europe. AGRANA's "Global Sourcing Organization Concept" (GSO) is currently being extended from Europe to the Group's production facilities in North and Latin America and is also gradually being implemented in selected Asian regions. It will enable us to compensate for regional harvest fluctuations.

To allow for the importance of innovation in the fruit preparations field, AGRANA has created a special Centre of Innovation and Excellence (ICC) at its Gleisdorf plant. Among other things, the centre has successfully developed "Choco Crispies" that can be admixed to dairy products without losing their crunchiness. The necessary equipment has already been installed and put into operation in Gleisdorf.

Fruit Preparations Division

The division continued to develop well during the third quarter. Sales by volume of fruit preparations were roughly 9.3 per cent up on the same period of the previous year. Particularly rapid growth was achieved in the USA, Mexico, Russia and Australia. Two new processing facilities located in Tennessee, USA, and Serpuchov, Russia, were completed. Both were already operating at high capacity immediately after commencing production.

Following competition authority approval of AGRANA's acquisition of *Deutsch-Schweizerische Früchteverarbeitung GmbH* (*DSF*), the Group is again in a position to supply the German market from one of its own local production facilities. The DSF plant in Constance is being rapidly integrated into the AGRANA Group, while the plant in Nauen was sold as required by the German competition authorities.

Fruit Juice Concentrates Division

The division's sales by volume during the first nine months of 2005 were slightly up on the year. Harvests of the fruits that AGRANA processes, including in particular apples and berries, were down on the year in the Group's Eastern European growing areas (Hungary, Poland). Output of apple juice concentrates in China was also substantially down on the year because of low harvest yields. The shortage of raw materials considerably increased the purchase prices of fruit. However, substantial hikes in the selling prices of apple juice concentrates also proved possible.

The Group will be making allowance for rapid rates of growth in fruit juice consumption in Russia and the Ukraine by stepping up its presence in those markets. The Group's production facility in the Ukraine is enabling it to cheaply and directly supply its customers in the region.

The Development of our Subsidiaries

Atys S.A.
Atys is the world's leader in fruit preparations. Its takeover by the AGRANA Group was completed at the end of the 2005 calendar year, allowing the rapid development of a homogeneous and hard-hitting organization to support the AGRANA Group's fruit operations.

During its reporting period (1 January through 30 September 2005), the *Atys Group* recorded revenue growth of about 8 per cent on the year (without *DSF*).

The Group's stake in *Atys Turkey* was increased from 50 to 100 per cent, as was its stake in *Atys Austria*, whereby the latter increase is pending approval by the competition authorities.

Vallø Saft A/S
Vallø Saft's revenues were slightly up on the same period of the previous year. The company successfully began the changeover to making high-quality "direct" juices at its Danish plant. The excellent quality of the juices produced by the facility and its proximity to the Scandinavian and German markets will make sustained growth possible.

The Wink Group
The *Wink Group*'s revenues also grew during the first nine months of the 2005 calendar year. As Germany's biggest manufacturer of fruit juice concentrates, the company worked on developing long-term alliances with leading bottlers and fillers.

Steirerobst AG
Steirerobst recorded a small drop in revenues during the first nine months of the 2005 calendar year. It was due to a decline in sales of fruit juice concentrates.

Having begun in September, production at the newly constructed fruit preparations plant in Serpuchov, Russia, has developed well. *Steirerobst* also supplies dairy companies in the Russian market with fruit preparations know-how. That goes hand-in-hand with the short distances between the Serpuchov plant and those companies' production facilities.

OUTLOOK

The Group's results during the 2005|06 financial year as a whole will be dominated by the first far-reaching consolidation of its fruit operations. Combined with rapid organic growth in AGRANA's fruit and starch operations and high earlier-than-planned sugar exports (to allow for the fact that implementation of the WTO panel ruling will limit export opportunities in the course of 2006), it will generate a surge in revenues. Consequently, AGRANA is predicting full-year revenues of nearly € 1,500 million, as against € 981 million in 2004|05. In revenue terms, the Specialities Segment (fruit, starches) will catch up with the Sugar Segment.

Whereas the Specialities Segment's profit from operating activities will double, the Sugar Segment's results will decline as a consequence both of high campaign energy costs and of unfavourable prices despite declassification.

Overall, AGRANA's full-year profit from operating activities should be up on the year. Restructuring decisions necessitated by changed conditions in the sugar sector will be made by the end of this financial year.

FINANCIAL CALENDAR FOR 2006 (PROVISIONAL)

23 May 2006	**Press Conference to present the Annual Financial Statements**
13 July 2006	**Results in the First Quarter of 2006|07**
14 July 2006	**AGM**
12 October 2006	**Results in the First Half of 2006|07**
11 January 2007	**Results in the First Three Quarters of 2006|07**

CONSOLIDATED INCOME STATEMENT

	3RD QUARTER (1|9 – 30|11) 2005|06 €000	3RD QUARTER (1|9 – 30|11) Previous Year €000	1ST – 3RD QUARTER (1|3 – 30|11) 2005|06 €000	1ST – 3RD QUARTER (1|3 – 30|11) Previous Year €000
1. Sales revenues	398,045	280,511	1,121,518	752,955
2. Change in stocks of finished and unfinished products	248,702	231,324	3,145	79,306
3. Other capitalized self-produced items	713	422	1,317	1,077
4. Other operating income	7,855	6,634	19,963	16,507
5. Cost of materials and other purchased inputs	(460,800)	(354,895)	(726,273)	(532,096)
6. Staff costs	(65,325)	(45,125)	(131,811)	(85,197)
7. Depreciation/amortization/write-downs of intangible fixed assets (without goodwill) and tangible fixed assets	(26,735)	(23,763)	(48,532)	(36,718)
8. Other operating expenses	(66,734)	(52,807)	(155,803)	(113,557)
9. Profit from operating activities (subtotal of items 1 – 8)	**35,721**	**42,301**	**83,524**	**82,277**
10. Amortization/write-downs of goodwill	0	0	0	0
11. Profit from ordinary activities (subtotal of items 1 – 10)	**35,721**	**42,301**	**83,524**	**82,277**
12. Net interest income	(1,217)	(665)	(6,581)	(2,725)
13. Net income from interests held for investment	(13)	3,104	1,726	3,448
14. Other profit from investing and financial activities	(343)	948	229	2,245
15. Profit (loss) from investing and financial activities (subtotal of items 12 – 14)	**(1,573)**	**3,387**	**(4,626)**	**2,968**
16. Profit before income tax	**34,148**	**45,688**	**78,898**	**85,245**
17. Income tax expense	(5,170)	(1,808)	(15,324)	(7,875)
18. Profit after income tax	**28,978**	**43,880**	**63,574**	**77,370**
19. Minority interests in consolidated earnings	(2,845)	(2,654)	(7,356)	(4,457)
20. Consolidated earnings	**26,133**	**41,226**	**56,218**	**72,913**
Earnings per share applying *IFRS*	€ 1.84	€ 3.74	€ 3.96	€ 6.61
Adjusted (2004|05)		€ 2.90*		€ 5.13*

* Prior-year figures have been adjusted in accordance with *IAS 33.64*.

Explanatory Note regarding Changes in the Scope of Consolidation

As the members of the *Atys Group* were in the process of changing over to group-wide *IFRS*-compliant financial reporting standards at the time of preparation of AGRANA's First-Quarter Report, *Atys* was still accounted for using the equity method during the first quarter of the 2005|06 financial year. The *Atys Group* and its 26 group-members were fully consolidated for the first time as of the start of the second quarter. Two more *Atys* companies were consolidated in the third quarter. AGRANA held a 62.5 per cent stake in the *Atys Group* on 30 November 2005. The acquisition process was completed in December 2005. AGRANA's third-quarter figures include six months of revenues recorded by the *Atys Group* at the amount of € 227 million.
In addition, newly founded subsidiary *AGRANA Bioethanol GmbH* was consolidated for the first time in the second quarter.
Ruma Handelsgesellschaft m.b.H. was sold on 2 November 2005.
Prior-year figures do not include the *Wink Group*. The *Steirerobst Group* has been consolidated since the second quarter of 2004|05.

CONSOLIDATED BALANCE SHEET AS AT 30 NOVEMBER

	30 November 2005 €000	Previous Year €000
ASSETS		
A. Non-current assets		
I. Intangible fixed assets	131,244	30,850
II. Tangible fixed assets	495,015	337,611
III. Financial fixed assets	147,359	141,651
IV. Deferred tax assets	8,861	3,994
V. Receivables and other assets	3,558	1,007
	786,037	**515,113**
B. Current assets		
I. Inventories	513,642	426,364
II. Receivables and other assets	323,305	214,058
III. Shares and other securities	121,159	39,567
IV. Cash, cheques, bank balances	93,426	46,974
	1,051,532	**726,963**
Total assets	**1,837,569**	**1,242,076**
EQUITY AND LIABILITIES		
A. Equity		
I. Share capital	103,210	80,137
II. Capital reserves	411,362	213,463
III. Retained earnings	271,530	197,802
IV. Consolidated earnings	56,218	72,913
Shareholders' interests in equity (subtotal of items I – IV)	*842,320*	*564,315*
V. Minority interests	76,564	36,904
	918,884	**601,219**
B. Non-current liabilities		
I. Provisions for retirement benefits	55,514	50,860
II. Provisions for deferred taxes	47,247	23,011
III. Other provisions	25,548	25,680
IV. Financial liabilities	216,688	96,822
V. Other payables	8,500	3,823
	353,497	**200,196**
C. Current liabilities		
I. Other provisions	64,183	61,371
II. Financial liabilities	112,190	111,662
III. Other payables	388,815	267,628
	565,188	**440,661**
Total equity and liabilities	**1,837,569**	**1,242,076**

CONSOLIDATED CASH FLOW STATEMENT FOR THE FIRST THREE QUARTERS (1 MARCH – 30 NOVEMBER)

	2005|06 €000	Previous Year €000
Net cash from operating activities	216,605	70,278
Net cash used in investing activities	(65,231)	(74,047)
Net cash used in financing activities	(117,503)	(6,618)
Net increase (decrease) in cash and cash equivalents	**33,871**	**(10,387)**
Cash and cash equivalents at beginning of period	180,714	96,928
Cash and cash equivalents at end of period	214,585	86,541

SEGMENT REPORT FOR THE FIRST THREE QUARTERS (1 MARCH – 30 NOVEMBER)

	2005|06 €000	Previous Year €000
Sales revenues		
Sugar	606,756	522,815
Specialities	548,063	257,652
Group	1,154,819	780,467
Inter-segment revenues		
Sugar	(12,457)	(7,065)
Specialities	(20,844)	(20,447)
Group	(33,301)	(27,512)
External revenues		
Sugar	594,299	515,750
Specialities	527,219	237,205
Group	1,121,518	752,955

	2005|06 €000	Previous Year €000
Profit from operating activities		
Sugar	40,956	60,761
Specialities	42,568	21,516
Group	83,524	82,277
Capital expenditure		
Sugar	10,220	15,306
Specialities	49,387	24,302
Group	59,607	39,608
Staff		
Sugar	2,957	2,879
Specialities	5,401	2,092
Group	8,358	4,971

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FIRST THREE QUARTERS (1 MARCH – 30 NOVEMBER)

	Shareholders' Interests in Equity €000	Minority Interests in Equity €000	Equity €000
On 1 March 2005	**799,364**	**36,487**	**835,851**
Earnings	56,218	7,356	63,574
Dividend distribution	(29,208)	(959)	(30,167)
Foreign exchange differences	3,965	4,014	7,979
Revaluations (*IAS 39*)	12,103	0	12,103
Other changes	(122)	29,666	29,544
On 30 November 2005	**842,320**	**76,564**	**918,884**
On 1 March 2004	**506,448**	**9,374**	**515,822**
Earnings	72,913	4,457	77,370
Dividend distribution	(19,849)	(1,552)	(21,401)
Foreign exchange differences	4,523	463	4,986
Revaluations (*IAS 39*)	52	0	52
Other changes	228	24,162	24,390
On 30 November 2004	**564,315**	**36,904**	**601,219**

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