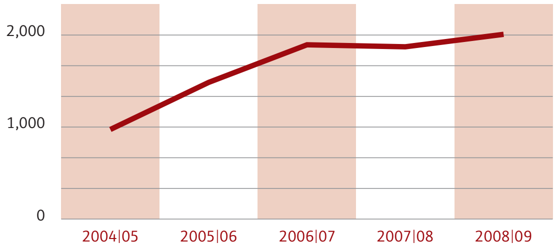
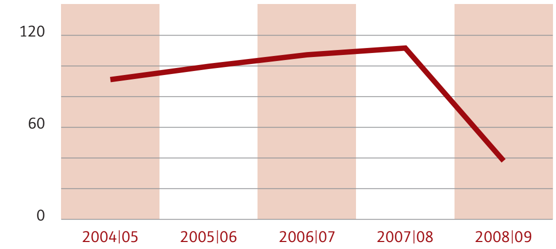
ANNUAL REPORT 2008|09

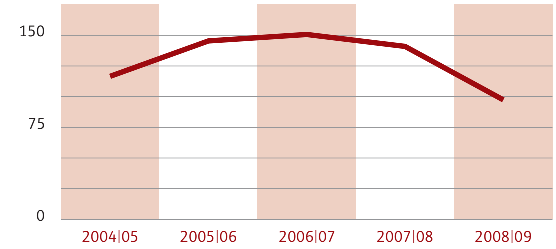
REVENUE (€m)



OPERATING PROFIT BEFORE EXCEPTIONAL ITEMS (€m)



OPERATING CASH FLOW BEFORE CHANGE IN WORKING CAPITAL (€m)



FINANCIAL CALENDAR FOR 2009|10

20 May 2009	Press conference on annual results for 2008|09
10 Jul 2009	Annual General Meeting for 2008|09
15 Jul 2009	Dividend payment and ex-dividend date
15 Jul 2009	Results for first quarter of 2009|10
15 Oct 2009	Results for first half of 2009|10
14 Jan 2010	Results for first three quarters of 2009|10

KEY FINANCIALS
IFRS BASIS

		2008|09	2007|08	2006|07[1]	2005|06	2004|05
BUSINESS PERFORMANCE						
Revenue	€m	2,026.3	1,892.3	1,915.8	1,499.6	981.0
EBITDA	€m	119.2	184.5	187.5	164.6	138.6
EBITDA margin	%	5.9	9.8	9.8	11.0	14.1
Operating profit before exceptional items	€m	37.8	111.4	107.0	99.5	90.8
Operating margin before exceptional items	%	1.9	5.9	5.6	6.6	9.3
Operating profit after exceptional items[2]	€m	34.6	101.5	105.8	75.0	90.8
(Loss)/profit before tax	€m	(32.4)	73.1	93.5	71.7	93.2
(Loss)/profit for the period	€m	(15.9)	63.8	71.1	64.7	84.3
Attributable to equity holders of the parent	€m	(11.6)	64.3	68.9	62.7	79.9
Minority interests	€m	(4.3)	(0.5)	2.2	2.0	4.4
Operating cash flow before change in working capital	€m	97.2	140.8	150.5	145.3	116.5
Purchases of property, plant and equipment and intangibles[3]	€m	73.8	207.7	157.4	91.2	52.1
Purchases of non-current financial assets	€m	1.7	3.4	5.6	7.5	100.9
Staff count[4]		8,244	8,140	8,223	8,130	4,958
Return on sales	%	(1.6)	3.9	4.9	4.8	9.5
Return on capital employed	%	2.8	8.2	8.6	8.6	10.7
SHARE DATA AS AT LAST DAY OF FEBRUARY						
Closing price	€	47.50	72.09	76.00	78.00	79.85
(Loss)/earnings per share	€	(0.82)	4.53	4.85	4.42	7.18 | 5.62[5]
Dividend per share	€	1.95[6]	1.95	1.95	1.95	1.95
Dividend yield	%	4.1	2.7	2.6	2.5	2.4
Dividend payout ratio	%	neg.	43.1	40.2	44.1	27.2 | 34.7
Price/earnings ratio		neg.	15.9	15.7	17.6	11.1
Market capitalisation	€m	674.6	1,023.8	1,079.4	1,107.8	1,134.0
FINANCIAL STRENGTH						
Total assets	€m	1,996.2	2,203.9	1,931.7	1,850.5	1,500.4
Share capital	€m	103.2	103.2	103.2	103.2	103.2
Non-current assets	€m	978.0	1,018.4	933.3	900.4	642.3
Equity	€m	825.9	922.1	895.5	885.8	835.9
Equity ratio	%	41.4	41.8	46.4	47.9	55.7
Gearing (net debt to total equity)	%	56.9	61.6	37.9	31.8	11.5
Net debt	€m	470.1	567.7	339.4	281.9	96.4

[1] As a result of a change in year end in the Fruit segment, the 2006|07 financial year represented a period of 14 months.
[2] Exceptional items include restructuring.
[3] Excluding goodwill.
[4] In this entire report, any references to staff, employees and other synonyms for these terms refer equally to female and male employees.
[5] Earnings per share based on the number of shares outstanding at 28 February 2005.
[6] Proposal to the Annual General Meeting.

ANNUAL REPORT 2008|09

AGRANA BETEILIGUNGS-AKTIENGESELLSCHAFT
YEAR ENDED 28 FEBRUARY 2009

Dear Investor,

The completed 2008|09 financial year, as expected, brought the collapse of the speculative bubble in agricultural raw materials and the return to earlier normal prices in the commodity market. Nonetheless, the run-up in commodity prices that lasted until September 2008 determined our business performance in 2008|09. Moreover, the spreading of the global financial crisis to the real economy from the fourth quarter of the 2008 calendar year triggered a widening world economic crisis. This ushered in a period of uncertainty in the markets for our products. The steep decline in many Eastern European currencies around the turn of the year further exacerbated the business environment for AGRANA. The decrease in oil prices to 40 to 50 US dollars per barrel came too late in the 2008|09 financial year.

Revenue grows to more than € 2.0 billion, *while operating profit falls sharply to € 37.8 million amid the turmoil in energy and commodity markets and the macroeconomic volatility.*

AGRANA was thus confronted with extremely volatile economic conditions and an unstable market situation. All the same, after a very difficult first half of 2008|09, we were able to regain stability in the operating business. We largely achieved our growth targets with a revenue increase to more than € 2.0 billion, up from € 1.9 billion in the previous year. At the same time, the decrease in pre-exceptionals operating profit to € 37.8 million from € 111.4 million in the prior year reflected the turmoil in energy and agricultural commodity markets as well as the extremely volatile overall economic situation. The recent strong movements in exchange rates especially in Eastern Europe were the reason for the very unsatisfactory negative net financial items result of € 67.1 million and, despite the stable operating performance later in the period, led to a loss for the year of € 15.9 million, after a profit of € 63.8 million for the prior year.

SUGAR SEGMENT

Europe's sugar market remains in transition as a result of the reform of the EU sugar regime. The good harvest, efficiency improvement measures and rationalisation combined with sales volume growth allowed AGRANA to successfully defend its position in 2008|09 as the leading sugar producer in Central and Eastern Europe. The segment operating profit of € 15.8 million before exceptional items was significantly below the year-earlier level of € 32.6 million. The main causes were the expenses for EU restructuring payments and declining sugar prices. We see AGRANA as remaining very well positioned in our sugar markets.

STARCH SEGMENT

The first half of 2008|09, until the new grain and corn (maize) harvest, was heavily affected by the volatility in raw material markets; the normalisation in prices in the latter half of the year brought a return to normal profit margins. The expansion of our processing capacity and higher trading volumes were beneficial for revenue. Start-up costs for our Austrian bioethanol production in Pischelsdorf were the main factor in the drop in operating profit to € 27.5 million before exceptional items (compared to the prior year's € 35.3 million profit).

FRUIT SEGMENT

Through the capacity expansion in Brazil and further product innovations, AGRANA continued to reinforce its position as the world market leader in fruit preparations in 2008|09. However, AGRANA was hurt by the price volatility in raw material markets, particularly in the concentrate business. After exceptionally high prices for apples in the 2007 harvest season, a sudden price plunge in early summer 2008 led to the need for considerable inventory write-downs at AGRANA Juice. Although operating profitability recovered in the third and fourth quarter of the financial year, the valuation losses of the first half of the year could not be made up. The segment thus registered an operating loss of € 5.5 million before exceptional items (compared to a prior-year profit of € 43.5 million).

OUTLOOK

The current situation demands maximum effort, especially as the economic crisis will continue to dominate the business environment in 2009|10. Although the sales markets in the food industry are not subject to the extreme cyclical swings that are buffeting other sectors, economic disturbances of this severity do dampen consumer sentiment in our business as well.

Looking ahead, in future we plan to make greater use of synergies between the individual segments and at the Group holding company level. We are convinced that these measures will take us an important step forward both in cost optimisation and in even stronger operational efficiency.

Our three strategic pillars of Sugar, Starch and Fruit continue to hold good growth opportunities for us in the years ahead. Despite the financial and economic crisis, the megatrends that ultimately drive our company's growth have not fundamentally changed: In the long term, the trend to healthy eating will buoy our Fruit segment, as will the growing prosperity and population in emerging markets. In Starch, we see sustained good long-term prospects in bioethanol and custom-designed specialty starches. In the Sugar business, AGRANA's outstanding market position in the future sugar deficit markets of Central and Eastern Europe will be positive for our sales potential.

We will counter short-term economic weakness with fast-acting, appropriate and vigorous measures without losing sight of the long view. Thus, even in difficult economic times, we will not cut budgets for the ongoing development and specialisation of our product portfolios in the Starch and Fruit segments but instead will consistently continue to expand our innovation pipeline.

Furthermore, as a financially strong company with a stable shareholder structure, we have sufficient room for manoeuvre even in the present environment. The Group's financing is comfortably secure. Despite the current very adverse business climate, we are therefore confident of AGRANA's continuing ability to perform well.

Finally, speaking for the whole Management Board, I would like to thank all our employees for their commitment and hard work in testing times. We are also and especially grateful to our customers and shareholders for the confidence placed in us.

Sincerely

Johann Marihart
Chief Executive Officer

AGRA
MANAG

FRITZ GATTERMAYER, Member of the Management Board

THOMAS KÖLBL, Member of the Management Board

N A ' S

EMENT BOARD

JOHANN MARIHART, Chief Executive Officer

WALTER GRAUSAM, Member of the Management Board (CFO)

GROUP STRUCTURE

AGRANA BETEILIGUNGS-AG
Revenue in 2008|09: € 2,026.3m

SUGAR SEGMENT Revenue in 2008|09: € 702.5m	STARCH SEGMENT Revenue in 2008|09: € 519.4m	FRUIT SEGMENT Revenue in 2008|09: € 804.4m
AGRANA Zucker GmbH	AGRANA Stärke GmbH	AGRANA Fruit S.A.
		AGRANA Juice Holding GmbH

52 production sites in 25 countries

10 production sites	5 production sites	37 production sites

8,244 employees in total

2,464 employees	853 employees	4,927 employees

AGRANA's core competence is the refining of agricultural raw materials into products for use by downstream manufacturers. In the three business segments, Sugar, Starch and Fruit, AGRANA is continually consolidating or expanding its market position. Even in challenging economic times, AGRANA makes the best possible use of the continuing opportunities for growth and development. AGRANA pursues a market-oriented growth trajectory that emphasises long-term customer and supplier relationships and seeks to increase the value of the company. AGRANA's business strategy is implemented through a focus on growth and efficiency, value-added investment and acquisitions, constant rigorous cost control and sustainable business management that is guided by long-term goals.

Strategic positioning with the three business segments, Sugar, Starch and Fruit.

AGRANA already commands an excellent strategic positioning in its three core businesses:

- AGRANA's Sugar segment is one of the largest suppliers of sugar and isoglucose in Central, Eastern and Southeastern Europe.
- AGRANA's Starch segment is one of Europe's leading vendors of specialty products and bioethanol.
- AGRANA's Fruit segment is the world leader in fruit preparations and one of Europe's leading producers of fruit juice concentrates.

SUGAR SEGMENT STRATEGY: CONSOLIDATION AND EXPANSION OF THE LEADING POSITION IN CENTRAL, EASTERN AND SOUTHEASTERN EUROPE

Since 1990 AGRANA has evolved into the largest supplier of sugar and isoglucose in Central, Eastern and Southeastern Europe. Market, cost and technological leadership in the processing of sugar beet and raw sugar ensure AGRANA's sustained success in this segment. AGRANA has proved its ability to operate profitably even under the more demanding conditions of the EU sugar regime. A secure raw material base combined with the strong market position underpins the sugar business of AGRANA for the long term.

In the Sugar segment, AGRANA not only supplies individually tailored products to industrial customers but also operates in the consumer market. In this sector AGRANA is successfully intensifying its marketing of regional sugar brands.

STARCH SEGMENT STRATEGY: GROWTH IN SPECIALTIES

In the Starch segment, AGRANA follows a growth-oriented strategy focused on specialty products. By expanding production of more highly refined starches, AGRANA has set ourselves apart from its European competitors. Innovative, customer-driven products supported by application advice and continuous product development, combined with relentless cost optimisation, are the key to AGRANA's success in the Starch activities.

In Europe, AGRANA is entrenched both as one of the leading suppliers of organic and GMO[1]-free starches to the food industry, as a producer of specialty starches for the paper, textile, cosmetics and pharmaceutical industries and as a partner to producers of building materials. AGRANA's core competence – adding value to agricultural raw materials by processing them into industrial products – also forms the basis for AGRANA's bioethanol business. AGRANA is a leading supplier of this environmentally friendly fuel in Central Europe.

[1] GMO-free: not derived from genetically modified organisms.

FRUIT SEGMENT STRATEGY: CONTINUOUS GROWTH AT A GLOBAL LEVEL

In the Fruit segment, AGRANA focuses on the following two areas:

- "Fruit", producing fruit preparations for the dairy, ice-cream and baking industry. In this global market segment with production facilities close to customers, AGRANA is the world market leader. This is a long-term growth business thanks to the worldwide rise in nutrition consciousness and growing levels of prosperity in emerging markets.

- "Juice", producing mainly juice concentrates from apples, red fruits and berries. In this steadily growing market segment, AGRANA maintains local processing plants near the fruit growing areas and distribute juice concentrates globally to the beverage industry.

AGRANA's objective in the Fruit segment is to consolidate our strong worldwide market position and round out our global market presence. This is being done through organic growth and by acquisitions.

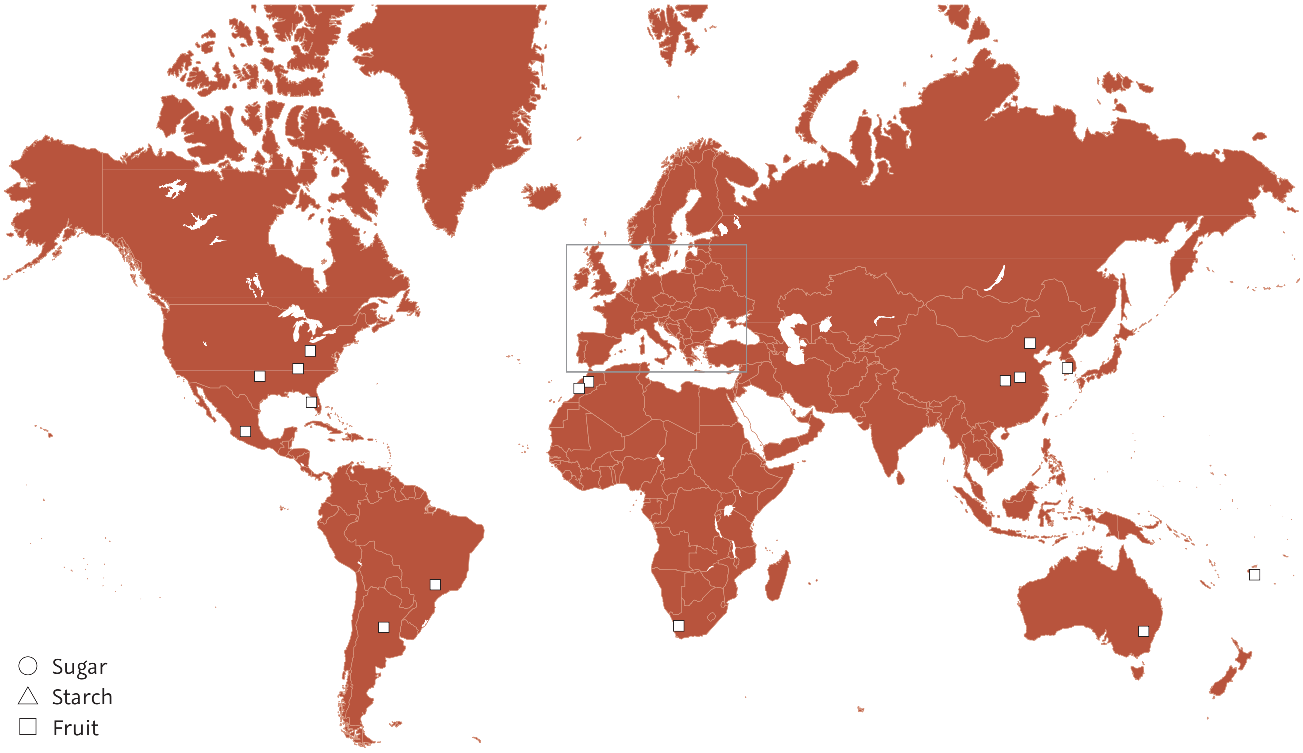
AGRANA's aim in fruit preparations is to provide both its globally operating and its regional customers with the best product quality worldwide, optimum service and innovative product development ideas and expertise, all delivered under the AGRANA brand.

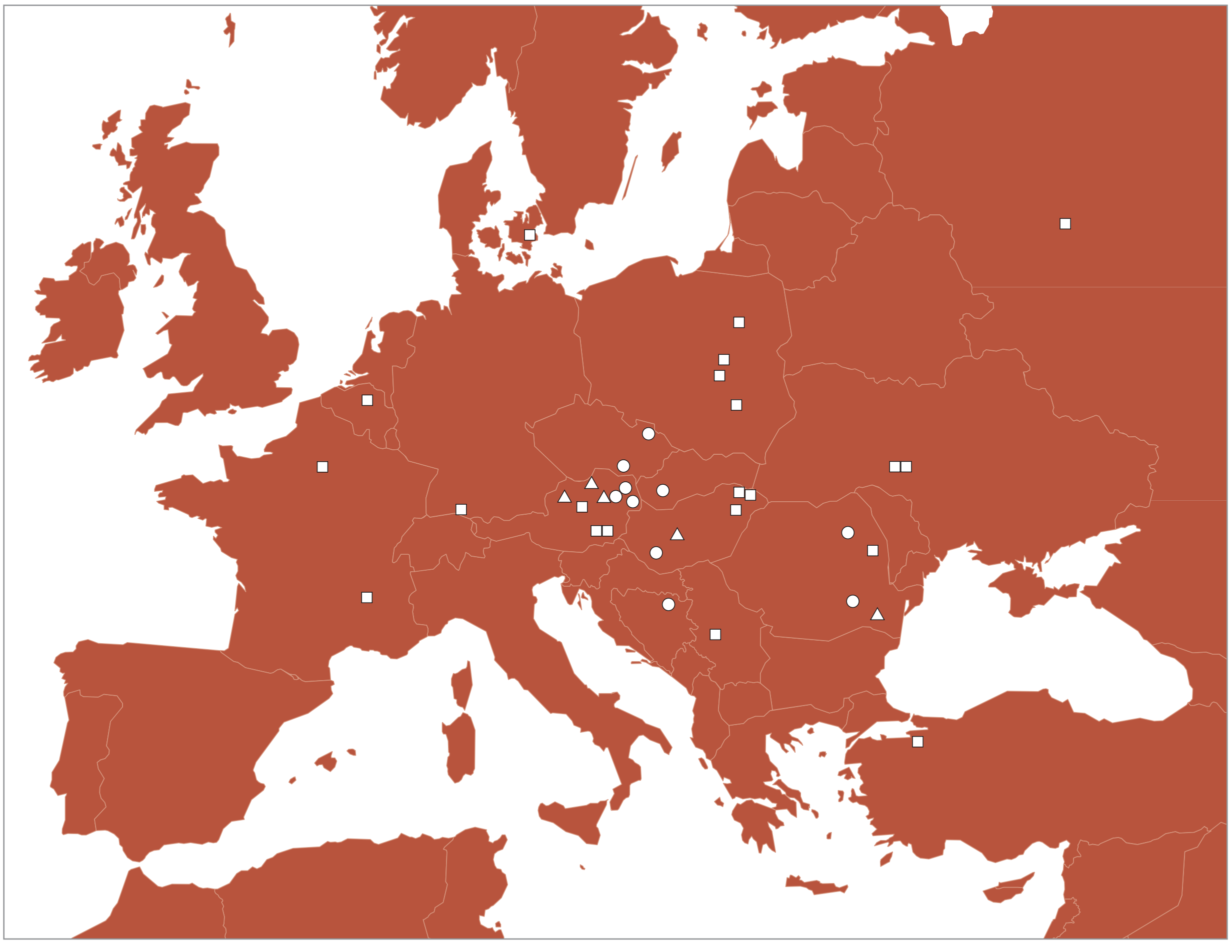
AGRANA's strategic goal in fruit juice concentrates is to expand its market position beyond Europe's borders through the positioning in important raw material markets, and to further build the AGRANA brand in the industrial market as the leading quality supplier of fruit juices and fruit juice concentrates.

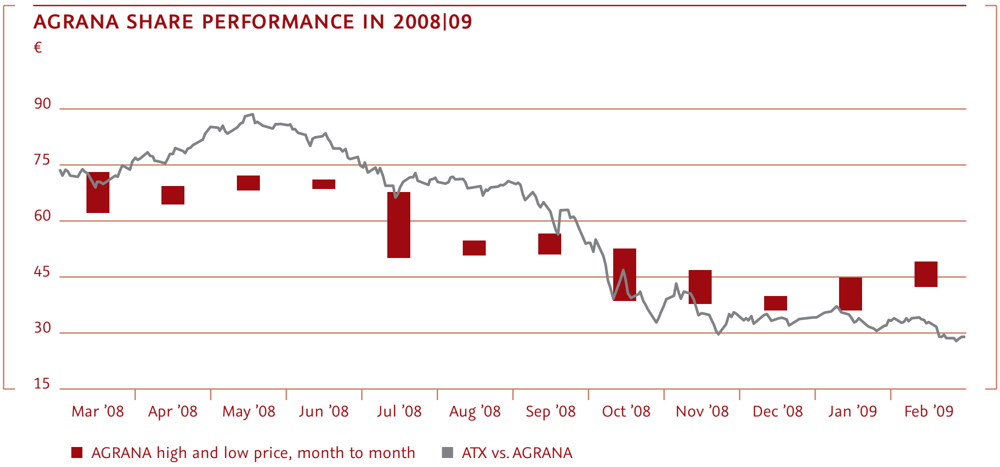
CAPITAL MARKET STRATEGY: SHAREHOLDERS AS LONG-TERM PARTNERS

A sound equity base, particularly in difficult economic times, is an important foundation for AGRANA's business. AGRANA sees its shareholders as long-term partners in realising the Group's goals and offer them an attractive long-term return on investment at a reasonable level of risk, even when conditions in capital markets are volatile. With a policy of open and transparent communication, AGRANA aims to continue to strengthen investors' confidence in AGRANA and make its business performance and management decisions predictable and easy to understand.

PRODUCTION SITES







Key share information

ISIN code: AT0000603709

Market segment: Prime Market

Share class: Ordinary shares

Number of shares: 14,202,040

Share capital: € 103.2 million

Market capitalisation (28 February 2009): € 674.6 million

Reuters code: AGRV.VI

Bloomberg code: AGR AV

Ticker symbol: AGR

The performance of international financial markets in the past financial year was adversely affected by the worldwide economic slowdown and the financial crisis. The resulting uncertainty in the world's financial markets also affected the ATX (Austrian Traded Index), the blue-chip index of the Vienna Stock Exchange, which lost 60.5% over AGRANA's 2008|09 financial year. The AGRANA share price (ISIN code AT0000603709) fell by 35.4%. The high for the financial year was € 73.50, with a low of € 36.50 and a closing price at the end of the financial year of € 47.50. Market capitalisation based on the year-end price was € 674.6 million. The average daily trading volume in AGRANA was approximately 4,600 shares (single-counted), which was below the level of the previous years.

In addition to its listing on the Prime Market segment of the Vienna Stock Exchange, AGRANA is traded on the floor of the Frankfurt Stock Exchange and on the Stuttgart and Berlin-Bremen exchanges. AGRANA's Prime Market stock index weight at the balance sheet date of 28 February 2009 was 0.7%.

COMPREHENSIVE COMMUNICATION

AGRANA's investor relations and public relations activities are based on the fundamental principles of providing comprehensive information, a high level of transparency and constant communication with investors and analysts.

The financial and industry media were provided with detailed information on the performance of the business at the press conference presenting the annual results. In addition, the Management Board took part in numerous one-on-one interviews with financial and agricultural journalists and kept the public informed through press releases on current developments. Journalists were also invited to the official openings of the plants in Pischelsdorf, Austria and Brčko, Bosnia-Herzegovina. In addition, individual guided tours of the plants were regularly held for interested journalists.

The Management Board of AGRANA provided Austrian and international institutional investors and analysts with information on the company's performance and the prospects for the AGRANA Group at several road shows and investor conferences that were held in Austria and abroad. This dialogue was supplemented by numerous individual conversations and conference calls on quarterly and full-year results. In conjunction with the June 2008 Capital Market Days, institutional investors and analysts were able to visit the bioethanol plant in Pischelsdorf and to receive information about the actual situation. Private shareholders had the opportunity to learn about AGRANA's current business performance directly from the Management Board at the GEWINN trade fair and the Börse-Express road show in Vienna.

An important element of the investor relations activities is the regular updating of the AGRANA website (www.agrana.com), where all financial reports, financial news items, ad-hoc announcements and investor presentations are available as soon as they are published. AGRANA endeavours to provide the same information to all market participants.

In June 2008, Erste Bank initiated equity research coverage of AGRANA. At the same time, Morgan Stanley ended its coverage for lack of internal resources at the investment bank. Five Austrian and international investment houses now publish research on AGRANA: Raiffeisen Centrobank, Erste Bank, Goldman Sachs, Berenberg Bank and Sal. Oppenheim. UniCredit Markets & Investment Banking suspended recommendations on AGRANA for the time being due to an internal reorganisation at UniCredit. An overview of the current analyst ratings can be found on the internet at www.agrana.com > Investor Relations > The AGRANA Share > Research.

SHAREHOLDER-FRIENDLY DIVIDEND POLICY

€	2008|09	2007|08
Dividend per share	1.95[1]	1.95
(Loss)/earnings per share	(0.82)	4.53

[1] Proposal to the Annual General Meeting.

AGRANA's dividend policy is to pay constant dividends. As a result of profitable operations in the 2008|09 financial year, and based on the assumption of a recovery in 2009|10, the Management Board will recommend the distribution of an unchanged dividend of € 1.95 per share to the Annual General Meeting on 10 July 2009. Based on 14.2 million shares, the total payout will be € 27.7 million, giving a dividend yield of 4.1% (up from 2.7% in the prior year) on the share price of € 47.5 at the end of February 2009. Entitled shareholders will be paid the dividend on 15 July 2009 by their custodian. AGRANA is thus demonstrating its shareholder-friendly dividend policy even in hard times.

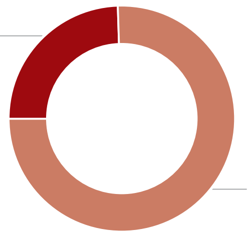
STABLE SHAREHOLDER STRUCTURE

AGRANA has a stable core shareholder structure. In the 2008|09 financial year, Z&S Zucker und Stärke Holding AG (Z&S), based in Vienna, held 75.5% of the share capital of AGRANA Beteiligungs-AG, the same amount as last year. Z&S, the majority shareholder, is a wholly owned subsidiary of Vienna-based AGRANA Zucker, Stärke und Frucht Holding AG, which, in turn, is 50% owned by Südzucker AG, Mannheim/Ochsenfurt, Germany ("Südzucker") and 50% owned by Zucker-Beteiligungsgesellschaft m.b.H., Vienna ("ZBG"). The following five Vienna-based entities are shareholders of ZBG: Raiffeisen-Holding Niederösterreich Wien registrierte Genossenschaft mit beschränkter Haftung; Marchfelder Zuckerfabriken Gesellschaft m.b.H.; Estezet Beteiligungsgesellschaft m.b.H.; Rübenproduzenten Beteiligungs GesmbH; and Leipnik-Lundenburger Invest Beteiligungs AG.

Under a syndicate agreement between Südzucker and ZBG, the syndicate members have certain rights to appoint members to AGRANA's Management Board and Supervisory Boards. Accordingly, Johann Marihart has been appointed by ZBG as a management board member of Südzucker and Thomas Kölbl has been appointed by Südzucker to the Management Board of AGRANA. Neither are remunerated for these positions.

Prudential plc, London, together with certain of its subsidiaries increased its shareholding in AGRANA to above 10%.

SHAREHOLDER STRUCTURE AT 28 FEBRUARY 2009



AGRANA is committed to compliance with the Austrian Code of Corporate Governance as amended in 2007. The Austrian Code of Corporate Governance (ACCG, the Code) is a voluntary self-regulatory initiative of private industry and was developed by the Austrian Working Group for Corporate Governance. The Code first came into effect in October 2002 and has since then been continually updated to reflect the changes in the provisions of Austrian stock companies, stock exchange and capital market law, the recommendations of the European Commission regarding the responsibilities of the supervisory board and remuneration of directors, and the OECD Principles of Corporate Governance (available at www.corporate-governance.at).

***Voluntary commitment** to the Austrian Code of Corporate Governance and voluntary external evaluation.*

The Code is based on the key principles of equal treatment for all shareholders, supervisory board independence, open communication between supervisory board and management board, transparency, avoiding conflicts of interest of board members, and effective oversight by the supervisory board and auditors.

AGRANA embraces these fundamental principles and sees the adherence to the Code's standards of conduct as an integral component of its corporate culture. In addition to fostering confidence among national and international investors, rigorous standards of good corporate governance and transparency also underpin the company's long-term ability to increase its enterprise value. Openness and transparency in communications with shareholders and the interested public are of the utmost importance to AGRANA. Information provided to investors during conference calls and road shows is therefore simultaneously made available to all other shareholders via AGRANA's website at www.agrana.com.

The Supervisory Board of AGRANA Beteiligungs-AG unanimously approved AGRANA's adherence to the Austrian Code of Corporate Governance in a meeting on 24 February 2005 and renewed the statement of compliance with the Code for the 2008|09 financial year in its meeting on 18 February 2009.

AGRANA's voluntary adoption of the Code means that, in addition to the compulsory "L rules" which are based on mandatory legal requirements, the code's "C rules" ("comply or explain") must also be adhered to. AGRANA endeavours to comply with these provisions to the greatest possible extent. In a very few points, AGRANA departs from the rules of the ACCG. These aspects and the explanations for non-compliance are disclosed on the website.

Rules 38 and 57 (age limit for members of the Management Board and Supervisory Board)
The upper age limit required by rules 38 and 57 for, respectively, the appointment of Management Board members and election of Supervisory Board members is currently not provided for in AGRANA's Articles of Association. In AGRANA's opinion, inclusion in the Articles of a specific age limit for members of the Management Board or Supervisory Board is not necessary and would not be productive or effective.

Rule 49 (contracts requiring approval)
Under section 95 (5)(12) of the Austrian Stock Corporation Act, the approval of the Supervisory Board is required for contracts with members of the Supervisory Board by which members undertake, outside their role on the Supervisory Board, to provide a service to the company or a subsidiary for a material consideration. This also applies to contracts with companies in which a Supervisory Board member has a significant economic interest. For competition and business policy reasons, the object and terms of such contracts are not published in the annual report as stipulated in rule 49.

Rule 54 (appointment of an independent Supervisory Board member)

AGRANA Beteiligungs-AG has a free float of more than 20%. From this threshold upward, rule 54 of the ACCG stipulates the election of an independent member of the Supervisory Board who is neither a holder of more than 10% of the company's share capital nor represents the interests of such a shareholder. The Supervisory Board of AGRANA does not have such a free-float representative.

All other "C rules" of the Austrian Code of Corporate Governance are observed.

In keeping with the Code, the Management and Supervisory Boards, and especially their chairmen, are engaged in continual dialogue regarding the Group's performance and strategic direction, both at and between Supervisory Board meetings. The business culture of the AGRANA Group has always been rooted in open and constructive teamwork between the Management Board and Supervisory Board, which together ensure that the Code's requirements are fulfilled.

As recommended by the Code, AGRANA commissioned a voluntary external evaluation by Univ.-Prof. DDr. Waldemar Jud Unternehmensforschung GmbH of compliance with the rules of the ACCG. This analysis employed the questionnaire issued for this purpose by the Austrian Working Group for Corporate Governance.

AGRANA'S BOARDS

Management Board

The Management Board of AGRANA Beteiligungs-AG, since 1 January 2009, has four members:

- **Johann Marihart**
  Chief Executive Officer since 1992; Member since 19 September 1988; End of current term: 30 September 2013
  Born 1950. Studied chemical engineering at Vienna University of Technology, majoring in biotechnology and food chemistry. After professional experience in a pharmaceutical company, began his career with AGRANA in 1986 at the starch factory in Gmünd (head of research and development, plant manager, director in charge of starch activities). Member of the Management Board of AGRANA Beteiligungs-AG since 1988. Appointed CEO of AGRANA Beteiligungs-AG in 1992. Present responsibilities: Business Strategy, Production, Quality Management, Human Resources, Communication and Research & Development.

- **Fritz Gattermayer**
  Member of the Management Board since 2009; First appointed: 1 January 2009; End of current term: 31 December 2014
  Born 1957. Studied agricultural economics at University of Natural Resources and Applied Life Sciences, Vienna, and history and political science at University of Vienna. Joined AGRANA in 1992. In 1995 became head of the Group-level department "Economic Policy and Raw Materials" at AGRANA Beteiligungs-AG. Before joining the Management Board, most recently was a member of senior management of Sugar and Starch segments in AGRANA Group. Responsibilities on AGRANA Management Board are Purchasing, Sales and Raw Materials.

- **Walter Grausam**
  Member of the Management Board since 1995; First appointed: 1 January 1995; End of current term: 31 December 2009
  Born 1954. Studied business administration at Vienna University of Economics and Business Administration. Held positions in a tax advisory practice (candidate for tax advisor) and in a food group in the controlling department and, from 1987, as a member of management. From 1989 to 1994 held leading positions in an Austrian media group. Appointed to the Management Board in 1995. Present responsibilities: Finance, Controlling, Treasury, Information Technology & Organisation.

- **Thomas Kölbl**
  Member of the Management Board since 2005; First appointed: 8 July 2005; End of current term: 7 July 2010
  Born 1962. Trained in industry and subsequently studied business administration at Mannheim University. Held various positions in the Südzucker group since 1990; was Director in charge of strategic corporate planning, group development and investments prior to his appointment to the Executive Board of Südzucker AG. Responsibility in his capacity as Management Board member of AGRANA: Internal Audit.

Supervisory Board (SB)

The Supervisory Board of AGRANA Beteiligungs-AG has twelve members, of whom eight are shareholder representatives elected by the Annual General Meeting and four are employee representatives from the staff council. The Supervisory Board of AGRANA Beteiligungs-AG has decided to apply the guidelines for the definition of supervisory board independence as set out in Annex 1 to the Austrian Code of Corporate Governance.

- **Christian Konrad**, *Vienna, independent.*
  Chairman of the Supervisory Board
  On SB since 19 December 1990; term ends at 25th AGM (2012)
  – Chairman of the Supervisory Board of UNIQA Versicherungen AG, Vienna
  – Vice-Chairman of the Supervisory Board of Südzucker AG, Mannheim/Ochsenfurt, Mannheim
  – Member of the Supervisory Board of DO & CO Restaurants & Catering AG, Vienna
  – Member of the Supervisory Board of BAYWA AG, Munich

- **Rudolf Müller**, *Ochsenfurt, independent.*
  First Vice-Chairman of the Supervisory Board
  On SB since 30 March 1995; term ends at 25th AGM (2012)
  – Member of the Supervisory Board of K+S Aktiengesellschaft, Kassel

- **Erwin Hameseder**, *Mühldorf, independent.*
  Second Vice-Chairman of the Supervisory Board
  On SB since 23 March 1994; term ends at 25th AGM (2012)
  – Chairman of the Supervisory Board of VK Mühlen AG, Hamburg (since 8 December 2008)
  – Vice-Chairman of the Supervisory Board of STRABAG SE, Villach
  – Member of the Supervisory Board of Flughafen Wien AG, Vienna
  – Member of the Supervisory Board of Südzucker AG, Mannheim/Ochsenfurt, Mannheim
  – Member of the Supervisory Board of UNIQA Versicherungen AG, Vienna

- **Ludwig Eidmann**, *Groß-Umstadt, independent.*
  Supervisory Board member
  On SB since 2 July 1994; term ends at 25th AGM (2012)
  – Member of the Supervisory Board of Südzucker AG, Mannheim/Ochsenfurt, Mannheim

- **Hans-Jörg Gebhard**, *Eppingen, independent.*
  Supervisory Board member
  On SB since 9 July 1997; term ends at 25th AGM (2012)
  – Chairman of the Supervisory Board of Südzucker AG, Mannheim/Ochsenfurt, Mannheim
  – Member of the Supervisory Board of VK Mühlen AG, Hamburg
  – Member of the Supervisory Board of Crop Energies AG, Mannheim

- **Theo Spettmann**, *Ludwigshafen, independent.*
  Supervisory Board member
  On SB since 14 July 2006; term ends at 25th AGM (2012)
  – Member of the Supervisory Board of Mannheimer AG Holding, Mannheim

- **Ernst Karpfinger**, *Baumgarten/March, independent.*
  Supervisory Board member
  On SB since 14 July 2006; term ends at 25th AGM (2012)

- **Christian Teufl**, *Vienna*
  Supervisory Board member
  On SB since 10 July 2003; term ends at 25th AGM (2012)
  – Member of the Supervisory Board of VK Mühlen AG, Hamburg

Representatives of the Staff Council:

- **Thomas Buder**, *Tulln*
- **Franz Ennser**, *Vienna*
- **Peter Vymyslicky**, *Leopoldsdorf*
- **Erich Weissenböck**, *Gmünd*

Committees and their members

Where required by the importance or specialist nature of a particular subject matter, the Supervisory Board appoints committees to help it in performing its advisory and control functions. The terms of reference of the Supervisory Board are published on AGRANA's website (www.agrana.com).

- **Nomination and Remuneration Committee**
  Members: Christian Konrad, Rudolf Müller, Erwin Hameseder

- **Strategy Committee**
  Members: Christian Konrad, Rudolf Müller, Erwin Hameseder, Hans-Jörg Gebhard, Thomas Buder, Erich Weissenböck

- **Audit Committee**
  Members: Erwin Hameseder, Theo Spettmann, Franz Ennser

In the reporting period the Supervisory Board convened for four meetings, the Audit Committee met twice and the Nomination and Remuneration Committee held one meeting.

SUPERVISORY BOARD'S REPORT

During the 2008|09 financial year the Supervisory Board, in a total of four meetings and through regular reports from the Management Board and detailed written information, informed itself about the Company's business situation and financial position, about all relevant matters concerning the business performance, about the financial situation, investment plans and exceptional business transactions as well as the corporate strategy, and discussed these matters with the Management Board. The intensive deliberations in the meetings of the Supervisory Board and committees centred on the corporate strategy and the opportunities for further development of the Group as well as the current challenges of the general economic environment. In addition, the Chairman of the Supervisory Board was in regular contact with the Chief Executive Officer to discuss strategy adjustments, business performance and risk management.

The Audit Committee met twice in the 2008|09 financial year; its chairman regularly reported to the Supervisory Board on the work of the committee. The Nomination and Remuneration Committee considered the personnel matters relating to the Management Board members and recommended to the Supervisory Board to appoint an additional Management Board member to do justice to the company's development and expansion of recent years. This led to the appointment of Fritz Gattermayer to the Management Board with effect from 1 January 2009 by a decision of the Supervisory Board at its meeting on 13 November 2008.

No Supervisory Board attended fewer than half of the board's meetings.

The consolidated financial statements, group management report, parent company financial statements and parent company management report of AGRANA Beteiligungs-AG for the 2008|09 financial year presented by the Management Board, as well as the accounting records, were audited by and received an unqualified audit opinion from the two independent auditors appointed by the Annual General Meeting, KPMG Austria GmbH, Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Vienna, and MULTICONT Revisions- und Treuhand Ges.m.b.H., Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Vienna. The Supervisory Board endorses the results of this audit.

The Audit Committee has reviewed the parent company financial statements and reported to the Supervisory Board in the presence of the auditors. The Supervisory Board has reviewed the consolidated financial statements and Group management report and the parent company financial statements and parent company management report of AGRANA Beteiligungs-AG for the 2008|09 financial year as well as the Management Board's proposal for the allocation of profit. The final results of all of these reviews did not give rise to objections.

The Supervisory Board has approved the consolidated financial statements and parent company financial statements for the 2008|09 financial year prepared by the Management Board, which are thus adopted for the purposes of section 125 (2) of the Austrian Stock Corporation Act. The Supervisory Board endorses the Group management report and parent company management report for the 2008|09 financial year and is in agreement with the proposed appropriation of profit.

The Supervisory Board would like to express its appreciation and gratitude to the Management Board and all of the Company's employees for their commitment and the work accomplished.

Vienna, May 2009

The Chairman of the Supervisory Board
Christian Konrad

HIGHLIGHTS OF 2008|09

NEW 50% JOINT VENTURE IN YONGJI, CHINA

17 March 2008: Launch of the second 50% joint venture in China (by AGRANA and Yantai North Andre) for the production of sweet apple juice concentrate in Yongji.

50%-ACQUISITION OF SUGAR DISTRIBUTOR IN WEST BALKANS

21 May 2008: Purchase of 50% of SCO Studen sugar distribution activities in the West Balkan countries (sales and marketing of white sugar products under the “Agragold” brand in Slovenia, Macedonia, Croatia, Serbia and Bosnia-Herzegovina).

OPENING OF RAW SUGAR REFINERY IN BRČKO, BOSNIA-HERZEGOVINA

6 June 2008: Official opening of STUDEN-AGRANA raw sugar refinery in Brčko.

BIOETHANOL PLANT OPENS IN PISCHELSDORF, AUSTRIA

2 July 2008: Official opening of the Austrian bioethanol plant – At the ceremony, Environment Minister Josef Pröll lauds the facility as an important contribution to the improvement of Austria’s climate balance. Every litre of bioethanol means a CO_2 saving of about 50% compared to petrol.

CAPACITY EXPANSION IN SZABADEGYHÁZA, HUNGARY

14 July 2008: The commissioning of the new capacity added at Szabadegyháza in Hungary establishes HUNGRANA Kft. as Europe’s largest manufacturer of corn starch and isoglucose.

GROUP MANAGEMENT REPORT 2008|09

GROUP BUSINESS PERFORMANCE	2008|09	2007|08	Change
	€000	€000	%
Revenue	2,026,328	1,892,275	+7.1
EBITDA	119,177	184,532	(35.4)
Operating profit before exceptional items	37,832	111,411	(66.0)
Exceptional items	(3,190)	(9,901)	(67.8)
Operating profit after exceptional items	34,642	101,510	(65.9)
Return on capital employed	2.8%	8.2%	(65.9)
Purchases of property, plant and equipment and intangibles[1]	73,813	207,734	(64.5)
Purchases of non-current financial assets	1,672	3,443	(51.4)
Staff count	8,244	8,140	+1.3

[1] Excluding goodwill.

The consolidated financial statements for the 2008|09 financial year were prepared in accordance with International Financial Reporting Standards (IFRS). The consolidated financial statements relate to AGRANA's financial year from 1 March 2008 to 29 February 2009, with comparative data presented for the prior year.

CHANGES IN THE SCOPE OF CONSOLIDATION

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

The merger between AGRANA and Studen-Vertriebsgesellschaften Agragold was approved by the Austrian competition authorities in September 2008 and the resulting ownership interest is proportionately consolidated from the fourth quarter of 2008|09.

REVENUE AND EARNINGS

Revenue of the AGRANA Group rose by 7.1% in the 2008|09 financial year to € 2,026.3 million, with the growth driven entirely by an increase in Starch segment revenue. Not only organic growth, but also the commissioning of the new bioethanol capacity in Austria and Hungary contributed to this rise. On the other hand, there were revenue declines as a result of currency weakness that could not be compensated for by volume growth in the Sugar segment and in starch products. The Fruit segment registered sales decreases, particularly in the European markets. Prices of apple juice concentrate fell dramatically on anticipation of a good 2008 apple crop.

The earnings situation in 2008|09 was overshadowed by knock-on effects of the previous year's explosion in commodity prices. **Operating profit before exceptional items**, at € 37.8 million, was well below the prior-year level of € 111.4 million. This was attributable to several key factors:

In the second quarter of the 2008|09 financial year, AGRANA had to sell the high-cost apple juice concentrates from the 2007 production at substantially lower market prices, writing down the inventories by € 32.4 million to the expected selling price.

In the other segments as well, the falling raw material prices were anticipated by the market, with the result that significantly reduced margins were realised on the production from the prior year's high-priced raw material supplies.

Exceptional expenses for the bioethanol plant in Pischelsdorf, Austria, of € 2.3 million for the start-up period, as well as from restructuring costs for the merger of S.C. Romana Prod s.r.l. into S.C. AGRANA Romania S.A. of € 0.9 million, are reported in **net exceptional items**, resulting in a net exceptional expense of € 3.2 million (prior year: net expense of € 9.9 million). Operating profit after exceptional items in 2008|09 was thus € 34.6 million (prior year: € 101.5 million).

The declining currencies especially in some Eastern European countries in the fourth quarter of 2008|09 led to unrealised losses of € 38.8 million (prior year: € 6.2 million). As a consequence, the **net financial items** deficit deteriorated to € 67.1 million (prior year: net financial items deficit of € 28.4 million).

This resulted in a **loss before tax** of 32.4 million, compared to a profit before tax of € 73.1 million in the prior year. The 2008|09 financial year gave rise to tax income of € 16.6 million (prior year: tax expense of € 9.2 million) thanks to a tax credit in Hungary relating to the cost of the capacity expansion. The offsetting of taxable income against tax losses in the Austrian taxation of the Group had an additional positive impact on the nominal tax credit at the standard Austrian rate. The **loss for the period** attributable to shareholders of AGRANA amounted to € 11.6 million (prior year: profit for the period of € 64.3 million); the loss per share was € 0.82 (prior year: earnings per share of € 4.53).

INVESTMENT

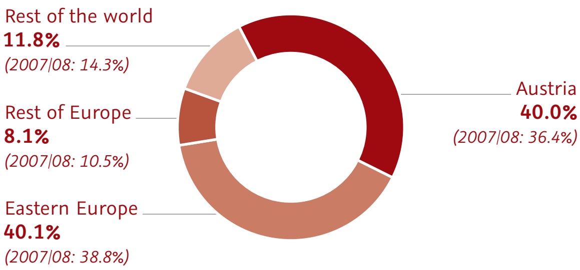
Investment (excluding financial investments) in the 2008|09 financial year, at € 73.8 million, was well below the prior-year record high of € 207.7 million. Most of this capital spending was used for plant optimisation and energy efficiency improvement. In the Fruit segment, the focus was on capacity expansion in Brazil and China and on rationalisation projects.

BALANCE SHEET

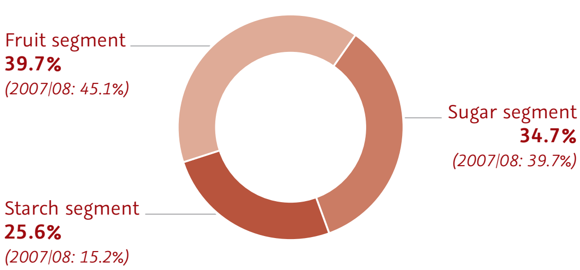
Total assets at 28 February 2009 amounted to € 1,996.2 million, a decrease of € 207.7 million. On the assets side, property, plant and equipment decreased to € 609.9 million as a result of the lower capital expenditure.

A reduction in inventories reflected the lower volume of corn stocks in the Starch segment and the reduced valuations in all segments due particularly to the fall in raw material prices. Shareholders' equity declined from € 922.1 million to € 825.9 million as a result of the combination of the loss for the period, the foreign exchange losses from the translation of the financial statements of subsidiaries, and the dividend payments. The equity ratio was held almost constant in 2008|09 at 41.4%, compared to the prior-year level of 41.8%. While current borrowings increased by € 35.6 million, the non-current borrowings matured. The Group's net debt of € 470.1 million was € 97.6 million lower than one year earlier.

REVENUE BY REGION



REVENUE BY SEGMENT



CASH FLOW

Net cash from operating activities in the 2008|09 financial year was € 115.0 million (prior year: net cash used in operating activities of € 4.2 million). The result reflected € 97.2 million (prior year: € 140.8 million) of operating cash flow before change in working capital; an increase in working capital of € 23.2 million (prior year: decrease of € 144.8 million); and gains on disposal of non-current assets of € 5.4 million (prior year: € 0.3 million). Stabilising influences on working capital were the inventory decrease and the reduction in receivables and trade payables. Net cash from investing activities, at € 72.1 million (prior year: € 169.5 million) was affected by the lower investment in property, plant and equipment and by the expenses for the acquisition of the second Chinese joint venture in Yongji. Net cash from financing activities reflected the significant reduction in borrowings.

SEGMENT FINANCIAL RESULTS

Sugar segment

€000	2008|09	2007|08
Total revenue	751,086	772,028
Inter-segment revenue	(48,583)	(20,332)
Revenue	702,503	751,696
Operating profit before exceptional items	15,810	32,578
Operating profit after exceptional items	14,897	34,017
Purchases of property, plant and equipment and intangibles[1]	19,402	41,948
Purchases of non-current financial assets	862	3,310
Staff count	2,464	2,597

In the 2008|09 financial year, the Sugar segment generated revenue of € 702.5 million, a decrease of 6.5% from the previous year. Volume gains in sales of quota sugar partly offset the price reductions. The depreciation in some Eastern European currencies, on the other hand, caused price increases in national currencies, which in some business areas triggered regional declines in demand. The Sugar segment accounted for about 34.7% of Group revenue (prior year: 39.7%).

The segment's operating profit of € 15.8 million before exceptional items (prior year: € 32.6 million) included the effects both of the receding prices and the high costs of the prior-year production (caused by the higher restructuring levy) that was sold at significantly lower prices in 2008|09. The production costs of the 2008 campaign were pushed up by the significant rise in energy costs. A positive element was the restructuring income of € 1.9 million from the quota surrendered in Slovakia. The commissioning of the raw sugar refinery in Brčko, Bosnia-Herzegovina, weighed on segment earnings due to the start-up stage of operation and the resulting low capacity utilisation. For the restructuring of Romanian subsidiary S.C. Romana Prod s.r.l., provisions of € 0.9 million were made; they are included in net financial items.

Starch segment

€000	2008|09	2007|08
Total revenue	551,979	339,988
Inter-segment revenue	(32,540)	(51,885)
Revenue	519,439	288,103
Operating profit before exceptional items	27,523	35,333
Operating profit after exceptional items	25,246	28,570
Purchases of property, plant and equipment and intangibles[1]	23,798	122,861
Purchases of non-current financial assets	254	0
Staff count	853	847

The Starch segment's revenue in the 2008|09 financial year expanded to € 519.4 million, well beyond the prior-year level of € 288.1 million. The revenue growth of 80.3% was driven primarily by higher bioethanol sales made possible by the full-scale regular operations in Austria and the increase in starch and ethanol capacity in Hungary. Trading revenue and co-product sales followed a positive trend and thus, like the higher sales of the core starch products as well as of baby food, contributed to the rise in revenue. The share of the Starch segment in Group revenue reached 25.6%, up from 15.2% in the prior year.

Starch segment operating profit before exceptional items came in at € 27.5 million; as expected, this was lower than the year-earlier level of € 35.3 million. In the first half of 2008|09, the segment still processed the high-priced crops from the year before. The strongly risen costs of raw materials and energy could not be fully passed through via sales prices. Higher fixed costs accompanying the ramping up of the new capacity also detracted from segment operating profit. With the start of the new harvest in autumn 2008, raw material prices fell significantly below their prior-year levels, leading to an improvement in the profit situation beginning in the second half of 2008|09. The pre-commissioning losses of € 2.3 million incurred until the Pischelsdorf bioethanol plant came on stream are recognised in net exceptional items.

[1] Excluding goodwill.

Fruit segment

€000	2008|09	2007|08
Total revenue	804,476	852,520
Inter-segment revenue	(90)	(44)
Revenue	804,386	852,476
Operating profit before exceptional items	(5,501)	43,500
Operating profit after exceptional items	(5,501)	38,923
Purchases of property, plant and equipment and intangibles[1]	30,613	42,925
Purchases of non-current financial assets	556	133
Staff count	4,927	4,696

The revenue decrease in the Fruit segment from the prior year's € 852.5 million to € 804.4 million was due, in the fruit juice concentrates activities, to lower sales volume in combination with drastic price erosion for apple juice concentrate beginning in the second quarter of 2008|09. The high level of prices that was a legacy of the scant 2007 crop prompted a change in the contract behaviour of customers towards more spot purchases. In the Fruit preparations unit, prices were raised slightly compared to the prior year. Structural shifts from brand name products to store brands with low fruit content, combined with intensified competition, led to a decline in sales quantities. The Fruit segment contributed about 39.7% of Group revenue (prior year: 45.1%).

Amid good crop forecasts, apple juice concentrate prices plummeted in early summer 2008. In the second quarter of 2008|09 AGRANA was thus compelled to write down the production remaining from the previous year (derived from high-priced raw materials due to the small 2007 crop) by € 32.4 million to the expected significantly lower market prices. This correction of inventory values was the principal factor in the segment's pre-exceptionals operating loss of € 5.5 million in the 2008|09 financial year. From the second half of the year, the earnings situation stabilised as a result of the expansion of target markets and customer segments.

Fruit prices declined considerably in 2008|09 compared to the year before. The apple prices for the 2008 crop were only about one-quarter of the average prices in the previous year. This has already driven apple juice concentrate prices to very low levels in Europe.

In fruit preparations, a significant reorganisation was achieved through the closing of production in Kaplice, Czech Republic, in August 2008.

DISCLOSURES UNDER SECTION 243a AUSTRIAN COMMERCIAL CODE

The share capital of AGRANA Beteiligungs-AG at the balance sheet date was € 103.2 million, divided into 14,202,040 voting ordinary bearer shares. There are no other classes of shares.

Z&S Zucker und Stärke Holding AG (Z&S), based in Vienna, is the majority shareholder, holding 75.5% of the share capital of AGRANA Beteiligungs-AG. Z&S is a wholly owned subsidiary of Vienna-based AGRANA Zucker, Stärke und Frucht Holding AG, which in turn is 50% owned by Südzucker AG, Mannheim, Germany ("Südzucker") and 50% owned by Zucker-Beteiligungsgesellschaft m.b.H., Vienna ("ZBG"). The following five Vienna-based entities are shareholders of ZBG: Raiffeisen-Holding Niederösterreich Wien registrierte Genossenschaft mit beschränkter Haftung; Marchfelder Zuckerfabriken Gesellschaft m.b.H.; Estezet Beteiligungsgesellschaft m.b.H.; Rübenproduzenten Beteiligungs GesmbH; and Leipnik-Lundenburger Invest Beteiligungs AG. Under a syndicate agreement between Südzucker and ZBG, the voting rights of the syndicate partners are combined in Z&S, and the partners in the consortium have restrictions on the transfer of shares and have certain nomination rights with respect to AGRANA's Management Board and Supervisory Board. Thus, Johann Marihart is appointed by ZBG as a management board member of Südzucker, and Thomas Kölbl is appointed by Südzucker as a management board member of AGRANA. Neither individual receives compensation for serving in this respective capacity.

No shareowner has special rights of control. Employees who are also shareholders of AGRANA Beteiligungs-AG exercise their voting rights individually. The Management Board has no powers within the meaning of section 243a (7) Austrian Commercial Code to issue or repurchase shares.

The Company has no significant agreements that take effect, change materially, or end, in the case of a change of control in the Company resulting from a takeover offer. No compensation agreements in the event of a public takeover offer exist between the Company and its Management Board, Supervisory Board or other staff.

EVENTS AFTER THE REPORTING DATE

No significant reportable events relevant to the financial performance or financial position occurred after the balance sheet date of 28 February 2009.

[1] Excluding goodwill.


MARKET
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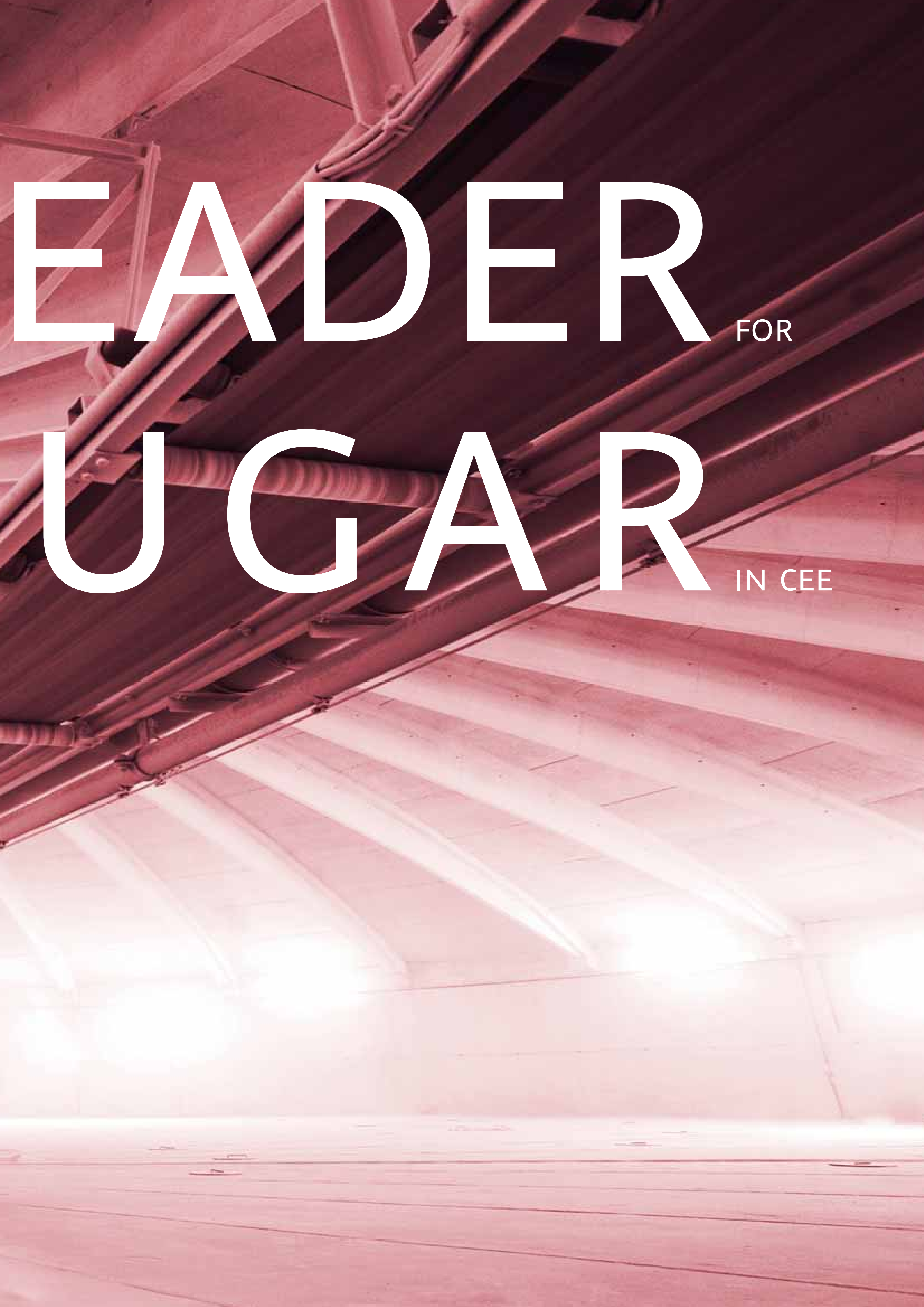

EADER FOR
UGAR IN CEE

SEGMENT KEY FIGURES	2008|09	2007|08	Change
	€m	€m	%
Revenue	702.5	751.7	(6.5)
Operating profit before exceptional items	15.8	32.6	(51.5)
Purchases of property, plant and equipment and intangibles[1]	19.4	41.9	(53.7)
Staff count	2,464	2,597	(5.1)

[1] Excluding goodwill.

AGRANA is superbly positioned as the leading sugar producer in the Central and Eastern European core markets.

AGRANA Zucker GmbH, as the parent company for the Group's Sugar activities, has direct Austrian operations and also acts as the holding company for the Sugar segment's businesses in Hungary, the Czech Republic, Slovakia, Romania, Bulgaria and Bosnia-Herzegovina.

The Sugar segment also includes INSTANTINA Nahrungsmittel Entwicklungs- und Produktionsgesellschaft m.b.H. in Austria. The subsidiary's Hungarian production was moved to Dürnkrut, Austria, in connection with the closure of the sugar production facility in Petőháza, Hungary. An Austrian beet seed multiplication company, Österreichische Rübensamenzucht Gesellschaft m.b.H., likewise operates under the umbrella of the Sugar segment.

With effect from the beginning of the 2008|09 financial year, the sugar distribution activities of AGRANA Marketing- und Vertriebsservice Gesellschaft m.b.H. (AMV) were organisationally and legally integrated into AGRANA Zucker GmbH. The catering products of HELLMA Lebensmittel-Verpackungs Ges.m.b.H. (a member of the PortionPack Europe Group) are also distributed by AGRANA Zucker.

MARKET ENVIRONMENT

World sugar market

German-based analytics firm F.O. Licht, in its forecast from 25 March 2009, predicts global sugar production of 157.4 million tonnes in the 2008|09 sugar marketing year (October 2008 to September 2009). For world sugar consumption over the same period, the agency projects an increase of almost 2% to 160.9 million tonnes, despite the global economic crisis. This implies a global sugar deficit for the 2008|09 sugar marketing year of 3.5 million tonnes. Even with record growth in Brazil, the world's largest sugar producer, F.O. Licht expects a contraction in world sugar supply for the 2008|09 marketing year because of production cuts in the European Union, India and China.

The raw sugar quotation in New York reached its low for the year on 4 June 2008 at USD 209.9 per tonne. The year's high, marked on 6 August 2008, was USD 312.8 per tonne. The quotation on 27 February 2009, at USD 297 per tonne, was down by 5.7% from the year-earlier level (USD 315). The top price for white sugar on the London exchange was quoted on 27 August 2008, at USD 414.5 per tonne. On 5 December 2008 the white sugar quote reached its low for the year of USD 294.8 per tonne. Compared to one year earlier, the white sugar quotation on 27 February 2009 was up by 3.6%, at USD 401 per tonne.

EU sugar regime

The reform of the EU sugar regime is intended to reduce EU quota sugar production from an original level of 18 million tonnes by about 6 million tonnes, to 12 million tonnes. Stable consumption despite the quota production cuts is to be made possible by the elimination of export opportunities and through import obligations assumed by the EU. In the first two sugar marketing years (2006|07 and 2007|08) of the reform period, only about 2.2 million tonnes of quota were voluntarily surrendered to the restructuring fund. To remedy this situation, on 26 September 2007 the Council of Agriculture Ministers, at the proposal of the European Commission, increased the incentives for beet growers and sugar producers to return quota to the restructuring fund in the 2008|09 sugar marketing year (1 October 2008 to 30 September 2009).

AGRANA participated in the quota return programme for the 2008|09 marketing year by giving back about 117,000 tonnes of quota, in order to avoid almost completely an uncompensated, final quota cut in the 2010|11 marketing year. The restructuring fund has been closed since 1 February 2009, having retrieved a total of approximately 5.8 million tonnes of quota, or only about 0.2 million tonnes less than the European Commission's target. The Commission has announced that it will re-evaluate the EU sugar market situation in February 2010 to determine whether a final cut in quotas is necessary. The original schedule for the payment of restructuring premiums by the EU to producer companies for the return of quota was a disbursement of 40% of the amount in June 2009 and of 60% in February 2010. However, in view of the financial and economic crisis, the European Commission decided on 13 February 2009 to allow the early payment of 100% of the premiums in June 2009.

For the 2008|09 and 2009|10 sugar marketing years the Commission has granted the chemical industry a duty-free import quota of 400,000 tonnes of out-of-quota sugar. With this measure, the Commission acknowledged the demands of industrial sugar users in regions where sugar beet cultivation is less efficient due to lower yields. To compensate for the import quota, the Commission allowed the sugar industry to make unsubsidised exports of 650,000 tonnes of out-of-quota sugar and 50,000 tonnes of isoglucose to the world market. This opened up additional market potential for efficient producer regions.

Effective 1 October 2008 (the beginning of the 2008|09 marketing year) the European Commission suspended the export refunds for quota sugar. For exporters of processed products containing sugar – which under transition rules will still receive the refunds until spring 2009 – solutions are currently being sought to enable them to continue to offer their products competitively in the world market. Should these customers have to source sugar for these products from imports or from out-of-quota sugar in the future, sales of quota sugar would fall more significantly than intended under the sugar market reform.

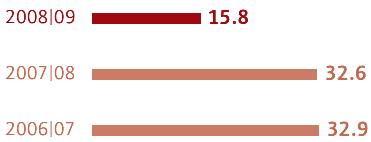
Sugar exports

The WTO negotiations broke off at the end of July 2008 without progress. The USA, China and India could not agree on import protection for agricultural products from developing countries. Significant issues that also could not yet be resolved are market access to transition economies for industrial products, and cotton subsidies in the USA. Further initiatives in autumn 2008 also foundered. It is considered unlikely that agreement will be reached in spring 2009. If agreement were achieved, EU agricultural tariffs would be gradually and significantly reduced from autumn 2011 to 2020.

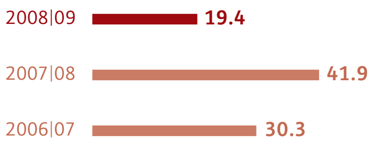
The European Union is incrementally opening its markets to unlimited imports: for the world's least developed countries (LDC) through the Everything But Arms (EBA) Agreement, and for the African-Caribbean-Pacific (ACP) countries through the Economic Partnership Agreements (EPA). From 1 October 2009 these developing countries will have duty-free and quota-free access to the EU market. At present it is doubtful, however, that the availability of raw sugar from these countries will rise in the 2009|10 marketing year.

REVENUE
€m

OPERATING PROFIT BEFORE EXCEPTIONAL ITEMS
€m



PURCHASES OF PP&E AND INTANGIBLES
€m



STAFF COUNT

Intra-trade agreement

Taking into account the changed market conditions, AGRANA was able to conclude new agreements with the umbrella organisation of Austrian sugar beet farmers ("Die Rübenbauern") and the local farmers' representatives in the other countries for beet cultivation in 2009.

RAW MATERIALS, CROPS AND PRODUCTION

On a total crop area of about 71,750 hectares (prior year: 87,800 hectares), approximately 4.71 million tonnes (prior year: 4.62 million tonnes) of sugar beet were harvested for the AGRANA Group and processed. Good weather conditions during the growing period and harvest produced above-average results in terms both of yields per hectare and of sugar content levels. The approximately 8,650 beet growers (prior year: 9,100) achieved beet yields averaging about 65.5 tonnes per hectare (prior year: 52.7 tonnes) and an average sugar content of 17.1% (prior year: 16.1%).

The beet crop was processed in seven sugar plants (prior year: eight) at a combined daily processing rate of about 46,500 tonnes (prior year: 51,100 tonnes) over an average period of 105 days (prior year: 93 days). The sugar output reached approximately 720,000 tonnes (prior year: 671,000 tonnes). Sugar production was well higher than AGRANA's beet sugar quota of 618,500 tonnes for the 2008|09 sugar marketing year. The excess quantities are marketed as industrial sugar. In Romania and Bosnia-Herzegovina, about 183,000 tonnes of white sugar were refined from raw sugar.

In most countries, beet processing began around 20 September 2008. As a result of the plentiful beet crop, the two factories in Austria only completed the sugar campaign on 22 January 2009. For the first time, certified organic sugar beets were harvested in Austria; from this crop of 15,100 tonnes, 1,800 tonnes of organic beet sugar were produced.

SUGAR: AUSTRIA

Business performance

In Austria, sales to industrial customers increased. The market shares are now 88% in industrial sugar and more than 96% in the retail market. The successful positioning of AGRANA's sugar through the Wiener Zucker brand as an Austrian high-quality product was intensified via joint activities with industrial customers. Helped also by higher exports, quota sugar sales grew from 374,000 tonnes in the previous year to 454,000 tonnes in the 2008|09 financial year. As a result of competition and the sugar market regime, sugar prices were lower than in the prior year. An oversupply of sugar at the beginning of the new 2008 campaign led to price reductions, and less non-quota sugar was sold than in 2007|08. Despite higher sugar sales volume, AGRANA recorded a revenue decrease in Austria to € 364.2 million (prior year: € 398.6 million) as a consequence of the reassignment of the feedstuff business to the Starch segment. The extreme rise in energy prices, coupled with lower sales prices, weighed on margins. The sales of the higher-priced production from the previous year detracted from profitability in the early months of 2008|09.

Investment

In addition to expenditures for the replacement of plant and equipment, the focus of investment in Austria was on the improvement of the beet pulp press area in Tulln. As a result of the now constant press speed, energy consumption in pulp drying was cut by about 7.0%.

SUGAR: HUNGARY

Business performance

Sugar revenue in Hungary grew by about 4% to € 122.2 million (prior year: € 117.4 million). This resulted exclusively from higher sales in the industrial sector. The market share of 40% was successfully defended. Import pressure from Croatia and Serbia had a negative effect on the quantities sold to food retailers. With lower production quantities due to the surrender of quota and closing of a Hungarian sugar factory, the amounts available for export were also reduced. The depreciation in the Hungarian currency was an additional negative factor for sales revenue and margins.

Investment

For replacement investments and improvements in beet pulp processing for the biogas plant in Kaposvár, € 3.3 million (prior year: € 9.6 million) was spent in the 2008|09 financial year. In the completed campaign, about 45% of the primary energy needs were met from the biogas produced on-site. New facilities were constructed for the loading and unloading of bulk sugar.

SUGAR: CZECH REPUBLIC

Business performance

With revenue growth of about 17% to € 82.0 million (prior year: € 70.3 million), significant domestic sales increases were achieved in the Czech Republic. Amid steady sales to food retailers and growth in the industrial sector, the market share rose to 25%. The Czech Republic as well saw price corrections due to the reference price reduction. Sales of out-of-quota sugar decreased.

Investment

The capital investment of € 4.1 million (prior year: € 5.2 million) related in part to the renewal of the control system at the Hrušovany refinery. As well, the first phase of the modernisation of the press operation was carried out by installing three beet pulp presses. At the Opava factory, the pulp drying operation was integrated into the process control system and a biogas pipe laid from the anaerobic waste water treatment facility to the drying plant.

SUGAR: SLOVAKIA

Business performance

Significant volume growth, although requiring price adjustments, was recorded in domestic sales in Slovakia, both in the industrial and trading businesses. Market share was thus boosted to more than 40%. Total revenue in the 2008|09 financial year amounted to € 44.3 million (prior year: € 49.6 million), as the sales prices were lower than in the previous year.

Investment

Investment in plant and equipment in Slovakia for the financial year was € 1.5 million (prior year: € 3.0 million). Aside from replacement expenditure required for automation technology, investment related to improvements in waste heat conservation and recovery and to environmental measures. With a further increase in processing throughput to more than 3,500 tonnes per day, specific energy consumption (based on white sugar equivalents) was reduced by nearly 15% and specific lime consumption (based on the amount of beet processed) was cut by more than 22%.

SUGAR: ROMANIA

Business performance

AGRANA delivered a revenue increase of 15% to € 155.1 million in Romania (prior year: € 134.9 million). The driving factor was significant volume growth in food retail and industrial sales. As a result of close and intensive cooperation with the international manufacturers, AGRANA now holds a share of almost 50% in the Romanian market. As in the other countries, prices were below the previous year's level.

In the restructuring of Romanian subsidiary S.C. Romana Prod s.r.l., the activities compatible with the sugar business were integrated into S.C. AGRANA Romania S.A., while peripheral interests such as the chocolate operations were discontinued. The required one-time expenses of € 0.9 million (impairment of plant and inventories, costs of redundancy benefit plan) are reported within exceptional items.

In the 2008|09 financial year, the steep decline in the external value of the Romanian currency had a significant negative impact on net financial items, as it increased the funding costs of euro-denominated loans in local currency.

Investment

In 2008|09 a total of € 1.8 million (prior year: € 4.1 million) was invested in automation projects in the production and packaging area and for improvements in heat conservation and recovery. This yielded considerable reductions in specific energy consumption during raw sugar refining and the beet campaign.

SUGAR: BOSNIA-HERZEGOVINA

Business performance

The raw sugar refinery that is operated together with SCO Studen & CO Holding in Brčko, Bosnia-Herzegovina, was commissioned in the 2008|09 financial year. As further adaptations were made while the plant was gradually brought on stream, the facility last year was far from reaching its full annual capacity. Total production in the financial year was approximately 50,000 tonnes of white sugar.

The raw sugar was purchased mainly from Brazil. The selling prices follow the levels dictated by the world market. Due to the gradual commissioning in the financial year, the 50% joint venture registered a start-up loss of € 3.4 million (representing AGRANA's 50% share).

Investment

AGRANA's half of the capital expenditure for the facility in 2008|09 was € 2.9 million (prior year: € 15.5 million). The funds were used especially for needed improvements to the coal-fired boiler.

SUGAR: BULGARIA

The overall Bulgarian market is in a slight contraction amid the economic crisis. AGRANA's packaging and distribution joint venture founded in the 2007|08 financial year with Bulgarian sugar company Zaharni Zavodi AD in Sofia, Bulgaria, saw a significant increase in sales volumes. In the industrial and trading sectors, sales grew to about 50,000 tonnes. In the second year of operations, the market share was already 20%. Revenue in the 2008|09 financial year was € 36.2 million (prior year: € 24.6 million). The packaging facilities in Gorna Oryahovitsa were expanded and modernised to gain greater flexibility for the future and generate added value.


AGRANA
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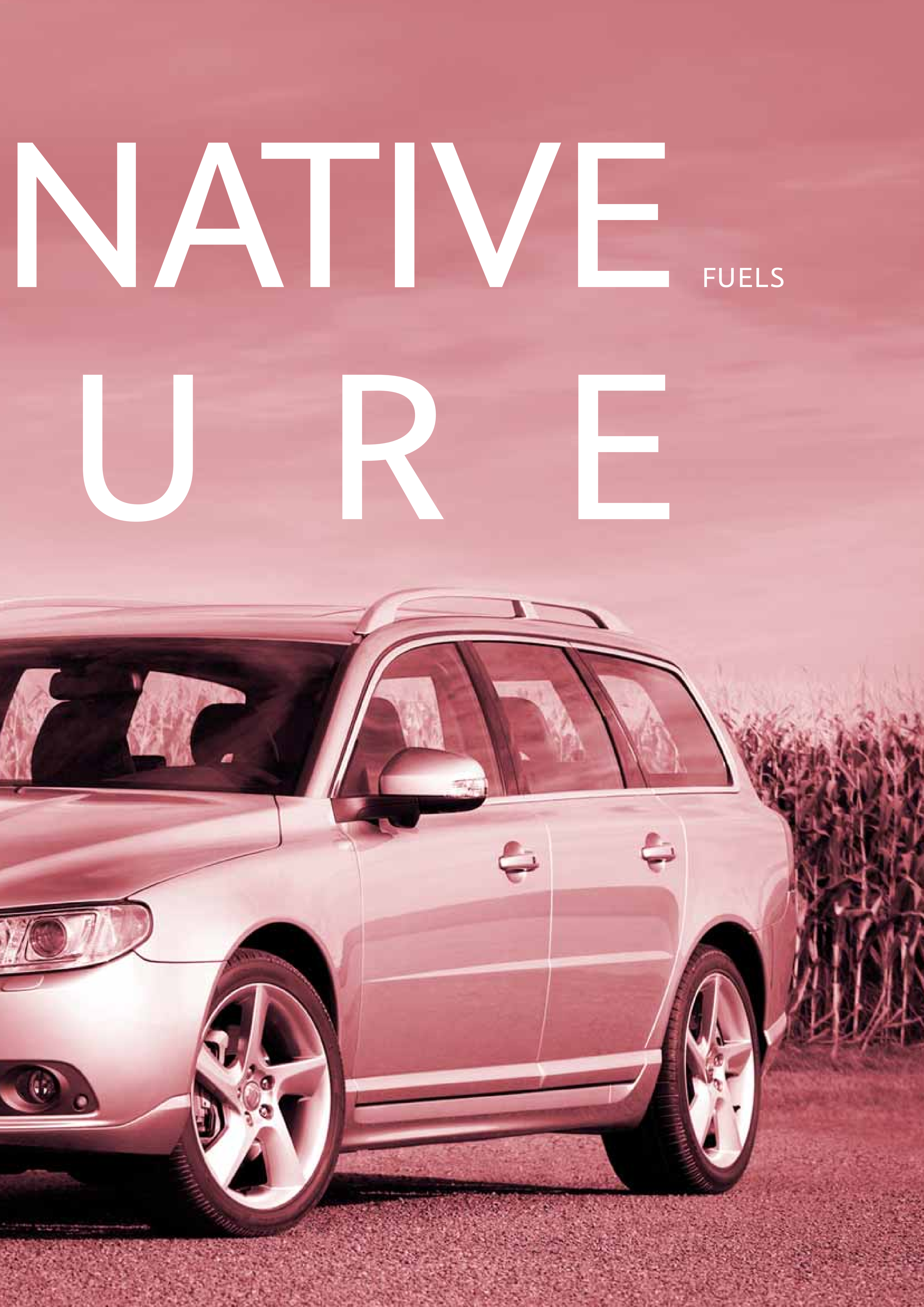
NATIVE FUELS
U R E

SEGMENT KEY FIGURES	2008|09	2007|08	Change
	€m	€m	%
Revenue	519.4	288.1	+80.3
Operating profit before exceptional items	27.5	35.3	(22.1)
Purchases of property, plant and equipment and intangibles[1]	23.8	122.9	(80.6)
Staff count	853	847	+0.7

[1] Excluding goodwill.

AGRANA is the leading supplier of environmentally friendly bioethanol in Austria and Hungary.

The Starch segment comprises AGRANA Stärke GmbH, with the Austrian starch business of the potato starch factory in Gmünd and the corn starch plant in Aschach. AGRANA Stärke GmbH is responsible for the coordination and operational management of the international holdings in Hungary and Romania. The bioethanol business, as well, is organisationally a part of the Starch segment. The wide range of animal feed products, which are a by-product of sugar and starch production, and all trading in animal feeds have been included in the Starch segment from the 2008|09 financial year. Sales of these products were previously handled by the Sugar segment.

MARKET ENVIRONMENT

Good weather conditions meant that global grain production increased by about 6% in the 2008 calendar year over the previous year's level, to 1.78 billion tonnes. With a share of 782 million tonnes, corn (maize) is the most important of the world's grains. As a result of the good harvest, global inventories have expanded.

After the crop failures of 2007 caused by bad weather, the EU-27 corn harvest in the 2008|09 marketing year rose to approximately 62 million tonnes (from about 48 million tonnes), partially because of the cancellation of the set-aside scheme. A ceiling of 700,000 tonnes was set for the quantity of corn eligible for intervention for the 2008|09 grain marketing year. The bulk of the 540,000 tonnes of corn eligible for intervention came from Hungary and Slovakia. European wheat production reached about 140 million tonnes, an increase of about 30 million tonnes over the prior year.

In November 2008, as part of the reform of the Common Agricultural Policy (the "Health Check"), the EU Ministers of Agriculture agreed on a revision of the Common Market Organisation for potato starch. The existing market regime will continue practically unchanged for three marketing years (2009|10 to 2011|12). The present market management tools such as production quotas, linked aid, and floor prices will be eliminated at the end of the 2011|12 marketing year. The existing coupled aid to farmers and industry will from then on be decoupled and included in the single payment scheme for farmers. In November 2008 the set-aside scheme was also permanently abolished.

The EU-27 isoglucose quota for the 2009|10 marketing year is approximately 690,000 tonnes. HUNGRANA holds Europe's largest isoglucose quota, at 220,000 tonnes.

STARCH: AUSTRIA

Market environment

In the calendar year 2008 the grain harvest was up by more than 1 million tonnes from the prior year, rising to approximately 5.4 million tonnes. The area under corn increased from 170,000 hectares in 2007 to 194,000 hectares in 2008. The total corn crop was approximately 2.1 million tonnes. As a result of the good corn crops in Austria and throughout the EU, raw material prices have fallen significantly since autumn 2008 from their previous highs. Wheat production was approximately 1.6 million tonnes (prior year: 1.3 million tonnes).

Raw materials and production

On a crop area of 5,500 hectares (prior year: 5,800 hectares), AGRANA contracted for 204,100 tonnes (prior year: 209,300 tonnes) of conventional starch potatoes. The total contracted volume, including organic starch potatoes, was 210,000 tonnes. The 2008 campaign lasted 116 days (prior year: 114 days). A total of 198,500 tonnes (prior year: 195,400 tonnes) of conventional starch potatoes and 42,400 tonnes (prior year: 39,900 tonnes) of organic starch potatoes were processed. At 18.4%, starch content was higher than the previous year's level of 17.4%. For the 2009 campaign year, the full quota of 47,691 tonnes of potato starch is available.

In the 2008 campaign, the production of long-life potato products, using approximately 13,000 tonnes of regular and organic food potatoes, was at the same level as the previous year. Additionally, about 12,000 tonnes of regular and organic food potatoes were purchased in for spring processing.

In the 2008|09 financial year, the Aschach corn starch plant processed 335,000 tonnes of corn (prior year: 364,000 tonnes). The volume of freshly harvested wet corn processed increased to 107,000 tonnes. Raw material prices for corn from the 2008 crop fell steeply in relation to the prices for the 2007 harvest.

Business performance

Financial year 2008|09 revenue increased by € 116.3 million to € 344.4 million (prior year: € 228.1 million) thanks largely to the inclusion of animal feed sales. As a result of the strong growth in co-products, sales volumes increased dramatically from the previous year's 462,900 tonnes to 948,900 tonnes. Co-product sales were approximately 423,000 tonnes (prior year: 112,300 tonnes), driven by the increased sales of bioethanol co-products in Austria and Hungary, in addition to the inclusion of AMV's activities. From their very good levels at the beginning of the financial year, however, product prices followed grain prices sharply downward.

Sales of AGRANA's own production of starch products declined slightly to 278,600 tonnes from the previous year's 284,800 tonnes. Sales of native starches (potato and corn starch) eased somewhat, as did baby food sales. About 110,400 tonnes (prior year: 98,400 tonnes) of industrial starches were sold to the paper, corrugated board, textile and building industries. Increasing starch prices at the beginning of 2008 caused by raw material prices resulted in adjustments to contract lengths. Over the course of the year, the weakening economy then prompted cuts in capacity, and starch prices fell. The economic slowdown was also felt in the building industry

REVENUE
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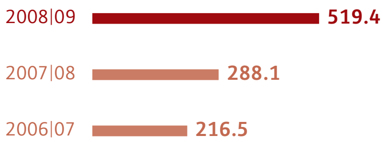
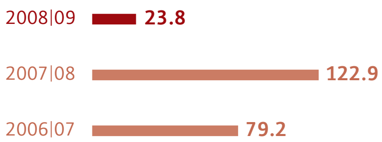


OPERATING PROFIT BEFORE EXCEPTIONAL ITEMS
€m

PURCHASES OF PP&E AND INTANGIBLES
€m



STAFF COUNT

from mid-2008. Sales in the food starch segment decreased to 82,200 tonnes (prior year: 102,600 tonnes), reflecting the surge in raw material prices at the beginning of 2008. In the middle of the year these volume losses were partly made up. From September 2008, the negative economic expectations caused a drastic fall in starch prices and stagnation in sales.

Investment

Investment in Austria for the 2008|09 financial year was € 13.1 million (prior year: € 9.1 million). The new roller drier for the Gmünd plant was commissioned in the second half of 2008|09. Additional investments related to production improvements, increased energy efficiency and various replacement investments.

STARCH: HUNGARY

Market environment

Sufficient precipitation resulted in a normal corn crop in 2008 of 8.9 million tonnes (prior year: 3.9 million tonnes).

The Hungarian isoglucose quota was approximately 220,000 tonnes for the 2008|09 marketing year. It was fully allocated to HUNGRANA, the company in which AGRANA and Tate & Lyle/ADM each own a 50% share. The quota will remain unchanged for the 2009|10 marketing year.

Raw materials and production

After completion of a sweeping capacity expansion to 3,000 tonnes per day, HUNGRANA increased volumes of corn processed in the 2008|09 financial year to approximately 840,000 tonnes (prior year: 540,000 tonnes). Compared to the previous year, good corn yields resulted in the processing of a much higher volume of freshly harvested wet corn of 186,000 tonnes (prior year: 21,100 tonnes).

Business performance

Expansion of bioethanol processing and the saccharification plant led to a corresponding increase in sales to 390,600 tonnes (prior year: 280,000 tonnes). AGRANA's 50% share of the resultant revenue was € 134.2 million (prior year: € 91.8 million). Just under one-third of this amount related to sales of ethanol. The reduced corn prices for the new 2008 crop improved earnings in the second half of the year.

Investment

AGRANA's 50% share of the investment in the Hungarian starch plant in the 2008|09 financial year amounted to € 5.4 million (prior year: € 39.8 million). The expansion was completed during the first quarter so that bioethanol and isoglucose production capacity has now reached 3,000 tonnes of corn per day.

STARCH: ROMANIA

Market environment

Romania's normal level of corn production in 2008 of 7.4 million tonnes (prior year: 3.7 million tonnes) was sufficient to cover the national requirement.

Raw materials and production

In the 2008|09 financial year, corn processing at the Romanian corn starch plant of approximately 16,500 tonnes (prior year: 23,400 tonnes) was below that of the previous year due to high prices that led to a fall in sales in the first half year. Approximately 7,000 tonnes of freshly harvested corn were processed.

Business performance

Revenue was increased by about 7% from the previous year's level of € 8.9 million to € 9.5 million. An increase in sales of saccharification products and higher selling prices offset the decline in sales quantities seen in the first half of 2008|09. Reduced raw material prices at the start of the new 2008 harvest had a favourable effect on business performance.

Investment

Investment in property, plant and equipment in Romania, aimed primarily at the reduction of energy costs, was € 0.1 million (prior year: € 0.8 million). The goal is to fuel the facility with natural gas in future.

BIOETHANOL

The EU Renewable Energies Directive was approved at the European level in December 2008. The compulsory 10% share of renewable energies in energy consumption for the European transport sector has been maintained. Comprehensive requirements for sustainability will assure that only biofuels produced on a sustainable basis will be used in the transport sector. A 35% reduction in greenhouse gas emissions from existing plants must be achieved by 2013 and a 50% reduction by 2017.

A life cycle analysis by Joanneum Research Forschungsgesellschaft of Graz has confirmed that the AGRANA plant in Pischelsdorf, Austria, which has reduced greenhouse emissions by approximately 50%, has already met the target for 2017 and is far ahead of the minimum requirement of 35%. The same analysis was performed for ethanol produced at HUNGRANA in Hungary, where the reduction in greenhouse gas emissions also exceeded 50%.

AGRANA's total annual ethanol production capacity in Austria and Hungary is in excess of 400,000 cubic metres.

Austria

Effective 1 October 2008, Austria instituted a biogenic fuel share requirement of 5.75% (by energy content). In parallel, since 1 October 2007, fuel tax is reduced on bioethanol/petrol blends and on fuels with a high bioethanol content (SuperEthanol E85).

AGRANA has Austria's only large, industrial-scale bioethanol production plant. Located in Pischelsdorf, the facility has a maximum capacity of 240,000 cubic metres per year. As a co-product of bioethanol production, up to 190,000 tonnes of high-protein feed are produced – a significant contribution to reducing imports of soy-based feedstuffs from overseas.

Following the previous year's initial trial runs, the plant was fully commissioned in May 2008, as it had not been commercially viable until spring 2008 as a result of the dramatic climb in raw material prices. The situation on world commodities and ethanol markets and the outlook for 2008 crops favoured the reopening of the plant. The facility uses wheat, dry corn and triticale as feedstock. Raw materials are procured either through grower contracts or purchases on the spot market.

AGRANA Bioethanol GmbH is 74.9% held by AGRANA Stärke GmbH and 25.1% by Rübenproduzenten Beteiligungs GesmbH.

In the 2008|09 financial year, sales grew substantially. The bioethanol produced in Pischelsdorf was predominantly sold in Austria. With the introduction of ActiProt, the new high-protein by-product, AGRANA has since June 2008 offered a certified protein animal feed for the production of non-genetically modified foods in Austria and the neighbouring countries. Using ActiProt, about one-quarter of Austria's imports of protein feeds from overseas can be replaced with a GMO-free alternative.

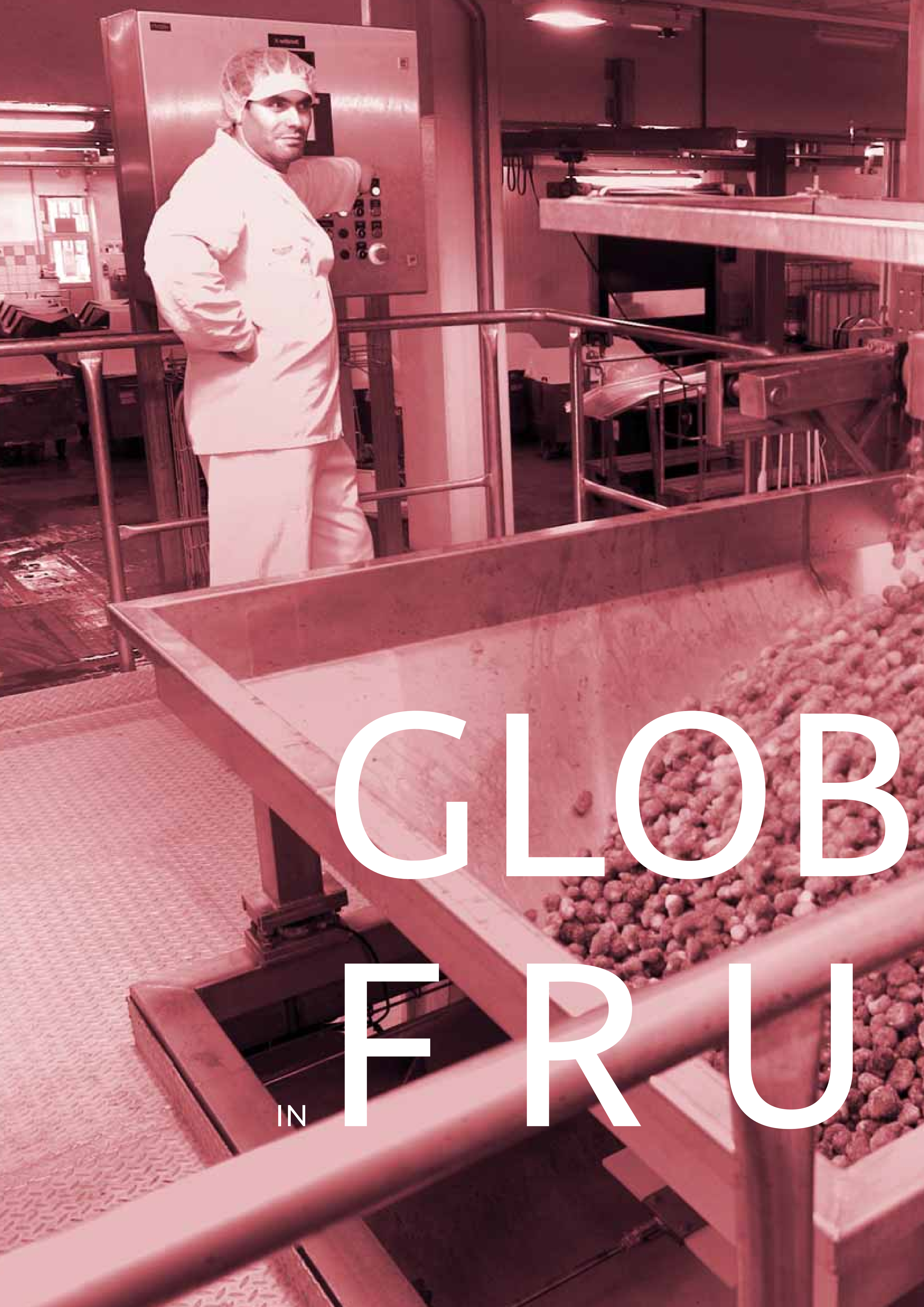
The processing of high-priced raw materials from the 2007 harvest had an adverse effect on the bioethanol business for the first half of the year. A series of technical enhancements that were required before the plant reached full capacity utilisation near the end of 2008 resulted in a reduction in operating profits. Running-in costs of € 2.3 million (prior year: € 6.8 million) are reported as exceptional items. In the 2008|09 financial year, € 5.2 million (prior year: € 73.2 million) was invested in the completion of the bioethanol plant.

Hungary

Since 1 January 2008, Hungary requires both a biodiesel content of 4.4% by volume in diesel fuel and a 4.4% ethanol content in petrol. Sales of non-compliant fuels are subject to an additional tax of 5%.

HUNGRANA's increased ethanol capacity is now as much as 520 cubic metres per day. This brings maximum production capacity to 187,000 cubic metres per year. Utilisation varies with isoglucose processing. Ethanol production in the 2008|09 financial year was based entirely on locally purchased corn. Until the beginning of the wet corn campaign in September 2008, high-priced corn from the 2007 crop was processed. Since then, ethanol production has been using more economically priced corn from the 2008 crop.

In Hungary, HUNGRANA markets the environmentally friendly product known as E85, which contains up to 85% bioethanol, to independent oil companies under the "E85 Green Power" brand name.



GLOB

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AGRANA
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PREPARATIONS

SEGMENT KEY FIGURES	2008|09	2007|08	Change
	€m	€m	%
Revenue	804.4	852.5	(5.6)
Operating (loss)/profit before exceptional items	(5.5)	43.5	> (100)
Purchases of property, plant and equipment and intangibles[1]	30.6	42.9	(28.7)
Staff count	4,927	4,696	+4.9

[1] Excluding goodwill.

AGRANA is the world market leader in fruit preparations and a leading vendor of high-quality fruit juice concentrates.

All subsidiaries in the Fruit segment, both in Austria and abroad, are directly or indirectly held by AGRANA J&F Holding GmbH. Coordination and operational management of the segment are provided by two holding companies: AGRANA Fruit S.A. (based in Paris, France) for the fruit preparations activities and AGRANA Juice GmbH (based in Gleisdorf, Austria) for the fruit juice concentrate business.

ECONOMIC ENVIRONMENT

The business environment for the Fruit segment in the 2008|09 financial year was shaped by knock-on effects of the raw material price swings in the year before and by weakening demand for brand-name dairy products caused by the economic slowdown.

Market environment

Current market data from an independent market research institution show a significant slowing of growth rates in the second half of 2008 as a result of the economic downward trend. There were also structural shifts in consumer behaviour towards the more economically priced house brands of chain stores away from more expensive traditional brand-name products, as higher food prices have made consumers more price-sensitive. As a result of equally strong dairy product price increases in the first half of 2008|09, there was a worldwide weakening of sales of fruit yogurts and refrigerated fresh desserts.

AGRANA is forecasting stable world market demand for apple juice concentrate, as the current low prices for apple juice represent a competitive advantage over other fruit juices.

In recent years, a market has grown up in the convenience food segment for smoothies (pureed-fruit drinks with a high fruit content) made with high quality fruits. This has resulted in increased demand for fruit purees, particularly exotic fruits such as bananas, mangoes, guava, papaya, passion fruit and pomegranates.

Production locations

AGRANA is a world-leading manufacturer of **fruit preparations** for the dairy, bakery and ice-cream industries with a total of 25 production sites for fruit preparations in 19 countries.

AGRANA has had a presence in China since 1999 through a fruit preparations plant north of Beijing. The Group has had manufacturing facilities in Poland since 1994 and a fruit preparations plant was opened in Serpuchov near Moscow in mid-2005, and its capacity expanded several times since then. A planned additional expansion of the plant in Russia, however, has been postponed in view of the uncertainty regarding foreign exchange and economic policies. As both Russia and Ukraine are important medium- to long-term growth markets, AGRANA intends to consolidate and expand its position in these countries by targeting further customer segments.

The South American market also continues to have potential for further growth. In addition to the fruit preparations plant in Argentina, AGRANA has produced fruit preparations in Brazil since May 2007 at Cabreúva near São Paulo.

Production at the fruit preparations plant in Kaplice, Czech Republic, was discontinued as planned in August 2008. The transfer of production to existing larger plants in Austria and Germany enhanced the economies of scale in those locations and strengthened their competitiveness.

With ten European production facilities, AGRANA is one of the leading manufacturers of **apple and berry juice concentrates** in Europe and is the only European producer with two 50% joint ventures in China. Through the strategic alliance established in 2006 with its Chinese joint-venture partner, Yantai North Andre, AGRANA operates in the world's largest apple growing region. The March 2008 acquisition of 50% of an additional Chinese apple juice concentrate plant in Yongji means that AGRANA can now utilise even more of this raw material potential. The two production facilities in Xianyang (Shaanxi province) and Yongji (Shanxi province) had a long apple campaign that was made possible by the good supply of raw materials in the 2008|09 financial year. The "sweet" apple juice concentrate produced there is characterised by a low acid content. Demand for sweet concentrate has increased both in the Americas and the Russian market. Used as a base for other fruit juice beverages, sweet concentrate is an ingredient in numerous recipes and blends.

The production facilities in Austria, Poland, Hungary, Romania and Ukraine largely produce sour apple juice concentrate with a high acid content. In addition to apples, AGRANA also processes red berries in these countries for the European concentrates market (the industry term "red berries" includes strawberries, raspberries, black and red currants, sour cherries, chokeberries and elderberries).

AGRANA FRUIT (FRUIT PREPARATIONS)

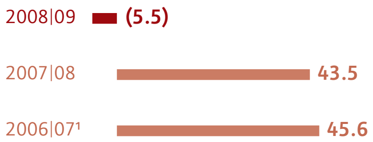
Raw materials and crops

The volatility of the raw materials markets in the 2008|09 financial year was a considerable challenge for the procurement of raw materials. Due to falling demand in the last quarter of 2008, prices of many fruits collapsed. AGRANA Fruit's global procurement company proved its worth in the centralised coordination and execution of fruit purchasing. The purchase of sweeteners for the American production facilities was also centralised in the 2008|09 financial year; in China, a local sourcing unit was successfully established.

The main fruit used in AGRANA's fruit preparations is **strawberry**, making up about 40% of the total fruit processed. The strawberry season started in Mexico, Morocco and Poland at the same high price level of the previous year. By the end of the marketing year, the fall in demand and high inventories had led to a significant drop in prices.

REVENUE
€m

OPERATING (LOSS)/PROFIT BEFORE EXCEPTIONAL ITEMS
€m



PURCHASES OF PP&E AND INTANGIBLES
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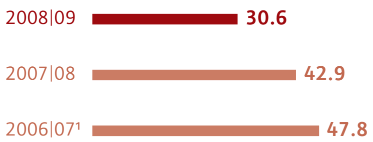


STAFF COUNT

[1] As a result of a change in year end in the Fruit segment, the 2006|07 financial year represented a period of 14 months.

There were extensive **raspberry** crop losses in North America as a result of frost damage. The North American market was therefore predominantly supplied by Chile, the foremost international production region for the American and European markets. This additional demand, combined with the crop losses due to frost, resulted in a shortage of raspberries and a doubling of prices. In Europe this tight market also led to similarly high prices for the Serbian and Polish crops.

There was a significant fall in **wild blueberry** prices as market participants had not accepted the exceptionally high pricing of the previous years and demand therefore declined.

After relatively high prices for **pome and stone fruits** during the harvest, the fall in demand later in the year also resulted in price slumps for frozen products mainly in Eastern European markets. The high European prices during the harvest were fully offset by stepping up purchasing in the more economically priced Asian markets. Cherry prices eased and the return to normal apple crop volumes caused a significant drop in prices compared to the previous year.

There was a general increase in prices of **tropical fruits**. The reasons were crop failures and continuing high demand in the first three quarters.

AGRANA is expecting a general decline in prices on the fresh and industrial fruit markets for the present 2009|10 financial year due to the fall in demand caused by the weak economy.

Business performance

In the financial year the increase in food prices led to greater price sensitivity on the part of consumers. Through excellent customer focus and service, AGRANA was able to maintain its position in Western Europe in this difficult market environment. AGRANA successfully defended its market share in Germany – the most competitive market for fruit preparations – as a result of its positioning, presence and innovational strength. The fruit preparations market in Russia, in response to the economic crisis, saw a slowdown in volume growth and the beginnings of contraction at the end of the calendar year. Comparable trends were discernible in Ukraine, where the macroeconomic environment was similarly poor. In the United States, AGRANA took advantage of new market opportunities outside the dairy industry, thus assuring capacity utilisation despite the market entry of a new competitor. Market share in Brazil was increased thanks to the excellent quality of products from the new manufacturing facility there. The Chinese food industry was temporarily affected by the infant formula scandal, which caused intra-year declines in AGRANA's sales, as well. General economic trends in South Africa led to lower sales while energy costs rose.

Sales prices of fruit preparations were up slightly from the year before. Due to the structural shift in demand away from traditional brand-name products to retailers' own brands with a lower fruit content, sales volumes decreased. Alongside higher prices for dairy products, this was also partially driven by specific events, such as the boycott of milk deliveries by farmers.

To promote sustainable profit growth, AGRANA Fruit is striving for continual improvement, and a particular focus on quality, in raw material use and energy consumption, with the objective of minimising fruit loss and less efficient uses of energy.

With the closing of the production facility in Kaplice, Czech Republic, in August 2008, the production volume was shifted to existing larger plants in Austria and Germany.

Investment

In autumn 2008 a second production line was added to the new fruit preparations plant that was opened in Cabreúva, Brazil during the 2007|08 financial year. The expanded capacity of more than 10,000 tonnes a year has created an ideal basis for continuing to increase market penetration. A production line was replaced at the facility in Mitry, France, and the new line came on stream at the end of the year. At the Polish production facility a new waste water treatment plant was built. One focus of investment was the full SAP roll-out at the facilities in Kröllendorf, Austria and Constance, Germany. The first steps were taken in Belgium and Mexico towards rolling out SAP there.

The technical designs for the expansion of the Russian plant in Serpuchov are ready and have been discussed with the authorities. In light of the temporary economic uncertainty, however, the expansion of the plant has been deferred. Russia nonetheless remains an important growth market for AGRANA and expansion of the facilities can be expected to continue in the medium term.

AGRANA JUICE (FRUIT JUICE CONCENTRATES)

Raw materials and crops

AGRANA Juice achieved high capacity utilisation at the total of twelve plants amid good apple and berry harvests in Germany and an excellent apple crop in China. Orchards did not suffer damage from frost or other adverse weather conditions.

The European apple campaign ran from mid-August to December 2008, with production delayed for a few weeks in Hungary and Poland by a boycott of supplies. Sweet apple juice concentrate production in China continued into January and February 2009.

The total input volumes of processing apples and berries were considerably higher than in the previous year. The reasons were a normal apple harvest in Europe, a record apple crop in China, and a slight increase in berry volume. There was a significant decline in purchase prices of processing apples to approximately 25% of the 2007|08 financial year level. Prices of processing berries also fell considerably from the prior year. The raw material base for AGRANA Juice's processing apples was expanded through the integration of the second joint venture in China.

Procurement of red berries, which were primarily purchased in Poland, Denmark, Hungary and Ukraine, was generally satisfactory. The previous year's volumes were slightly surpassed, at attractive purchase prices. Quality was above average as a result of favourable growing conditions.

Business performance

A raw-material-induced extreme upward spike in market prices for fruit juice at the beginning of the 2008|09 financial year led to a change in market trends and consumption patterns. Large trading companies concluded contracts for periods of less than the normal one year. The high prices of the 2007 crops drove a general trend towards spot purchases. At AGRANA this resulted in high inventory levels of apple juice concentrate from the 2007 campaign. In expectation of a normal apple crop in Europe for the 2008 campaign and in the wake of very high imports from China in 2007 that led to excess inventories, concentrate prices fell steeply in early summer 2008. As a result, AGRANA was compelled to write down these inventories by approximately € 32.4 million in the second quarter of 2008|09.

Owing to the price situation, sales volumes of fruit juice cocentrate in the financial year were below prior-year levels. In view of the contracts concluded for the present 2009|10 financial year, however, a significant increase in sales volumes is anticipated, assuming a normal crop of processing apples. At present (spring 2009), the price of apple juice concentrate is below the average prices in the last financial year, due to the higher prices in the first half of 2008|09.

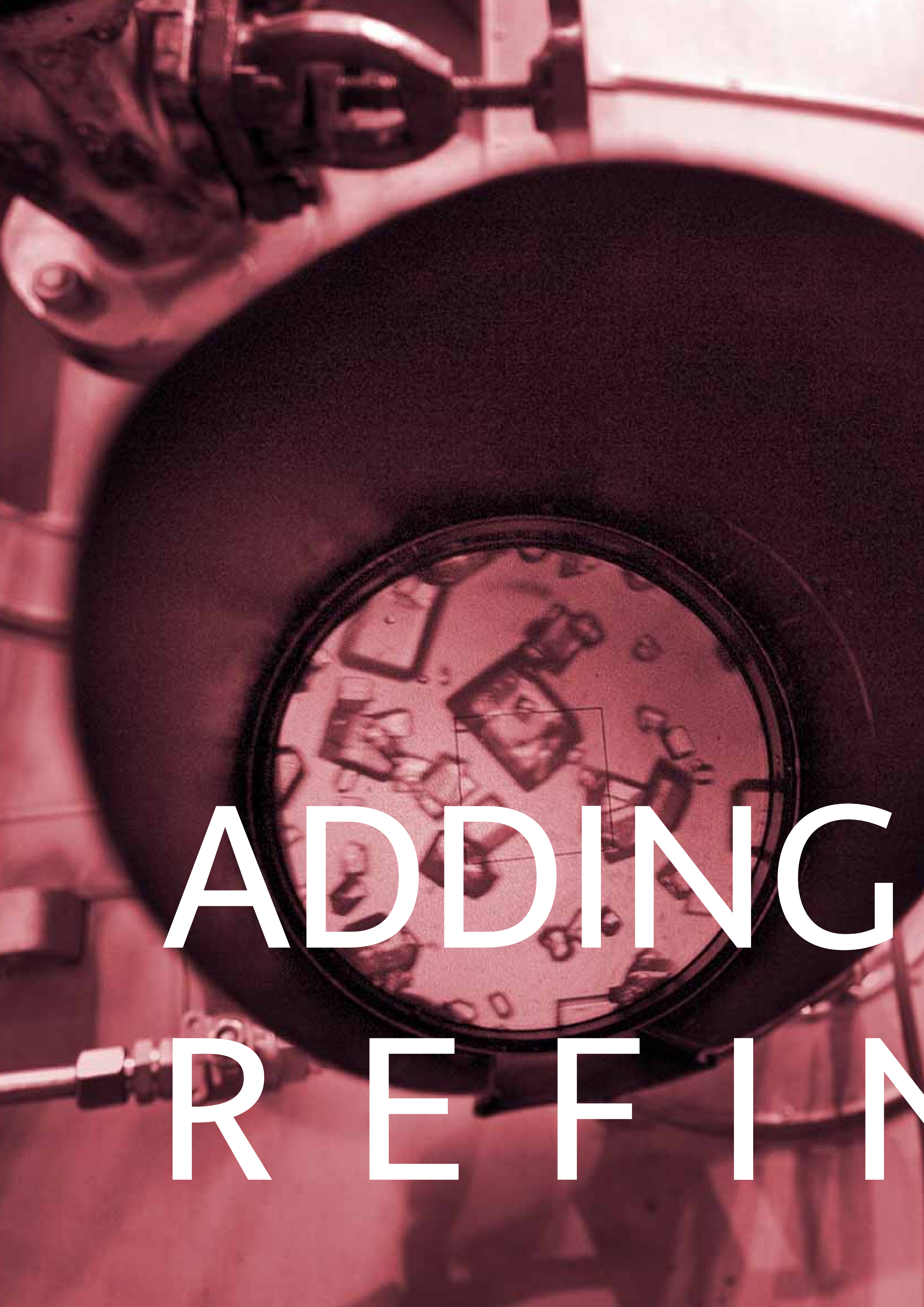
To avoid future write-downs, prices for most of the production from the 2007 and 2008 campaigns were fixed in autumn 2008 through the conclusion of sales contracts for "sour" apple juice concentrate. AGRANA changed its sales contract policies, diversified its customer base and expanded the customer portfolio in the medium- and low-volume segment as well. As well, AGRANA is entering new sales regions in order to reduce dependency on a limited number of markets and thus cushion volatility.

Measures for the reorganisation of the Polish production facilities were introduced and implemented in spring 2008. Steps will also be taken at the other concentrate facilities to improve cost structure and heighten operational flexibility in order to accommodate future market volatility.

Since most of the AGRANA Juice production facilities are located near the sources of raw material supply in Eastern Europe (Hungary, Poland, Ukraine, Romania), foreign exchange losses were incurred in the 2008|09 financial year due to currency fluctuation. These losses, which are unrealised, were the result of local currency translation differences on euro-denominated borrowings of subsidiaries.

Investment

The focus of investment in concentrate facilities was rationalisation and the improvement of product quality, product safety and the enhancement of hygiene standards. AGRANA invested in a modern ventilation system for the production facilities in Vinnitsa, Ukraine. The expansion of daily processing capacity at the Chinese plant in Xianyang to 1,800 tonnes of apples was completed and commissioned on schedule at the beginning of the campaign.



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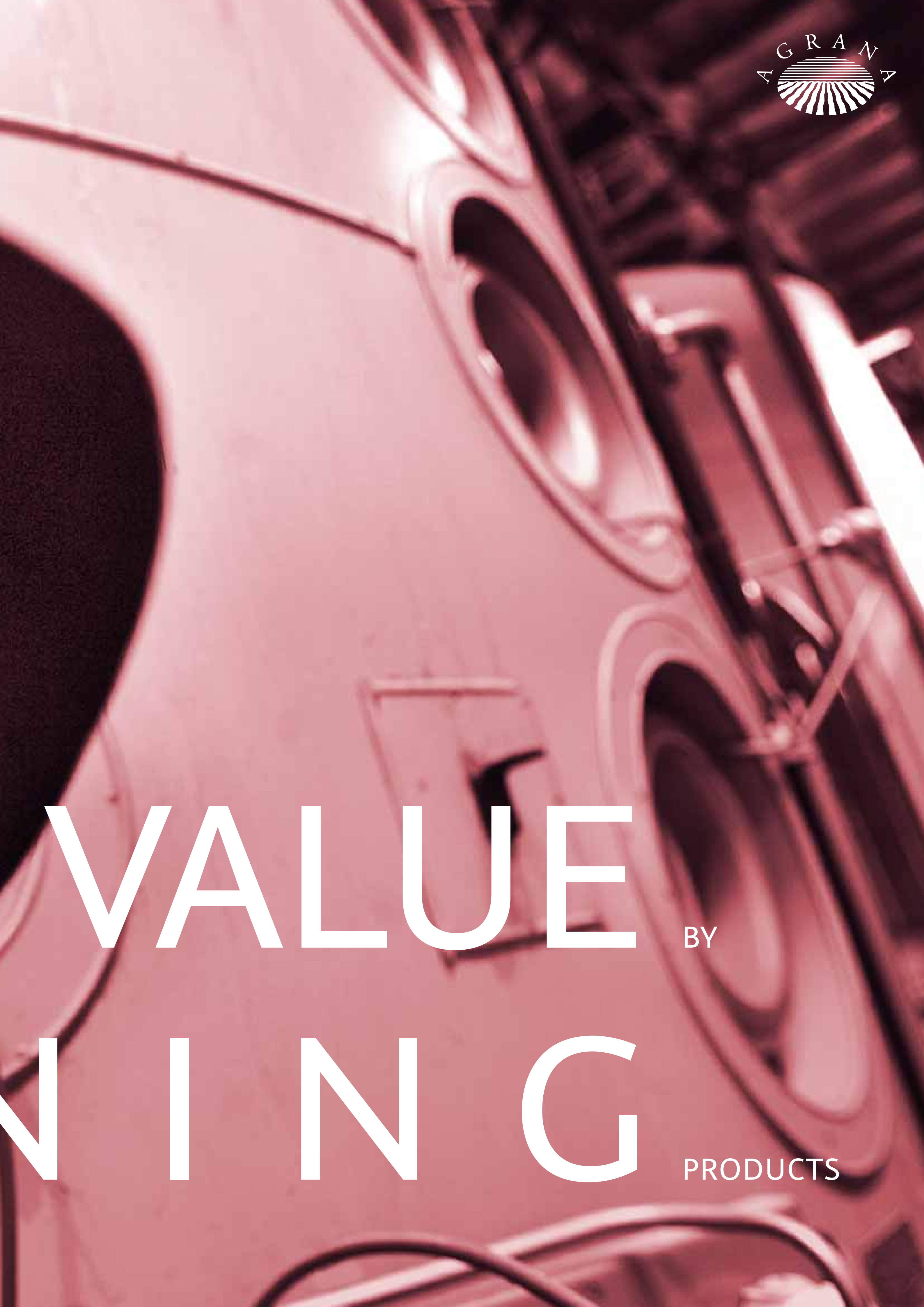
AGRANA
VALUE
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PRODUCTS

One of AGRANA's top strategic goals is quality leadership in the refining of agricultural raw materials into sugar and starch products and in the processing of fruit into fruit preparations and fruit juice concentrates. Achieving this aim requires the careful selection of agricultural products and the use of leading-edge technologies for their refining. AGRANA assures the supply of high-quality raw materials through sustainable management and frugal use of natural resources. Sustainability is thus integral to AGRANA's corporate philosophy and an important principle in the management of day-to-day operations.

A sustainable, respectful approach to nature and the frugal management of natural resources are ingrained in our corporate culture.

AGRANA is leading the way in sustainable and environmentally conscious corporate activity. Production processes and the usage of raw materials and energy are continually optimised. Since 1990, AGRANA has invested millions of euros in transport, energy supply, production and packaging and as a result had already met the Kyoto protocol's 2010 emission reduction target for CO_2 years ago.

Food safety, quality assurance, traceability of all industrial processes back to the farmer's field (including the handling of raw materials from seed to harvest) as well as extensive certification (ISO 9001:2000, ISO 22000, International Food Standard, GMP+[1], Quality & Safety) contribute to the sustainability of AGRANA's products and environmental practices.

MANUFACTURER OF ORGANIC PRODUCTS

AGRANA now manufactures organic products in all of its segments. In the 2008|09 sugar campaign, AGRANA for the first time produced organic beet sugar that complies with the requirements of the EU Regulation on organic production of agricultural products. The required separation of organic and conventional sugar, coupled with the restricted list of processing additives, is a major technological challenge in the processing of organic beets. Compliance with the EU regulation in all production phases from field to shop is monitored by licensed organic certifying agents. Organic sugar is sold by retailers under the "Wiener Zucker" brand as organic beet sugar and is also supplied to companies in the food industry for their own organic products.

USE OF CO-PRODUCTS

Sustainable production also means the most complete possible utilisation of co-products. Thus, a by-product known as "Carbokalk" (dewatered carbonation mud rich in calcium carbonate) and potato water from processes in the sugar and starch plants respectively are sold as fertiliser and soil improvement material. Beet pulp, potato protein and DDGS (distillers dried grains with solubles) are in demand by farmers as high-protein animal feed. Pomace recovered in the fruit segment is either sold to the pectin industry or as animal feed, or used for thermal applications.

SOCIAL RESPONSIBILITY

Sustainability for AGRANA does not just mean seeking harmony between the economic and environmental spheres; as the third dimension, it also includes social responsibility. As a major industrial group that is based in Central Europe but has a global presence, AGRANA endeavours to fulfil its obligations to society in all regions in keeping with the principles of modern corporate social responsibility (CSR). In addition to sponsoring cultural events, as it has done for

[1] Good Manufacturing Practice.

many years, AGRANA also supports numerous smaller social action projects. Examples are the sale of fair trade cane sugar under the "Wiener Zucker" brand and the support of the Caritas "coffee to help" project.

The European sugar industry's social partners have, for many years, adhered to a joint Code of Conduct for social development and respect of fundamental rights. The European starch industry, too, has declared its commitment to the efficient use of natural and renewable resources and to promoting sustainable development.

Several different codes are applied in the Fruit segment. In the fruit juice concentrate unit, the SGF/IRMA Code of Conduct is seen as a significant step towards sustainable and ethical standards in the international fruit juice industry. In the absence of an industry code, AGRANA has developed an AGRANA Code of Conduct in the fruit preparations unit, based on the standards formulated by the International Labour Organisation. This Code of Conduct addresses topics such as the prevention of child labour, forced labour and all forms of discrimination, as well as the promotion of health and safety in the workplace.

SUSTAINABILITY IN PRACTICE AS SEEN IN PROJECTS SELECTED FROM AGRANA SEGMENTS

The following descriptions of four projects, which were selected from each segment with a view to AGRANA's comprehensive responsibility to its stakeholders, are examples of sustainability in practice.

Sugar segment – Biogas production

A biogas plant that had been newly installed at the Kaposvár plant in Hungary was commissioned during the 2007 sugar campaign. Biogas, which replaces some of the natural gas needed for power generation, is obtained by the fermentation of beet leaves and the sugar beet pulp that is a co-product of sugar extraction.

A total of about 9.0 million cubic metres of biogas was produced to supply power for the 2008 sugar beet campaign, thus generating savings of approximately 4.8 million cubic metres of natural gas. Kaposvár was able to cover 45% of its power requirements in the 2008 campaign with biogas. The amount of renewable energy produced was sufficient to reduce CO_2 emissions for the year by 9,000 tonnes. The biogas plant was kept in operation at reduced output after the sugar beet campaign in order to provide all of the thermal energy required during the heating season for the entire facility and the sugar silo. Biogas production during the heating season averaged 12,000 cubic metres per day, which fully eliminated natural gas consumption during the heating season of 100 days, thus resulting in additional power cost savings as well as a further improvement of 1,200 tonnes in the CO_2 balance.

Starch segment – Bioethanol as a sustainable, environmentally friendly fuel

Bioenergy is an important component of sustainable energy. In the transport sector, there is a lack of practicable short-term alternatives to biofuels. For example, in Austria, greenhouse gas emissions by motor vehicles have nearly doubled since 1990 and represent about 26% of the country's total greenhouse gas emissions. Fuels produced from renewable sources, the growth and production of which are largely CO_2 neutral as well as being sustainable, make a considerable contribution to resolving the problem. In addition, biofuel production promotes sustainable rural development. The European Union has therefore set a target of a 10% share of biofuels in total fuel consumption by 2020. Austria wants to achieve this target by 2010. Since 1 October 2008, vehicle fuels sold in Austria must be 5.75% biogenic, i.e., either bioethanol or biodiesel. In addition, SuperEthanol E85 is marketed, a new type of fuel containing up to 85% ethanol.

AGRANA operates Austria's only large industrial plant for bioethanol production, located in Pischelsdorf in the state of Lower Austria. Production of up to 240,000 cubic metres (190,000 tonnes) of bioethanol per year can be achieved by processing the maximum capacity of 620,000 tonnes of grain, primarily wheat and corn from Austria. This fully covers Austria's requirements for bioethanol. As much as 190,000 tonnes of DDGS (distillers dried grains with solubles) is derived from production residues. This high-protein feed is successfully marketed under the "ActiProt" brand name. The high-quality animal feed, suitable for the production of GMO-free foodstuffs, makes an important contribution not only to the economics of bioethanol production but also to the overall environmental and commercial balance sheet of the plant. It can replace approximately one-quarter of Austria's soy-based animal feed imports from overseas, the GMO-free forms of which will be difficult to obtain in the future.

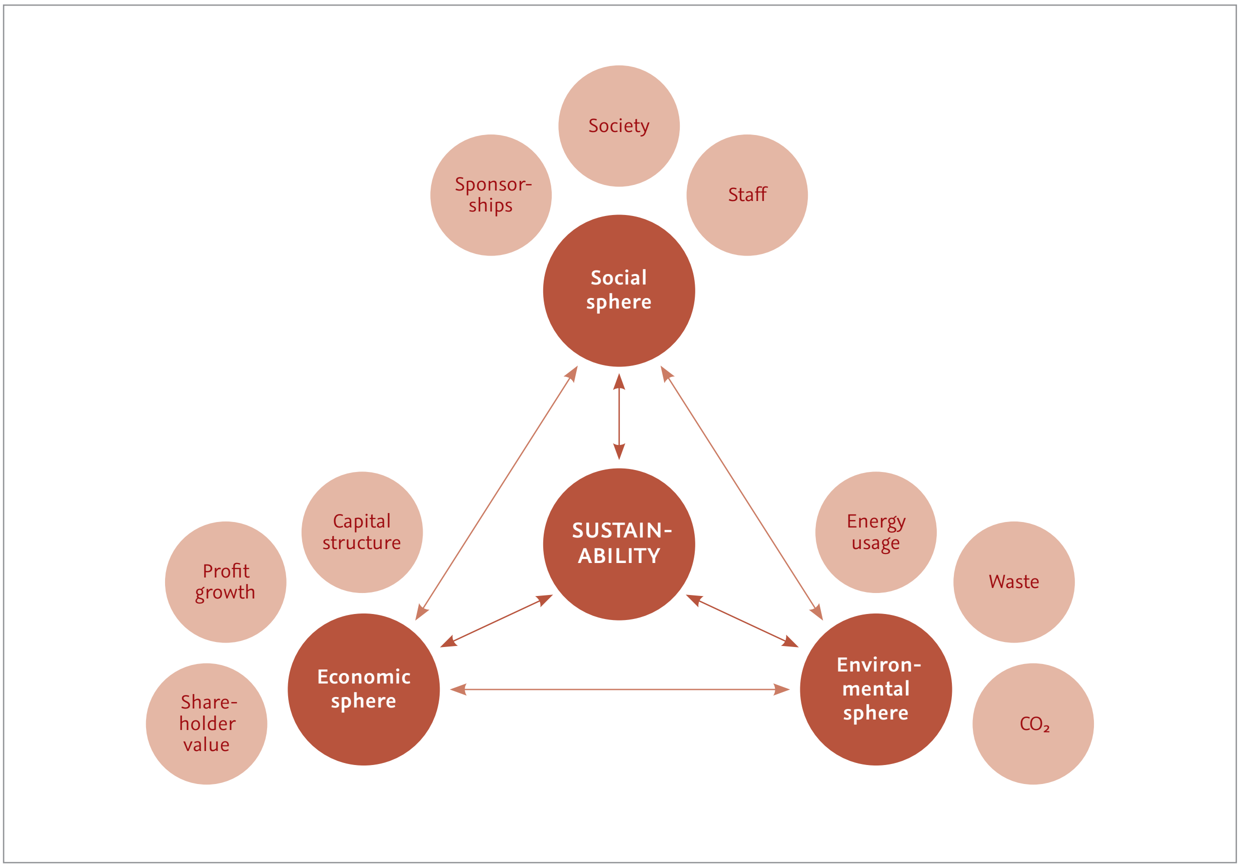
A life cycle analysis, using the energy allocation method required by the EU, was performed by Joanneum Research of Graz regarding the greenhouse gas emissions of bio-ethanol production in Pischelsdorf throughout the entire life cycle, from the planting of the raw materials, through the addition of fertilisers, harvesting, transport and processing, all the way to their combustion in the engine. The study took into account emissions of CO_2, methane and nitrous oxide, which were converted into CO_2 equivalents. The CO_2 savings over the full life cycle of the product for the combustion of one litre of bioethanol compared to one litre of petrol was 47% to 51%, depending on weather wheat or corn was used as a raw material. This means that the total annual savings for the Austrian transport sector can be as much as 380,000 tonnes of CO_2 equivalent, or 100,000 tonnes of crude oil equivalent. In addition, the AGRANA bioethanol plant surpasses the EU target for 2012 of 35% CO_2 savings for biogenic fuels and already now meets the 2017 target of 50% CO_2 savings.

Bioethanol produced at the AGRANA plant in Pischelsdorf makes a valuable contribution to the reduction of Austrian greenhouse gas emissions and improves the country's balance of trade through the substitution for petroleum and animal feed imports, in addition to creating jobs in rural areas and promoting energy independence.

AGRANA Fruit – Strawberry cultivation in Mexico

AGRANA Fruit México's project for strawberry cultivation is a successful model for sustainability in practice and social responsibility in the agricultural sector through efficient management of the cooperation between small growers, industrial customers, financial and government institutions and NGOs.

AGRANA Fruit México is located in the heart of the Mexico's largest strawberry growing area. The first steps were taken in 1995 to move parts of the until then lengthy and cumber-



some quality assurance process closer to the strawberry fields. Farmers were given advice on pest control, production techniques and the use of hygienic production methods. In addition to receiving firm volume commitments for the purchase of crops, the growers also obtain financial support and access to strategic alliances with supplier and buyer companies.

AGRANA has developed its own traceability software for the direct, on-site measurement of productivity and pesticide use, water and soil quality (with respect to pesticides, nutrients and pollutants) and cross-contamination from other fruits from nearby fields. The company has created a network of field inspectors who use mobile data transfer devices to send information daily to a data storage archive. In this way, it is now possible to assure full traceability of the production chain.

AGRANA Fruit México launched a project for the financing of field mechanisation. This enabled AGRANA to introduce high-technology equipment such as macro tunnels, mulch technology and computer-controlled drip systems and fertilisation on 241 hectares of strawberry fields of 56 contract farmers. Field productivity doubled as a result, from a yield of approximately 40 tonnes per hectare to roughly 80 tonnes. In the social dimension as well, the project has made an important contribution to the prevention of child labour in the fields.

Spurred by the resounding success of the strawberry project, a quality and food safety project has also been developed for mangoes. In addition, the project is to be extended to other types of fruit for the next season and will also be copied by the AGRANA organisations in Argentina and Brazil.

AGRANA Juice – Financing programme for the cultivation of raw materials

The central Ukrainian region around Vinnitsa is one of the most important fruit growing areas in Ukraine, producing about 10% of Ukrainian fruit on ten thousand hectares of orchards. Many orchards have become overaged, so that productivity and quality of produce have suffered.

In order to overcome these barriers to growth, an alliance was created in 2007 between the International Finance Cooperation (IFC, a subsidiary of the World Bank), the Austrian Federal Ministry of Finance and AGRANA Fruit Ukraine, the largest fruit processor in the region. The purpose of the alliance is to ensure the future sufficiency of the raw material base through the cultivation of new, resistant apple varieties and the expansion of berry cultivation. AGRANA provides planting stock and advice to the growers of the new apple varieties, as well as a purchase guarantee for their crop. The project plan calls for the continual expansion of growing areas until 2011.

To develop a stable platform of suppliers through long-term cooperation, AGRANA supports the fruit growers in the following ways:

- Improvement of farms' competitiveness through the introduction of new varieties, efficient management and improvements in quality and productivity.

- Establishment of long-term relationships with suppliers, with a demand and supply planning system, a predetermined, contractual system of incentives, integrated quality assurance and traceability techniques.

- Improved availability of financing for farms through support provided by AGRANA in business planning and management, assistance in determining title to farm land under existing land law and, lastly, access to credit facilities.

In addition to the economic success factors, the implementation of Good Agricultural Practice (GAP) represents a crucial element. This predominantly involves the improvement of food safety through the traceability of fruit, and the reduction of any adverse environmental impacts of fruit cultivation in Ukraine.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AGRANA's strategic objective in this highly competitive market environment is to differentiate itself from the competition through product innovation. In close cooperation with customers, AGRANA develops new recipes, specialty products and new applications for existing products. This is a key contributing factor to AGRANA's long-term profitability and will remain a component of corporate strategy to assure sustained success.

Consistent expansion of innovation activities: Research and development expenditure up by 19%.

AGRANA maintains several research and development facilities to implement this strategy and expand its comprehensive development know-how. For Sugar and Starch, these research and development activities are concentrated primarily at Zuckerforschung Tulln Ges.m.b.H. ("ZFT") in Austria. The spectrum of work undertaken there ranges from agricultural R&D, to food, sugar, starch and bioethanol technology, all the way to microbiology and biotechnology projects. Research and development for the fruit preparations business is centralised at the Centre of Innovation and Excellence in Gleisdorf, Austria, and its sister R&D facility in Brecksville, Ohio, in the USA. The two research centres are responsible for the development of innovative products and new production methods, in addition to conducting long-term research and development projects to provide AGRANA's international customers with innovative solutions in direct response to the needs of the market. The innovation centre in Brecksville concentrates mainly on the particular requirements of the North American market. Both innovation hubs are supported by a centralised market development unit in Mitry, France.

Internal and external research and development expenditure in 2008|09 was about € 12.5 million (prior year: € 10.5 million). AGRANA had an average total of 195 employees working in research and development in the 2008|09 financial year (prior year: 187 employees).

SUGAR SEGMENT

In the 2008|09 financial year, the use of the processes developed in recent years to conserve process supplies (as distinct from raw materials), such as foam inhibitors, lime, coke or alkalising agents, continued to gain in importance. In parallel, AGRANA worked on the optimal use of natural antibacterials in sugar extraction.

A focus of development work during last year's campaign related to the system for the optimum dosage of alkalising agents (for the clarification of raw juices through the addition of milk of lime). There was also successful experimentation on the use of natural antibacterials as silage additives (to suppress undesirable kinds of fermentation). After the initial successes in connection with the ensilage of beet pulp, ways were found to also use the products for grass silaging.

STARCH SEGMENT

AGRANA is successfully positioned in the starch market through an unwavering focus on product development in the specialty segment. The basis for this is the intensive and close collaboration with customers.

The focus of **non-food** research in the financial year related particularly to activities in the building, adhesives and cosmetics sectors as well as to biologically degradable materials. The construction materials sector has become an important strategic area of research. With the development of starch products derivatives (tile adhesives and plaster) the rising requirements of the market were fully satisfied. In addition to new applications for starch ethers, AGRANA has developed highly modified starch products to be used as stabilisers for concrete. New special thickening agents can be used not just in emulsion paints, but also in resin bound plaster. For the markets of paper bag adhesives and label adhesives, custom-tailored bag adhesive products were developed. The development of new starch products for the cosmetics industry was advanced by AGRANA's product innovations. AGRANA has developed modified thermoplastic starch as a biodegradable material which, when blended with polyesters/polylactide, has very promising properties for injection moulding.

The development of starch products for the **food sector** has recently focused on the use of specially modified waxy corn starch for fruit preparations. In the work on new stabiliser systems, organic starches were the research area of priority.

Intensive analytical support was required in **AGRANA's bioethanol production**, especially for its start-up stage. Feeding trials by ZFT with livestock and in the pet food area confirmed the favourable effects of the high-protein ActiProt feed produced by AGRANA. ZFT's accreditation was expanded in 2008 to include research into quality-related parameters of ethanol.

FRUIT SEGMENT

The research activities for fruit preparations were intensified in the 2008|09 financial year with the aim of market expansion. This included the further development of smoothies, both organic and conventional. Going beyond the high fruit content that smoothies are known for, the focus of research was the addition of functional ingredients. For the food service market, AGRANA also developed special fruit sauces, which enabled the company to enter the Australian market. In the USA and Mexico, baking-stable fruit preparations and the associated production technology were taken to a higher level of development.

"Superfruits", or fruits with a particularly high content of valuable nutrients, remain a growing trend. AGRANA has developed marketing strategies for superfruits that underline the advantages of their characteristics. New recipes with optimised flavour profiles were developed and presented to interested customers. Also, fruit-based products have been created that are high in functional ingredients such as calcium and iron, antioxidants and vitamins. A major challenge for manufacturers of fruit preparations and dairy products is that of optimising the enrichment with flavour-intensive substances (without adding natural or artificial flavours). Through the judicious selection of source substances and the technological adaptation of the production process, AGRANA was able to achieve very high levels of enrichment without detracting from sensory qualities.

The optimisation of colour yield and colour stability is an important objective in red juice concentrates. The effects of all critical production processes on these product characteristics were systematically tested and improvements evaluated. Through wide-ranging measures, the quality of fruit aromas in all fruit juice concentrate plants was enhanced, significantly adding to the value of the products.

R&D EXPENDITURE
€m

R&D-TO-SALES RATIO[2]
%

[1] As a result of a change in year end in the Fruit segment, the 2006|07 financial year represented a period of 14 months.
[2] R&D expenditure as a share of revenue.

In the 2008|09 financial year the AGRANA Group employed an average of 8,244 people (prior year: 8,140). Of this total, 1,730 employees (prior year: 1,643) were based in Austria and 6,514 (prior year: 6,497) worked in the Group's international companies.

The average number of employees in each business segment was as follows:

- Sugar segment: 2,464 employees (prior year: 2,597)
- Starch segment: 853 employees (prior year: 847)
- Fruit segment: 4,927 employees (prior year: 4,696)

Despite the unusually long sugar campaign in Austria (production ran until 22 January 2009), the average staff count in the Sugar segment eased by 133 employees as a result of restructurings in Hungary, Slovakia and Romania. In connection with the merger of S.C. Romana Prod s.r.l. into AGRANA Romania S.A., a redundancy benefit plan was negotiated with the 30 employees affected. As part of the optimisation of plant locations in Hungary, it was also decided to move the manufacturing operation of INSTANTINA Hungaria Kft. from the site of the sugar mill in Hungary's Petőháza to Dürnkrut in Austria. At the Dürnkrut facility this created 16 new jobs.

In the Starch segment, there was workforce growth at the bioethanol plant in Pischelsdorf, Austria, while staff numbers in Romania decreased.

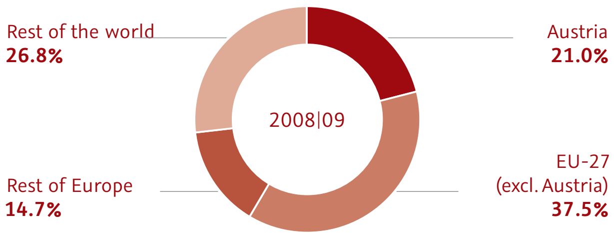
In the Fruit activities, the increase of 231 employees is explained by the inclusion of the second joint venture firm in Yongji, China, and greater hiring of harvest workers in Morocco. A comprehensive redundancy benefit plan was implemented for the 77 employees affected by the closing of the Czech fruit preparations plant in Kaplice.

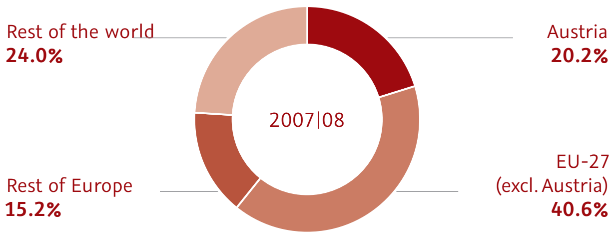
STAFF DEVELOPMENT FOR SUCCESS

A key thrust of the human resources strategy in 2008|09 consisted of systematic training and development programmes for managers and staff. By this continual skills upgrading and development of employees across all Group segments, AGRANA is thus cultivating an important success factor.

An area of emphasis in this respect was the implementation of a Group-wide talent development process. Particularly in a globally operating group of companies, key personnel with high mobility and flexibility have prime significance. The goal of the talent development process is to spot employees with strong potential and ability and to support their career development.

EMPLOYEES BY REGION





The continual development of all employees is an important principle at AGRANA. A set of "basic management skills" was therefore defined that all managers should possess. These skills comprise basic people management, communication, time management, presentation techniques, project management essentials and a fundamental knowledge of economics and business theory. In addition, specialised courses were offered for participants from any business segment. In keeping with the Group's international focus, English courses were held in many locales.

Within segment boundaries as well, important priorities were reflected in the subjects taught. In the Sugar segment, the offering consisted of safety training, job-specific trainings, and courses for middle management. In the Fruit preparations unit, a "peers training" programme was established that is used for individual sharing of best practices and other knowledge transfer between senior managers from different countries. Quality improvement training programmes were also delivered. The main focus of staff training in the fruit juice concentrates business was the roll-out of more English courses and additional instruction in workplace safety.

To support the achievement of strategic goals and objectives, a performance-based incentive pay system that has long been in use for managers is now implemented worldwide. In addition to targets related to the company's financial position and earnings (such as operating profit), the criteria for the variable portion of compensation also include individual performance targets. In the 2008|09 financial year, about 6% of all employees were covered by this incentive-enhanced compensation arrangement.

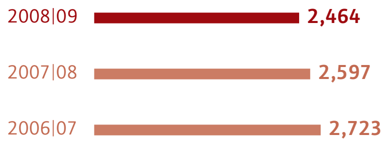
The human resources strategy for 2009|10 will remain oriented towards skills upgrading and development. This applies above all to apprentices: In Austria in 2008|09, a total of 62 apprentices were enrolled in AGRANA's apprenticeship programme, in preparation for careers such as, most notably, mechanical engineering technicians, plant electricians, chemical lab technicians and, for the first time, food technicians.

HEALTH

A range of health-related activities were organised in numerous Group locations worldwide under the auspices of AGRANA-Fit, the health and wellness programme. For instance, in some countries, partnerships are set up with local fitness establishments. Thus, in the United States, an extensive programme continued to be offered that consists especially of preventive medical screenings and various activities designed to promote health and wellbeing. And among the participants in the annual Wien Energie Business Run in August 2008 were no fewer than 26 three-person AGRANA teams from all business areas.

GROUP'S TOTAL STAFF COUNT

SUGAR SEGMENT STAFF COUNT



STARCH SEGMENT STAFF COUNT

FRUIT SEGMENT STAFF COUNT

To ensure an appropriate balance of risks and returns, AGRANA uses an integrated system for the early identification and monitoring of Group-specific risks. The aim of risk management at AGRANA is to identify risks at an early stage and take suitable countermeasures to minimise deviation from targets. The central focus of these risk management activities is on employing available equity as efficiently as possible while pursuing the Group's medium- and long-term strategic goals and growth opportunities.

Risk management as a key tool of Group governance.

AGRANA's internal risk management process includes the Group-wide identification, assessment, control and monitoring of risks. An integral part of the planning process is the annual updating and evaluation of a predefined list of risks. Identified risks that could significantly affect the achievement of segment or Group objectives are analysed in detail based on loss amount and probability of occurrence.

Risk management at the AGRANA Group is based on risk control at the operational level and strategic control of Group companies, both supported by efficient reporting and control systems. The corporate audit department regularly carries out a systematic examination of business processes, workflows and systems.

Known and expected changes in the general environment are incorporated into both short- and medium-term planning as part of a revolving annual planning process implemented throughout the Group. When unexpected trends are identified, their effects on plans are determined and countermeasures introduced.

RISK POLICY

AGRANA's global business exposes it to a variety of risks inseparable from its business activities. To address these risks, the Management Board formulates a risk policy, which is overseen by the Supervisory Board. The implementation of the risk strategy in the business segments is centrally coordinated.

AGRANA is generally prepared to bear risks related to its core competencies. Risks that cannot be reduced to a reasonable level or transferred to third parties are avoided. AGRANA does not assume risks that are unrelated to core or support processes.

AGRANA's approach to maintaining compliance with risk policy principles emphasises risk awareness, clearly defined responsibilities, independent risk control and the use of efficient control and reporting systems.

Where derivative instruments are used to mitigate risks, this is done in the context of hedging business transactions. Derivatives are not used for speculative purposes. Compliance with this principle is achieved through policies, limits and routine monitoring.

GROUP COMPANIES CONTROL AND OPERATIONAL RISK CONTROL

The Management Board is responsible for the approval of risk management principles, for the setting of limits on all relevant risks, and for the procedures used in risk monitoring. The risk control department, a central independent control unit organisationally located in the corporate controlling department, has responsibility for strategic control of Group companies and operational risk control, providing decision support to the Management Board with respect to risk policy. The risk control department regularly reports to the Management Board, which evaluates the current risk situation, taking account of the Group's risk-bearing capacity and relevant risk limits. The department is also responsible for the Group-wide development and implementation of methods for the measurement of risks and returns, the ongoing further development and refinement of control tools, and the development and maintenance of basic guidelines. These guidelines form part of the internal control system and ensure, among other benefits, proper internal and external financial reporting.

A single standardised planning and reporting system is implemented in every company of the AGRANA Group. This efficient tool for operational risk control provides detailed sales plans, projected balance sheets and income statements, as well as all key performance indicators, such as working capital, capital employed and net debt. The planning horizon covers the current and four subsequent financial years.

In the monthly reporting (at company, segment and Group level), the monthly closing is used for a plan/actual comparison, with any variances analysed and reported to the Management Board. The monthly reports also include information on the market trend and relevant segment risk categories (procurement, financial and currency risks). Standardised quarterly forecasts incorporating current developments are prepared to the same planning depth for the current financial year. These reports are supplemented by any necessary ad hoc analyses.

INTERNAL AUDIT

The internal audit department monitors all operational and business processes in the parent holding company and subsidiaries, internal control systems, and the appropriateness and effectiveness of the measures taken by the risk management and risk control departments. The internal audit group reports directly to the Management Board.

OPERATIONAL RISKS

As a manufacturing company in the agricultural sector, AGRANA's business activities expose it to specific operational risks that may have significant negative effects on its financial position and results of operations.

Risks from the sugar regime
Potential effects of international and national trade agreements and market policy are analysed at an early stage and evaluated as part of the risk management process. The new EU sugar regime, which took effect on 1 July 2006 and remains in force until 30 September 2015, is of particular significance to AGRANA in this regard. The new sugar market regime and its effects are discussed in detail beginning on page 24 of this report, in the section on the Sugar segment.

Renewable energy directive
To further its policy objectives for climate, energy and agriculture, the EU Commission included in its climate protection and energy package a revised version of the 2003 biofuels directive and reaffirmed the importance of blending petrol with bioethanol.

The recent reduction in the use of petrol in industrialised countries, the falling price of oil, and increasingly competitive imports, notably from Brazil, could have an adverse effect on the competitive position and bioethanol demand. The potential development of an oversupply of bioethanol in Europe could lead to falling prices and thus detract from profitability.

Procurement risks

As an agricultural processor, AGRANA is exposed to weather-related procurement risks that may result in shortages of agricultural inputs. These raw materials may also be subject to price fluctuations that cannot be fully passed through to customers.

Physical supply agreements are used to procure appropriate quantities of the raw materials required for bioethanol production. The purchasing strategy aims to hedge the quantities of raw materials required to satisfy the long-term delivery commitments contracted. If only a small number of counterparties are available to provide these input volumes, futures contracts are used to hedge the future amounts of grain needed at fixed prices. The hedge ratio to be used (the relationship between the hedged and unhedged required quantities) is proposed by segment management and approved by the AGRANA Management Board. A rise in commodity prices may be partially offset by higher selling prices for the protein-rich co-products of bioethanol production.

Raw material costs are also a key factor in cornstarch production. AGRANA attempts to pass on such price increases to its customers as rapidly as possible.

The Fruit segment's global presence and familiarity with all procurement markets allow it to avoid or mitigate input supply bottlenecks and price volatility. The centralised purchasing organisation set up by AGRANA in the Fruit segment analyses raw material markets worldwide, enabling it to respond effectively to input shortfalls and variations in quality. To provide year-round security of supply and take into account the differences in crop cycles between major crop regions, long-term agreements have also been concluded with suppliers and customers, thus ensuring consistent high quality, reliable deliveries and secure production. Unfavourable weather and plant diseases could cause serious crop failures, leading to a significant increase in raw material costs.

As a result of the sugar regime, procurement risks are less significant in the Sugar segment, since sugar beet production is normally more competitive than other crops. This does not apply to Romania and Bosnia-Herzegovina, where raw sugar is refined. The Commodity Exchange (CBOT) in Chicago in the USA is used for quantity and price hedging of the raw sugar requirements. The raw materials purchasing department centrally coordinates these hedging transactions, which are used to ensure a secure supply of the necessary input volumes.

As regards energy price risks, AGRANA seeks to set up its production facilities so as to employ various energy sources for optimum cost efficiency. The Group-wide further improvement of facilities' energy efficiency is also continually pursued. In this context, increasing importance is attached to the use of alternative energy sources. The quantities and prices of the required amounts of energy sources are secured in advance through short- and medium-term contracts for physical delivery.

Market risks and competitive risks

AGRANA operates in various markets and attempts to detect possible changes in consumer behaviour sufficiently early. Implications for the market position are analysed and business strategies are adjusted as appropriate. Competition-induced swings in sales prices are met by continually optimising cost structures, with the goal of cost leadership.

The sustained growth and demands of the new markets in the CEE countries, Russia, Asia and South America make it essential to watch these markets continuously. Only by accurate – and continual – market analysis and market development can existing and future growth markets be spotted early enough and harnessed for the further growth of the AGRANA Group.

In the Group's planning, the current economic situation and the global recession were taken into account in the 2008|09 financial year by using very cautious assumptions about medium-term market developments. The situation as it unfolds is permanently and carefully monitored and analysed.

Product quality

Product excellence that benefits customers and consumers is something which AGRANA inherently expects of itself and thus takes for granted as its mission. The need to comply with all relevant food and beverage legislation is therefore embraced by AGRANA as a matter of course. Risks associated with quality shortcomings, such as might arise, for example, from contaminated raw materials or processing defects, are mitigated through the use of very rigorous, certified internal quality management systems. Adherence to these systems is regularly verified throughout the Group. The product liability insurance carried affords sufficient cover for these risks.

Other operational risks arising in the areas of production, logistics, research and development as well as from the use of information technology are of comparatively little significance. AGRANA reduces these risks by permanent monitoring, clear documentation and continuous improvement of processes.

LEGAL RISKS

No actions are pending against AGRANA or its Group companies that could have material impacts on the Group's financial position.

The Group is exposed to the risk of possible changes in the legal setting, particularly in food and environmental legislation. AGRANA therefore identifies such risks at an early stage, assesses their potential impact on the Group's business activity and takes countermeasures where appropriate.

FINANCIAL RISKS

AGRANA is subject to risks from movements in exchange rates, interest rates and product prices. To hedge these risks arising from operating and financing activities, AGRANA to a limited extent employs derivative financial instruments. AGRANA uses derivatives largely to hedge the following exposures:

- Interest rate risks represent the risk that financial instruments will fluctuate in value as a result of changes in market interest rates; this is referred to as interest rate price risk, and affects mainly fixed-interest investments. By contrast, floating-rate investments or borrowings are subject to minimal price risk, as their interest rate is adjusted to market rates very frequently. However, the fluctuation in the short-term interest rate creates risk as to the amounts of future interest rate payments; this is referred to as interest rate cash flow risk. In accordance with IFRS 7, a sensitivity analysis was conducted with regard to interest rate movements, which is presented in detail in the notes to the consolidated financial statement.

- Currency risks arise mainly from the purchase and sale of goods on the world market in foreign currencies and from financing in foreign currencies or local financing in euros. Due to the global orientation of the AGRANA Group, these risks relate primarily to the exchange rates between the euro and the US dollar, Hungarian forint, Polish zloty, Romanian leu, Ukrainian hryvnia and Russian ruble.

- Product price risks arise from price fluctuation on the world market and on energy and relevant raw materials markets. The Group companies in Romania and Bosnia-Herzegovina are subject to additional currency risk from raw sugar purchases made in US dollars.

- Liquidity risks arising from fluctuations in cash flows are detected through liquidity planning, which forms an integral part of the Group's corporate planning and of the reporting system. This allows timely measures to be taken in response to such risks. Sufficient credit lines committed by banks assure the liquidity of the AGRANA Group.

- Risks of counterparty default on receivables are mitigated by the ongoing monitoring of the credit quality and payment behaviour of customers as well as by setting strict upper limits on receivables balances. To some extent, the Group holds credit insurance against customer defaults. Particular emphasis is placed on dealing with business partners and banks that have excellent credit ratings. Residual risk is covered by raising appropriate amounts of provisions.

For hedging, AGRANA primarily employs forward foreign exchange contracts (also known as currency forwards). With these, the value of cash flows denominated in foreign currencies is protected against exchange rate fluctuation. When entering into sales contracts in countries with volatile currencies, additional attention is paid to shortening of credit periods, indexing of foreign currencies to the euro or US dollar at the time of payment, higher up-front payments and similar methods of risk mitigation. A detailed presentation of the financial risks outlined above can be found in the notes to the consolidated financial statements, beginning on page 105.

AGGREGATE RISK

On balance, the Group's aggregate risk exposure has not changed materially in comparison to the prior year. While the market situation for sugar improved as a result of the quota returns and a corresponding reduction in supply, world market prices for agricultural commodities were defined by dramatic levels of volatility. The exceptionally high degree of currency volatility witnessed especially in Eastern Europe had a negative effect on net financial items in the 2008|09 financial year.

OPPORTUNITIES FOR THE GROUP'S FUTURE GROWTH

AGRANA's consistent pursuit of a corporate strategy of sustainable, value-driven growth creates many opportunities.

The reform of the EU sugar regime, though posing the risks described above, also offers openings for a sustained strengthening of the Group's competitive position in the Sugar segment. The structural changes in the European sugar industry caused by the price cuts have already led to the withdrawal of competitors from the market. AGRANA commands a good competitive position and seeks further expansion of its market share.

Another major opportunity is found in the production of bioethanol fuel from renewable resources, with the twin benefits of reducing dependence on fossil fuels and cutting carbon dioxide emissions. The EU has committed itself to the use of renewable sources of energy under the Kyoto Protocol, the EU's Biomass Action Plan and its Strategy for Biofuels. Austria has passed laws requiring the partial substitution of biogenic for fossil fuels. Through the expansion of the Hungarian bioethanol capacity and the construction of the new plant in Austria, AGRANA has set the stage for continuing to act as a prominent supplier in the market for biogenic fuels.

In the Starch segment, AGRANA already occupies a prominent market position as a recognised manufacturer of specialty starches for the paper, textile, cosmetics, pharmaceutical and construction industries. This niche strategy permits differentiation from competitors and unlocks further growth potential while leveraging the in-house research and development infrastructure. Another area of activity is in organic and GMO[1]-free starches for the food industry.

In the Fruit segment, the AGRANA Group is already the world market leader in fruit preparations for the dairy industry. As well, AGRANA is the largest vendor of apple juice concentrates in the European market. Innovation and development are opening up new market potential and widening the customer base. Through investment in production sites close to customers, AGRANA will continue to strengthen its competitive position in the future.

On balance, for the present 2009|10 financial year, the Management Board of AGRANA Beteiligungs-AG sees no risks to AGRANA's ability to continue in business as a going concern.

[1] GMO-free: not derived from genetically modified organisms.

AGRANA cannot fully escape the influence of the overall economic environment. Although cyclical market fluctuations in the food industry are not comparable to those in other industries, the economic trend will have an effect on consumer behaviour in the food industry as well.

Based on our estimates of market trends for our products, AGRANA expects Group revenue in the 2009|10 financial year to remain at approximately the same level as in the prior year, with decreased revenue in the Sugar segment offset by a slight increase in revenue from the Fruit segment. Lower commodity and energy prices, together with internal cost savings, are expected to counteract the current downward pressure on sales prices effectively. Based on current information, AGRANA believes that operating profit will recover significantly in the 2009|10 financial year.

2009|10 financial year: Group revenue at last year's level, significant recovery in Group profit, investment of about € 50 million, reduction in net debt.

Towards this end, an optimisation programme aimed at exploiting Group-wide synergies was initiated in the past months. The objective of the programme is to analyse internal process flow within the AGRANA Group and identify savings opportunities, thus optimally leveraging Group-wide synergies not just centrally but at local organisational units.

Under the sugar regime, restructuring proceeds for surrendered quota will be fully paid out in advance in June 2009. This will have a favourable effect on net debt, which is to be reduced significantly in the 2009|10 financial year. The credit lines available to AGRANA adequately cover its funding needs for the 2009|10 financial year.

AGRANA's management expects currency volatility to decline over the medium term and exchange rates to return to their normal ranges. It should be possible to partially recoup present currency translation losses on financial liabilities.

INVESTMENTS

AGRANA is limiting planned investment to around € 50 million for the 2009|10 financial year. In addition to replacement investment in Austria, planned expenditures in the **Sugar segment** are focused on a total of € 11 million for installation of a biological wastewater treatment system in Roman, Romania, and a new packaging facility for 1 kilogram packages in Buzau, Romania. Further capital spending is planned for the environmental and energy areas. The € 12 million budgeted for the investment programme in the **Starch segment** is a significant decrease from the prior year, and is limited to necessary replacement expenditures. The **Fruit segment** has an investment budget of around € 27 million for the 2009|10 financial year. In addition to productivity-enhancing investment in Valence, France, a production line for new product areas is to be added in Centerville, USA, as a step towards the further diversification of AGRANA's customer base. In the fruit juice concentrates activities, AGRANA is investing only as required to maintain production and satisfy legal requirements.

SUGAR SEGMENT

AGRANA is focusing primarily on developing its market position in the Eastern European region, which has become a deficit market with the sugar regime reform (demand now exceeds local production). In addition, import quotas for raw sugar will come to an end in Romania and Bulgaria at the end of September 2009, and it currently appears doubtful that raw sugar supply in these two countries will meet demand. The reduction in the price of sugar, together with lower production, will strongly shape the market environment. Revenue is therefore expected to ease somewhat in the 2009|10 financial year due to the price reductions resulting from the sugar regime reform. The elimination of the restructuring levy and normalisation in energy prices should have a positive effect on profit in the Sugar segment.

A total planting area of approximately 85,500 hectares of sugar beet is planned in order to utilise the 618,500 tonnes of sugar quota allocated to AGRANA in the 2009|10 marketing year after the surrender of around 117,000 tonnes of quota.

STARCH SEGMENT

AGRANA expects revenue in the Starch segment during the 2009|10 financial year to reach the prior-year level. Sales prices are well below those of the first half of 2008|09, and although the resulting decrease in revenue is partially compensated by full utilisation of bioethanol capacity and higher availability of isoglucose, the slowdown in economic activity has caused a drop in demand for industrial starch products. At the present time, it is not possible to reliably forecast the magnitude of these effects on revenue and profit during the 2009|10 financial year.

About 200,000 tonnes of conventional and organic starch potatoes are being contracted for the 2009 campaign year. Most of the starch corn required until the new 2009 crop for the Aschach facility has already been contracted, as has most of the wheat, corn and triticale for Pischelsdorf.

HUNGRANA will process approximately 970,000 tonnes of corn in 2009. Purchasing arrangements are in place for most of the corn required until the new 2009 crop.

FRUIT SEGMENT

Consumer behaviour in relation to fruit yoghurt will continue to be the dominant factor in the market for fruit preparations. AGRANA expects retailer own brands to increase at the expense of brand-name products. In addition to cost optimisation, emphasis will also be placed on innovation and the launching of new products. Although AGRANA, as a result of its global presence, anticipates that sales quantities will decrease slightly, the combination of the company’s strong focus on quality, uncompromising food safety, proximity to customers and innovative product developments are expected to buttress its position.

AGRANA is projecting sales volume for fruit juice concentrates to increase during the 2009|10 financial year, with regional reductions in market size (particularly in Russia and Ukraine) likely to be compensated by additional sales in other regions. Most of the production from the 2008 campaign is contracted with customers. Due to global excess supply and low apple costs for the 2008 crop, market prices are likely to remain low.

CONSOLIDATED FINANCIAL STATEMENTS 2008|09

BASED ON IFRS

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 28 FEBRUARY 2009

	€000	2008|09	2007|08
(1)	Revenue	2,026,328	1,892,275
(2)	Changes in inventories of finished and unfinished goods	(73,264)	118,845
(2)	Own work capitalised	3,764	4,530
(3)	Other operating income	39,202	62,617
(4)	Cost of materials	(1,376,118)	(1,331,016)
(5)	Staff costs	(210,337)	(212,953)
(6)	Depreciation, amortisation and impairment losses	(81,986)	(89,153)
(7)	Other operating expenses	(292,947)	(343,635)
(8)	**Operating profit after exceptional items**	**34,642**	**101,510**
(9)	**Share of result of associates**	**5**	**24**
(10)	Finance income	14,881	16,546
(11)	Finance expense	(81,942)	(44,994)
	Net financial items	**(67,061)**	**(28,448)**
	(Loss)/profit before tax	**(32,414)**	**73,086**
(12)	Income tax credit/(expense)	16,555	(9,246)
	(Loss)/profit for the period	**(15,859)**	**63,840**
	– Attributable to shareholders of the parent	*(11,578)*	*64,322*
	– Minority interests	*(4,281)*	*(482)*
(13)	(Loss)/earnings per share under IFRS (basic and diluted)	€ (0.82)	€ 4.53

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 28 FEBRUARY 2009

	€000	2008|09	2007|08
	(Loss)/profit for the period	(15,859)	63,840
	Depreciation, amortisation and impairment of non-current assets	82,426	90,142
	Reversal of impairment losses on non-current assets	(85)	(834)
	Changes in non-current provisions	(2,201)	(12,288)
	Share of result of associates	(5)	(24)
	Other non-cash (income)/expenses	32,952	0
	Operating cash flow before change in working capital	**97,228**	**140,836**
	Gains on disposal of non-current assets	**(5,406)**	**(298)**
	Changes in inventories	105,487	(170,234)
	Changes in receivables, deferred tax assets and current assets	62,659	(79,911)
	Changes in current provisions	(18,584)	23,084
	Changes in payables (excluding borrowings)	(84,912)	81,044
	Effect of movements in foreign exchange rates on non-cash items	(41,467)	1,235
	Change in working capital	**23,183**	**(144,782)**
(14)	**Net cash from/(used in) operating activities**	**115,005**	**(4,244)**
	Proceeds from disposal of non-current assets	14,637	16,116
	Purchases of property, plant and equipment and intangible assets, net of government grants	(73,172)	(204,656)
	Proceeds from disposal of securities	0	24,829
	Purchases of current and non-current securities	(2,168)	(3,443)
	Purchases of businesses	(11,377)	(2,301)
(15)	**Net cash (used in) investing activities**	**(72,080)**	**(169,455)**
	Capital increase in a subsidiary through minority interests	0	5,395
	Changes in non-current borrowings	(57,109)	(24,414)
	Changes in current borrowings	35,602	175,669
	Dividends paid	(28,548)	(29,298)
(16)	**Net cash (used in)/from financing activities**	**(50,055)**	**127,352**
	Net (decrease) in cash and cash equivalents	**(7,130)**	**(46,347)**
	Effect of movements in foreign exchange rates on cash and cash equivalents	(4,172)	889
	Cash and cash equivalents at beginning of period	86,760	132,218
	Cash and cash equivalents at end of period	**75,458**	**86,760**

CONSOLIDATED BALANCE SHEET
AT 28 FEBRUARY 2009

	€000	28 February 2009	29 February 2008
	ASSETS		
	A. Non-current assets		
(17)	Intangible assets	260,498	252,939
(18)	Property, plant and equipment	609,866	653,316
(19)	Investments in associates	605	600
(20)	Securities	104,492	18,657
(20)	Investments in non-consolidated subsidiaries and outside companies, and loan receivables	2,499	92,852
(21)	Receivables and other assets	5,525	42,101
(22)	Deferred tax assets	35,711	16,710
		1,019,196	**1,077,175**
	B. Current assets		
(23)	Inventories	562,113	680,271
(21)	Trade receivables and other assets	326,629	346,050
	Current tax assets	6,980	9,370
(24)	Securities	5,830	4,314
	Cash and cash equivalents	75,458	86,760
		977,010	**1,126,765**
	Total assets	**1,996,206**	**2,203,940**
	EQUITY AND LIABILITIES		
(25)	**A. Equity**		
	Share capital	103,210	103,210
	Share premium and other capital reserve	411,362	411,362
	Retained earnings	289,583	379,187
	Equity attributable to equity holders of the parent	804,155	893,759
	Minority interests	21,758	28,306
		825,913	**922,065**
	B. Non-current liabilities		
(26a)	Retirement and termination benefit obligations	45,241	46,233
(26b)	Other provisions	17,575	18,784
(27)	Borrowings	250,177	307,286
(28)	Other payables	1,958	2,033
(29)	Deferred tax liabilities	31,259	38,549
		346,210	**412,885**
	C. Current liabilities		
(26b)	Other provisions	23,513	42,097
(27)	Borrowings	405,718	370,116
(28)	Trade and other payables	390,863	452,616
	Current tax liabilities	3,989	4,161
		824,083	**868,990**
	Total equity and liabilities	**1,996,206**	**2,203,940**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 28 FEBRUARY 2009

€000	Share capital	Share premium and other capital reserve	Retained earnings: Revalua-tion reserve	Retained earnings: Other retained earnings	Retained earnings: Currency translation reserve	Retained earnings: (Loss)/ profit for the period	Minority interests	Total
2008|09								
At 1 March 2008	**103,210**	**411,362**	**8,549**	**322,054**	**(15,738)**	**64,322**	**28,306**	**922,065**
Loss on available-for-sale financial assets	0	0	(3,343)	0	0	0	0	(3,343)
Cash flow hedge	0	0	(9,901)	0	0	0	0	(9,901)
Tax effect	0	0	3,269	0	0	0	0	3,269
Currency translation loss	0	0	0	0	(40,435)	0	(1,548)	(41,983)
Net income/(expense) recognised directly in equity	**0**	**0**	**(9,975)**	**0**	**(40,435)**	**0**	**(1,548)**	**(51,958)**
(Loss) for the period	0	0	0	0	0	(11,578)	(4,281)	(15,859)
Total recognised income and expense	**0**	**0**	**(9,975)**	**0**	**(40,435)**	**(11,578)**	**(5,829)**	**(67,817)**
Dividends paid	0	0	0	0	0	(27,694)	(855)	(28,549)
Transfer to reserves	0	0	0	36,628	0	(36,628)	0	0
Other changes	0	0	0	78	0	0	136	214
At 28 February 2009	**103,210**	**411,362**	**(1,426)**	**358,760**	**(56,173)**	**(11,578)**	**21,758**	**825,913**
				289,583				
2007|08								
At 1 March 2007	**103,210**	**411,362**	**15,753**	**281,681**	**(9,717)**	**68,865**	**24,345**	**895,499**
Loss on available-for-sale financial assets	0	0	(12,111)	0	0	0	0	(12,111)
Cash flow hedge	0	0	2,279	0	0	0	0	2,279
Tax effect	0	0	2,628	0	0	0	0	2,628
Currency translation loss	0	0	0	0	(6,021)	0	(376)	(6,397)
Net income/(expense) recognised directly in equity	**0**	**0**	**(7,204)**	**0**	**(6,021)**	**0**	**(376)**	**(13,601)**
(Loss)/profit for the period	0	0	0	0	0	64,322	(482)	63,840
Total recognised income and expense	**0**	**0**	**(7,204)**	**0**	**(6,021)**	**64,322**	**(858)**	**50,239**
Dividends paid	0	0	0	0	0	(28,526)	(772)	(29,298)
Transfer to reserves	0	0	0	40,339	0	(40,339)	0	0
Other changes	0	0	0	34	0	0	5,591	5,625
At 29 February 2008	**103,210**	**411,362**	**8,549**	**322,054**	**(15,738)**	**64,322**	**28,306**	**922,065**
				379,187				

1. SEGMENT REPORTING

The segment reporting, which conforms with International Accounting Standard (IAS) 14, distinguishes between three business segments – Sugar, Starch and Fruit – thus following the AGRANA Group's internal reporting structure. The Sugar segment comprises sugar production in Austria, Hungary, the Czech Republic, Slovakia, Romania and Bosnia-Herzegovina as well as sugar-related business areas. The Starch segment encompasses production facilities in Austria, Hungary and Romania. The Fruit segment consists of two units: Juice (producing fruit juice concentrates, in Austria, Denmark, Poland, Romania, Hungary and China) and Fruit (producing fruit preparations worldwide).

1.1. SEGMENTATION BY BUSINESS ACTIVITY

€000	Sugar	Starch	Fruit	Consoli-dation	Group
2008|09					
Total revenue	751,086	551,979	804,476	(81,213)	2,026,328
Inter-segment revenue	(48,583)	(32,540)	(90)	81,213	0
Revenue	**702,503**	**519,439**	**804,386**	**0**	**2,026,328**
EBITDA	37,828	48,854	32,495	0	119,177
Depreciation, amortisation and impairment of property, plant and equipment and intangibles[1]	(22,018)	(21,331)	(37,996)	0	(81,345)
Operating profit/(loss) before exceptional items	**15,810**	**27,523**	**(5,501)**	**0**	**37,832**
Exceptional items	(913)	(2,277)	0	0	(3,190)
Operating profit/(loss) after exceptional items	14,897	25,246	(5,501)	0	34,642
Share of result of associates	5	0	0	0	5
Carrying amount of associates	605	0	0	0	605
Segment assets	601,865	368,268	784,237	0	1,754,370
Segment liabilities	297,873	58,946	122,331	0	479,150
Purchases of property, plant and equipment and intangibles[1]	19,402	23,798	30,613	0	73,813
Purchases of non-current financial assets	862	254	556	0	1,672
Total capital expenditure	20,264	24,052	31,169	0	75,485
Staff count	2,464	853	4,927	0	8,244
2007|08					
Total revenue	772,028	339,988	852,520	(72,261)	1,892,275
Inter-segment revenue	(20,332)	(51,885)	(44)	72,261	0
Revenue	**751,696**	**288,103**	**852,476**	**0**	**1,892,275**
EBITDA	54,900	48,988	80,644	0	184,532
Depreciation, amortisation and impairment of property, plant and equipment and intangibles[1]	(22,322)	(13,655)	(37,144)	0	(73,121)
Operating profit before exceptional items	**32,578**	**35,333**	**43,500**	**0**	**111,411**

[1] Excluding goodwill.

€000	Sugar	Starch	Fruit	Consoli-dation	Group
Exceptional items	1,439	(6,763)	(4,577)	0	(9,901)
Operating profit after exceptional items	34,017	28,570	38,923	0	101,510
Share of result of associates	24	0	0	0	24
Carrying amount of associates	600	0	0	0	600
Segment assets	701,829	390,061	871,434	0	1,963,324
Segment liabilities	358,877	68,374	134,512	0	561,763
Purchases of property, plant and equipment and intangibles[1]	41,948	122,861	42,925	0	207,734
Purchases of non-current financial assets	3,310	0	133	0	3,443
Total capital expenditure	45,258	122,861	43,058	0	211,177
Staff count	2,597	847	4,696	0	8,140

The revenue and asset data represents consolidated amounts. Inter-segment charges for products and services are based on comparable market prices.

The exceptional items resulted from the costs for the closure of the chocolate manufacturing operation as part of the restructuring of S.C. Romana Prod s.r.l. in Romania and from the costs for the construction phase of the Austrian bioethanol plant (the construction phase was completed in the first quarter of the financial year).

Segment assets and segment liabilities are based on total segment assets and liabilities, respectively, and do not take into account financial receivables and borrowings. As well, the following items are eliminated in the segment data to the extent that they cannot be allocated: investments in associates, investments in another entity, securities and loan receivables. Current and deferred tax assets/liabilities are also eliminated.

€000	28 Feb 2009	29 Feb 2008
Total assets	1,996,206	2,203,940
Less non-current financial assets	(107,596)	(112,109)
Less securities, cash and cash equivalents	(81,288)	(91,074)
Less tax assets and other assets	(52,952)	(37,433)
Segment assets	**1,754,370**	**1,963,324**
Provisions and other liabilities	1,170,293	1,281,875
Less borrowings	(655,896)	(677,402)
Less deferred and current tax liabilities	(35,247)	(42,710)
Segment liabilities	**479,150**	**561,763**

Companies are assigned to geographic segments based on the location of their registered office.

[1] Excluding goodwill.

1.2. SEGMENTATION BY REGION

€000	2008|09	2007|08
Revenue		
Austria	810,530	688,503
Rest of EU	872,351	842,287
EU-27	1,682,881	1,530,790
Rest of Europe (Bosnia-Herzegovina, Russia, Serbia, Turkey, Ukraine)	102,850	91,337
Other foreign countries	240,597	270,148
Total	**2,026,328**	**1,892,275**

The revenue generated by Eastern European companies was € 811,382 thousand (prior year: € 734,483 thousand). The countries defined as Eastern Europe are Hungary, Slovakia, Czech Republic, Romania, Bulgaria, Poland, Russia, Ukraine, Turkey, Serbia and Bosnia-Herzegovina.

€000	2008|09	2007|08
Segment assets		
Austria	610,214	628,237
Rest of EU	858,441	1,055,407
EU-27	1,468,655	1,683,644
Rest of Europe (Bosnia-Herzegovina, Russia, Serbia, Turkey, Ukraine)	92,333	115,678
Other foreign countries	193,382	164,002
Total	**1,754,370**	**1,963,324**
Purchases of property, plant and equipment and intangibles[1]		
Austria	26,905	89,458
Rest of EU	29,464	82,334
EU-27	56,369	171,792
Rest of Europe (Bosnia-Herzegovina, Russia, Serbia, Turkey, Ukraine)	5,857	20,320
Other foreign countries	11,587	15,622
Total	**73,813**	**207,734**

2. BASIS OF PRESENTATION

AGRANA Beteiligungs-AG ("the Company") has its registered office at Donau-City-Strasse 9, 1220 Vienna, Austria. Together with its subsidiaries, the Company constitutes an international group engaged mainly in the worldwide processing of agricultural raw materials.

The consolidated financial statements of the AGRANA Group for 2008|09 were prepared in accordance with International Financial Reporting Standards (IFRS) in effect at the balance sheet date and with International Financial Reporting Interpretations Committee (IFRIC) interpretations, as adopted by the European Union.

Amounts in the consolidated financial statements are presented in thousands of euros (€000) unless otherwise indicated. As a result of automated calculation, rounding errors may occur in totals of rounded amounts and percentages.

[1] Excluding goodwill.

In addition to the income statement, cash flow statement and balance sheet, a statement of changes in equity is presented. Segment reporting is included in the notes to the consolidated financial statements.

New standards issued by the International Accounting Standards Board (IASB) are applied from the time of their entry into force (i.e., from their effective date).

The changes to the following standards and interpretation first became effective (i.e., their application became mandatory) in the 2008|09 financial year but did not have an effect on the accounts: IAS 39 (Financial Instruments: Recognition and Measurement), IFRS 7 (Financial Instruments: Disclosures) and IFRIC 12 (Service Concession Arrangements).

The following amended, revised or new standards and interpretations which have been adopted into European Union law will become effective for the first time for the 2009|10 financial year:

■ The revised IAS 1 (Presentation of Financial Statements) will require a statement of comprehensive income, including income and expense that thus far have been recognised in equity without recognition in the income statement. The amount of income tax payable on each component is also to be disclosed. In the consolidated financial statements of AGRANA the application of the revised IAS 1 will lead to changes especially in the presentation of the income statement and statement of changes in equity.

■ The revision of IAS 10 (Events After the Reporting Period) clarifies that dividends declared after the balance sheet date may not already be recognised as a liability at the balance sheet date, as the obligation does not yet exist at that time.

■ IAS 16 (Property, Plant and Equipment) and IAS 7 (Statement of Cash Flows) were amended regarding the disclosure of property, plant and equipment and of proceeds from the disposal of property, plant and equipment by regular-way sale after a period of being rented to third parties.

■ A further amendment to IAS 19 (Employee Benefits) clarifies the criteria for the recognition of negative past service cost of curtailments and the distinction between short-term and other long-term employee benefits.

■ The amendment to IAS 20 (Accounting for Government Grants and Disclosure of Government Assistance) specifies that the interest rate benefit from below-market-rate government loans is to be treated as a grant, which should be accounted for in accordance with IAS 20.

■ IAS 23 (Borrowing Costs) was revised to the effect that borrowing costs (such as interest) which are directly attributable to the acquisition, construction or production of a qualifying asset should be capitalised as part of the cost of that asset until the completion of the investment project. The amendment eliminates the existing option of the immediate recognition of borrowing costs as an expense, which to date is practiced by AGRANA. A qualifying asset (e.g., construction of a new production plant or major plant expansion) in this context is one that necessarily takes a substantial period of time to get ready for its intended use or sale. Consequently, in the future, companies must capitalise such borrowing costs as part of the cost of the qualifying assets. The standard first becomes effective for borrowing costs relating to qualifying assets for which the commencement date for capitalisation is on or after 1 January 2009. AGRANA is currently assessing the effects of the amendment of IAS 23 on the presentation of the financial position and results of operations when the amendment is first applied from 1 March 2009.

■ The amendments to IAS 27 (Consolidated and Separate Financial Statements) prescribe the treatment of group restructurings that involve the formation of a new group parent company. The changes to IAS 27 also clarify that financial instruments measured at fair value under IAS 39 should continue to be measured by this method even if classified as held for sale in accordance with IFRS 5.

■ The amendment to IAS 28 (Investments in Associates) and corresponding changes to IAS 32 (Financial Instruments: Presentation) and IFRS 7 (Financial Instruments: Disclosures) clarify that, for the purposes of impairment tests, investments in associates are to be treated as single assets and impairment losses are to be reversed as required.

■ The amended IAS 31 (Interests in Joint Ventures) establishes that certain joint ventures carried at market value fall under the scope of IAS 39 (Financial Instruments: Recognition and Measurement).

■ The amendments to IAS 32 (Financial Instruments: Presentation) and to IAS 1 relate to changes in the classification rules for puttable financial instruments and for obligations arising only on liquidation. The amendments allow certain financial instruments that currently meet the definition of a financial liability to be classified as equity. IAS 32 contains detailed criteria for the identification of such instruments.

■ The amended IAS 34 (Interim Financial Reporting) clarifies that income statements in interim financial reports must disclose both basic and diluted earnings per share.

■ The additions to IAS 36 (Impairment of Assets) expand the disclosures in the notes as regards goodwill impairment testing.

■ The amendment to IAS 38 (Intangible Assets) specifies that expenses for advertising campaigns and promotional activities cannot be capitalised; this provision does not affect the AGRANA Group.

■ The amendments to IAS 39 (Financial Instruments: Recognition and Measurement) in conjunction with IFRS 7 (Financial Instruments: Disclosures) relate to rules for the reclassification of financial instruments that are measured at fair value through profit or loss, and to changes in interest rate when applying the effective interest method.

■ The amendments to IAS 40 (Investment Property) relate to property under construction or developed for future use as an investment property; the application of the standard is not relevant to AGRANA.

■ The amendment to IAS 41 (Agriculture) clarifies how cash flows are to be determined in measuring the transformation of biological assets into agricultural products.

■ The amendments to IFRS 1 (First-Time Adoption of International Financial Reporting Standards) in conjunction with IAS 27 (Group and Separate Financial Statements) detail the measurement of subsidiaries, joint ventures and associates on initial application of IFRS.

- The amendments to IFRS 2 (Share-based Payment) are not relevant to the AGRANA Group, as no share-based payments are given.

- IFRS 8 (Operating Segments) specifies that the structure and content of segment reporting is to be based on the information regularly made available internally to the chief operating decision makers.

- IFRIC 13 (Customer Loyalty Programmes) and IFRIC 14 (IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction) relate to matters not relevant to the AGRANA Group.

The application of all amended standards cited above becomes mandatory for financial years beginning on or after 1 January 2009. To the extent that these amendments are relevant to the AGRANA Group, their future effects on the financial position and results of operations are being assessed.

The amendments to IFRS 5 (Non-Current Assets Held for Sale and Discontinued Operations) clarify that when a controlling interest in a consolidated company is to be sold, all assets and liabilities of the subsidiary are to be reclassified as held for sale even if a non-controlling interest is retained. The amended standard is effective for financial years beginning on or after 1 July 2009. Its application is therefore mandatory for the AGRANA Group from the 2010|11 financial year; depending on the nature and scale of future transactions, the amendments will have effects on the financial position and results.

In January 2008 the IASB issued the revised IFRS 3 (Business Combinations) and amended IAS 27 (Consolidated and Separate Financial Statements). The new IFRS 3 includes rules on the scope of application, on purchase price components, the treatment of minority interests and goodwill, and the extent to which assets, liabilities and contingent liabilities are to be recognised. As well, the standard contains rules on accounting for loss carry-forwards and the classification of contracts of the acquired company. The amended IAS 27 requires the application of the “economic entity approach” in the treatment of purchases or disposals of investments in subsidiaries that do not result in a loss of control. This means that transactions with minority shareholders are recorded in equity without recognition in the income statement. In the case of incremental purchases that lead to the acquisition of control over a company and in the case of the sale of interests leading to the loss of control, the standard requires the remeasurement of the previously held or remaining interests at fair value, with recognition of the gain or loss in the income statement.

The revised IFRS 3 and amended IAS 27, which have not yet been adopted into European Union law, are largely to be applied prospectively and are effective for annual periods beginning on or after 1 January 2010. Depending on the nature and size of future transactions, these changes will have effects on the financial position and results of the AGRANA Group from the 2010|11 financial year.

In preparing the consolidated financial statements, the principles of clarity, understandability and materiality were observed. The nature of expense method was used in the presentation of the income statement. The separate financial statements of the fully consolidated companies represented in the consolidated financial statements are based on uniform accounting policies.

3. BASIS OF CONSOLIDATION

3.1. SCOPE OF CONSOLIDATION

The consolidated financial statements include by full consolidation all domestic and foreign companies controlled by AGRANA Beteiligungs-AG (i.e., all subsidiaries), except where the subsidiary's effect on the Group's financial position and results of operations is immaterial. Subsidiaries' accounts are consolidated from the time that control is acquired until control ceases.

Companies operated jointly with another entity (joint ventures) are included in the consolidated financial statements by proportionate consolidation based on the Group's equity interest in the joint venture.

Companies over which AGRANA Beteiligungs-AG directly or indirectly exerts significant influence (associated entities, also referred to as associates) are included in the consolidated financial statements by the equity method of accounting.

At the balance sheet date, 63 (prior year: 62) companies besides the parent were fully consolidated in the Group financial statements and 7 (prior year: 5) companies were proportionately consolidated.

An overview of the fully consolidated, proportionately consolidated, and equity-accounted entities, as well as equity interests excluded from the consolidated financial statements, can be found beginning on page 114.

The number of companies included in the consolidated financial statements changed as follows in the 2008|09 financial year:

	Full consolidation	Proportionate consolidation	Equity method
At 1 March 2008	62	5	1
First-time inclusion	3	2	0
Deconsolidation	(2)	0	0
At 28 February 2009	**63**	**7**	**1**

First-time inclusion in the consolidated financial statements

- AGRANA Fruit Services GmbH, Vienna
  Activity: Other services | Included from (establishment): January 2009 | Equity interest: 100%
- Koronás Irodaház Szolgáltató Korlátolt Felelösségü Társaság, Budapest, Hungary
  Activity: Other services | Included from (establishment): January 2009 | Equity interest: 100%
- AGRANA Juice Sales & Customer Service GmbH, Gleisdorf
  Activity: Distribution of fruit juice concentrates | Included from (establishment): February 2009 | Equity interest: 100%
- Yongji Andre Juice Co., Ltd., Yongji City, China
  Activity: Production of fruit juice concentrates | Included from (purchase date): September 2008 | Equity interest: 50%
- AGRANA Studen Sugar Trading GmbH, Vienna
  Activity: Sugar trading and distribution | Included from (establishment): December 2008 | Equity interest: 50%

Deconsolidation

The instances of deconsolidation relate to the liquidation of Dirafrost France S.A., St. Genis Laval, France, and Elsö Hazai Cukorgyártó és Forgalmazó Kft., Budapest, Hungary. The effects of deconsolidation were not material.

Effects of changes in the scope of consolidation

The changes in the scope of consolidation and the purchase of additional shares from minority shareholders had the following effects on the consolidated financial statements (before consolidation):

€000	2008|09
Non-current assets	5,350
Inventories	4,698
Receivables and other assets	8,878
Cash, cash equivalents and securities	1,216
Current assets	14,792
Non-current liabilities	0
Current liabilities	(15,632)
Net assets	**4,510**
Minority interests	59
Goodwill	8,025
Cash used in purchase of businesses	**12,594**
Cash of acquired companies	(1,216)
Net cash used in purchase of businesses	**11,378**
Revenue	5,973
Profit for the period	767

Joint ventures

The information below presents the Group's share of the aggregated results of proportionately consolidated companies. The companies involved are joint venture HUNGRANA Kft. and its subsidiary Hungranatrans Kft. in Szabadegyháza, Hungary (50%-owned by AGRANA Stärke GmbH in Vienna); AGRANA-STUDEN Beteiligungs GmbH in Vienna; Xianyang Andre Juice Co., Ltd., China; STUDEN-AGRANA Rafinerija secera d.o.o. in Brčko, Bosnia-Herzegovina; and, since the 2008|09 financial year, AGRANA Studen Sugar Trading GmbH, Vienna, as well as Yongji Andre Juice Co., Ltd., China.

€000	28 Feb 2009	29 Feb 2008
Non-current assets	125,053	113,248
Inventories	26,601	33,414
Receivables and other assets	39,460	22,022
Cash, cash equivalents and securities	6,349	979
Current assets	72,410	56,415
Total assets	**197,463**	**169,663**

€000	28 Feb 2009	29 Feb 2008
Equity	70,786	60,076
Non-current liabilities	16,001	21,139
Current liabilities	110,676	88,448
Total equity and liabilities	**197,463**	**169,663**
Revenue	151,754	107,595
Profit for the period	11,419	7,566

3.2. BALANCE SHEET DATE

The balance sheet date (reporting date) of the consolidated financial statements is the last day of February. Group companies with other reporting dates prepare interim financial statements at the Group reporting date.

3.3. CONSOLIDATION METHODS

■ Acquisitions of companies that are fully or proportionately consolidated are accounted for using the purchase method, by allocating their acquisition cost to the acquired identifiable assets and liabilities (including contingent liabilities) at the time of acquisition. Where the acquisition cost exceeds the net fair value of the acquired assets and liabilities, the difference is recognised as goodwill under intangible assets. Conversely, where the acquisition cost is less than the net fair value of the acquired assets and liabilities, this difference from initial consolidation (sometimes referred to as "negative goodwill") is recognised in income in the period of acquisition.

■ Pursuant to IFRS 3, goodwill is not amortised. Instead, by what is known as the impairment-only approach, goodwill is tested for impairment at least annually and written down only in the event of impairment.

■ Investments in associates are measured at equity (by the purchase method) on the basis of the associated entities' most recent available annual financial statements. In accordance with IFRS 3, negative goodwill (any excess of the net fair value of acquired assets and liabilities over acquisition cost) is recognised under share of result of associates in the year of acquisition. As required under IFRS 3, goodwill arising from initial measurement is recognised in the carrying amount of the equity interests held and is not amortised but is tested for impairment at least annually.

■ All expenses, income, receivables, payables and provisions resulting from transactions between fully or proportionately consolidated companies are eliminated.

■ For assets that arise from intragroup flows of products or services and are included in non-current assets or in inventories, intercompany balances are eliminated unless immaterial.

3.4. FOREIGN CURRENCY TRANSLATION

■ Financial statements of foreign Group companies are translated into euros in accordance with IAS 21. The functional currency of every Group company is its respective national currency. Assets and liabilities are translated at middle rates of exchange at the balance sheet date. Expenses and income were translated at annual average rates of exchange, with the exception of the currency translation gains and losses from the measurement of receivables and liabilities related to Group financing. In the consolidated financial statements for the year ended 28 February 2009, unlike the prior year accounts, gains and losses arising in foreign currency from the measurement in foreign currency of borrowings are translated into euros at exchange rates as at 28 February 2009, as the average rate was deemed inappropriate in view of the currency fluctuation in the fourth quarter of the year under review.

■ Differences compared to prior-year amounts arising from the translation of balance sheet items at current balance sheet date exchange rates or arising from the use of average rates in translating expenses and income compared to the use of current balance sheet date rates are recognised directly in equity.

■ Foreign currency monetary items are measured at exchange rates at the balance sheet date, with currency translation gains and losses recognised in profit or loss in the consolidated income statement.

■ In translating the financial statements of foreign Group companies other than Fruit segment entities, the following exchange rates were applied:

		Rate at reporting date		Average rate for year	
In number of units of local currency per €	Currency	28 Feb 2009	29 Feb 2008	1 Mar 2008 to 28 Feb 2009	1 Mar 2007 to 29 Feb 2008
Argentina	ARS	4.52	4.79	4.63	4.37
Australia	AUD	1.99	1.62	1.80	1.63
Brazil	BRL	3.01	2.55	2.75	2.63
Bulgaria	BGN	1.96	1.96	1.96	1.96
China	CNY	8.65	10.79	9.94	10.50
Denmark	DKK	7.45	7.45	7.46	7.45
Fiji	FJD	2.38	2.25	2.35	2.21
South Korea	KRW	1,950.91	1,425.07	1,678.04	1,301.43
Morocco	MAD	11.05	11.42	11.31	11.26
Mexico	MXN	19.14	16.24	16.73	15.25
Poland	PLN	4.66	3.53	3.66	3.73
Romania	RON	4.30	3.73	3.78	3.39
Russia	RUB	45.50	36.45	37.75	35.30
Serbia	CSD	93.80	83.70	83.94	80.35
Slovakia	SKK	30.126	32.53	30.126	33.56
South Africa	ZAR	12.81	11.73	12.43	9.90
Czech Republic	CZK	28.09	25.23	25.31	27.37
Turkey	TRY	2.16	1.82	1.97	1.77
USA	USD	1.26	1.52	1.44	1.40
Ukraine	UAH	9.84	7.66	8.11	7.06
Hungary	HUF	300.46	264.15	256.74	252.24

4. ACCOUNTING POLICIES

4.1. INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

■ Purchased intangible assets (other than goodwill) are capitalised at cost and amortised on a straight-line basis over their expected useful lives of between five and 15 years. All intangible assets other than goodwill have a determinable useful life.

■ Goodwill is not amortised, but is reviewed at least annually for impairment. Details on this impairment test are presented in the notes to the balance sheet.

■ Intangible assets acquired through business combinations are recorded separately from goodwill if they were separable by the definition in IAS 38 or if they result from a contractual or legal right and their fair value can be reliably measured.

■ Product development costs are capitalised at cost if they can be accurately allocated to a product and if both the technical feasibility and the marketing of the new product are assured. In addition, the development work must be sufficiently likely to generate future cash inflows. Under IAS 38, research costs cannot be capitalised. They are charged directly to expense in the income statement.

■ Items of property, plant and equipment are valued at cost of purchase and/or conversion less straight-line depreciation and impairment losses. For the bioethanol plant in Austria, a unit-of-production method of depreciation was used in the financial year. Besides materials and labour costs, prorated overheads are capitalised in the conversion costs of internally generated assets; financing costs are not included. Maintenance costs are expensed as incurred, unless they result in an expansion or material improvement of the asset concerned, in which case they are capitalised.

■ Where rental agreements or leases transfer all material risks and rewards of ownership to the AGRANA Group (finance leases), the assets rented or leased are recorded as an asset. The asset is initially measured at the lower of its fair value at the inception of the rental period or lease and the present value of the future minimum rental or lease payments. This amount is simultaneously recorded as a liability under borrowings.

■ Depreciation of property, plant and equipment is generally based on the following useful lives:

Buildings	30 to 50 years
Technical plant and machinery	10 to 15 years
Office furniture and equipment	3 to 10 years

■ Impairment losses are recognised, in accordance with IAS 36, if the recoverable amount of an asset has declined below its carrying amount. The recoverable amount is the higher of the asset's net selling price and its value in use.

4.2. GOVERNMENT ASSISTANCE

■ Government grants to reimburse the Group for costs are recognised as other operating income in the period in which the related costs are incurred, unless the grant is contingent on conditions that are not yet sufficiently likely to be met.

■ Grants to support capital expenditure are deducted from the cost of intangible assets and property, plant and equipment beginning at the time of the binding award of the grant.

4.3. INVESTMENTS IN ASSOCIATES

■ Investments in associates, if material, are recognised by the equity method based on the ownership interest held.

4.4. FINANCIAL INSTRUMENTS

■ The AGRANA Group distinguishes the following classes of financial instruments:

Financial assets
- Securities, and investments in non-consolidated subsidiaries and outside companies
- Loan receivables
- Trade receivables
- Other assets
- Cash and cash equivalents

Financial liabilities
- Bonds
- Bank loans and overdrafts
- Finance lease obligations
- Trade payables
- Payable from sugar regime restructuring levies
- Payable from purchase of additional sugar quota
- Other payables

Derivative financial instruments
- Interest rate derivatives
- Currency derivatives
- Commodity derivatives

■ Investments in non-consolidated subsidiaries and outside companies are as a rule measured at fair value in accordance with IAS 39. If fair value cannot be reliably determined, they are recorded at cost. An impairment loss is recognised upon evidence of sustained impairment.

■ Loan receivables are measured at their nominal amount. Interest-free or low-interest long-term loans are measured at their present value.

■ Inasmuch as the Group has the intent and ability to hold fixed-maturity securities until maturity (these assets are referred to as “held-to-maturity”), they are measured at amortised cost. Any difference between their cost and redemption value is allocated over the total life of the security using the effective interest method. Securities “held for trading” are measured at market prices, with changes in fair value recognised in profit or loss. All other securities (these assets are referred to as “available-for-sale”) are measured at market prices, with changes in fair value recognised directly (after deferred taxes) in equity in a separate reserve item. Only after the cumulative changes in fair value are realised by selling the security are they recognised in profit or loss.

■ Financial assets are recognised at the settlement date.

■ Where there is substantial evidence of impairment and the estimated recoverable amount of a non-current financial asset is lower than its carrying amount, an impairment loss is recognised in the income statement for the period.

■ Cash and cash equivalents are measured at their face amount.

Derivative financial instruments

■ Derivative financial instruments are used to hedge risks from changes in interest rates, exchange rates and commodity prices. At inception of the derivative contract, derivatives are recognised at cost. Subsequently they are measured at market value at every balance sheet date. Value changes are as a rule recognised in profit or loss. Where the conditions for cash flow hedge accounting under IAS 39 are met, unrealised fair value changes are recognised directly in equity.

■ The market value of derivative financial instruments is determined on the basis of quoted market prices, information from banks or discounting-based valuation methods. The market value of forward exchange contracts is the difference between the contract rate and the current forward rate.

Receivables

■ Receivables are carried at face amounts, less provisions for impairment in the case of identifiable risks. Non-interest-bearing receivables with a remaining maturity of more than one year are recognised at their present value. Receivables denominated in foreign currencies are translated at the middle rates of exchange at the balance sheet date.

Payables

■ Borrowings are initially measured at their actual proceeds. Premiums, discounts or other differences between the proceeds and the repayment amount are realised over the term of the instrument by the effective interest method and recognised in net financial items (at amortised cost).

■ Trade payables are initially measured (at inception of the liability) at the fair value of the goods or services received. Subsequently these payables are measured at amortised cost. Other payables not resulting from the receipt of goods or services are measured at their payable amount.

■ Payables denominated in foreign currencies are recognised at middle rates of exchange at the balance sheet date.

4.5. INVENTORIES

■ Inventories are measured at the lower of cost of purchase and/or conversion and net selling price. The weighted average cost formula is used. In accordance with IAS 2, the conversion costs of unfinished and finished products include – in addition to directly attributable unit costs – reasonable proportions of the necessary material costs and production overheads inclusive of depreciation of manufacturing plant (based on the assumption of normal capacity utilisation) as well as production-related administrative costs. Financing costs are not taken into account. To the extent that inventories are at risk because of prolonged storage or reduced saleability, a write-down is recognised.

4.6. EMISSION ALLOWANCES

■ Emission rights are accounted for in accordance with IAS 38 (Intangible Assets), IAS 20 (Accounting for Government Grants and Disclosure of Government Assistance) and IAS 37 (Provisions, Contingent Liabilities and Contingent Assets). Emission allowances are issued for a calendar year and are intangible assets for the purposes of IAS 38 that must be classified as current assets. They are assigned a cost of zero. From the point when emissions exceed allocated allowances, a provision for CO_2 emissions must be established for actual additional emissions and recognised in the income statement. The provision is calculated on the basis of the fair value of emission allowances at the relevant valuation date.

4.7. IMPAIRMENT

■ Assets (other than inventories and deferred tax assets) are tested at every balance sheet date for evidence of impairment. Goodwill and other intangible assets with an indefinite useful life are reviewed for impairment shortly before every balance sheet date regardless of whether there is indication of possible impairment.

■ The impairment test involves determining the asset's recoverable amount. The recoverable amount is the higher of the asset's value in use and its net selling price. If the asset's recoverable amount is less than its carrying amount, the difference is expensed as an impairment loss in the income statement.

■ An asset's value in use is the present value of the estimated future cash flows from the asset's continuing use and from its disposal at the end of its useful life. The discount rate used in determining present value is a pre-tax market rate adjusted for the specific risks of the asset concerned. Where no independent cash flows can be determined for the individual asset, value in use is determined on the basis of the next larger unit (the cash-generating unit) to which the asset belongs and for which independent cash flows can be identified.

■ The net selling price of an asset is its fair value (the amount obtainable from its sale in a bargained transaction between knowledgeable, willing parties) less costs to sell.

■ Where an impairment loss later decreases or is eliminated, the amount of the reversal of the impairment loss (except in the case of goodwill and available-for-sale securities) is recognised as income in the income statement up to the lower of amortised original cost and value in use. Impairment losses on goodwill are not reversed.

4.8. EMPLOYEE BENEFIT OBLIGATIONS

■ The AGRANA Group maintains both defined contribution and defined benefit pension plans. Under the defined contribution pension arrangements, AGRANA has no further obligation after paying the agreed premium. Therefore no provision is established for defined contribution plans.

■ The provisions for defined benefit retirement, termination and long-service obligations are calculated using the projected unit credit method in accordance with IAS 19 (Employee Benefits), based on actuarial valuations. This involves determining the present value of the defined benefit obligation and comparing it to the fair value of plan assets at the balance sheet date. In the case of a deficit, a provision is recorded; in the case of a surplus, an asset (other receivable) is recorded. The defined benefit obligation is measured by the projected unit credit method. Under this method, the future payments determined on the basis of realistic assumptions are accumulated over the period during which the respective beneficiaries acquire the entitlement to these benefits.

- A difference between the provision's amount determined in advance on the basis of the assumptions used and the actual amount of the obligation (an actuarial gain or loss) is not recognised in the provision until it exceeds 10% of the actual amount. This is sometimes referred to as the corridor method. When the 10%-corridor is breached, the amount of the difference in excess of 10%, divided by the average remaining working life of the participating employees, is recognised as income or expense.

- The calculation is based on extrapolated future trends in salaries, retirement benefits and employee turnover, as well as a discount rate of 5.50% (prior year: 5.50%).

- A portion of pension obligations was transferred to pension funds. Retirement benefit contributions are calculated in such a way as to fully fund the retirement benefit obligation at the time of retirement. If a plan deficit occurs, there is an obligation to fund the shortfall. The individual assets allocated to the pension fund are netted against the provision for retirement benefits.

4.9. OTHER PROVISIONS

- Other provisions are recognised where the following conditions are met: the AGRANA Group has a legal or constructive obligation to a third party as a result of a past event, the obligation is likely to lead to an outflow of resources, and the amount of the obligation can be reliably estimated.

- Provisions are measured at the amount representing the best estimate of the expenditure required to settle the obligation. If the present value of the obligation determined on the basis of a market interest rate differs materially from its nominal amount, the present value of the obligation is used.

- The risks arising from contingent liabilities are covered by sufficient provisions.

4.10. DEFERRED TAXES

- Deferred taxes are recognised on temporary differences between the IFRS carrying amounts of assets and liabilities and the tax base; on consolidation entries; and on tax loss carryforwards expected to be utilised. Significant differences existed between the IFRS carrying amounts and the tax base for property, plant and equipment, inventories and provisions. Deferred tax assets are recognised for unused tax loss carryforwards insofar as these are expected to be utilised within five years.

- Deferred taxes are calculated by the liability method (under IAS 12), based on the pertinent national income tax rates. Consequently, with the exception of goodwill arising on consolidation, deferred taxes are recognised for all temporary differences between the IFRS balance sheet and the tax base.

- Deferred taxes are measured at the future tax rates expected to apply to the period in which the asset is realised or the liability settled. Future changes in tax rates are taken into account if the change in tax rate has already been enacted in law at the time of the preparation of the financial statements.

■ Deferred tax assets are classified as non-current assets; deferred tax liabilities are recorded as non-current liabilities. Deferred tax assets are offset against deferred tax liabilities if they relate to the same tax authority.

4.11. RECOGNITION OF REVENUE AND COSTS

■ Revenue from goods sold is recognised when substantially all risks and rewards incident to ownership have passed to the purchaser. Revenue from services provided is recognised to the extent that the services have been rendered by the balance sheet date.

■ Operating expenses are recognised in the income statement upon use of the product or service or as incurred.

■ Finance expenses comprise the interest expense, similar expenses and transaction costs on borrowings including finance leases; financing-related currency translation gains and losses; and financing-related hedging gains and losses.

■ Income from financial investments represents interest, dividend and similar income realised from cash-equivalent investments and investments in other financial assets; gains and losses on the disposal of financial assets; as well as impairment losses and impairment loss reversals.

■ Interest income is recognised on an accrual basis using the effective interest method. Dividend income is recognised at the time of the decision to pay the dividend.

4.12. CRITICAL ASSUMPTIONS AND JUDGEMENTS

■ The preparation of these consolidated financial statements in accordance with IFRS requires the Company's management to make judgements and to proceed on assumptions about future developments. These judgements and assumptions can have a material effect on the recognition and measurement of the assets and liabilities, the disclosure of other liabilities at the balance sheet date, and the amounts of income and expenses reported for the financial year.

■ The following assumptions involve a not insignificant risk that they may lead to a material change in the carrying amounts of assets and liabilities in the next financial year:

- Goodwill is reviewed for impairment by reference to a cash flow forecast for the next five years and using a discount rate adjusted for the industry and for the Group's specific risk profile.
- The measurement of existing retirement and termination benefit obligations involves assumptions regarding discount rate, age at retirement, life expectancy, employee turnover and future increases in benefits.
- The recognition of deferred tax assets is based on the assumption that sufficient tax income will be realised in the future to utilise tax loss carryforwards.

4.13. CHANGES IN ACCOUNTING METHODS

■ In the year under review there were no material changes in accounting methods.

5. NOTES TO THE CONSOLIDATED INCOME STATEMENT

Note (1)

5.1. REVENUE

€000	2008|09	2007|08
By nature of activity		
Revenue from sale of finished goods	1,891,252	1,734,713
Revenue from sale of goods purchased for resale	127,110	150,166
Service revenue	7,966	7,396
Total	**2,026,328**	**1,892,275**

The regional analysis of revenue is presented in the Segment reporting section beginning on page 64.

Note (2)

5.2. CHANGE IN INVENTORIES AND OWN WORK CAPITALISED

€000	2008|09	2007|08
Change in inventories of finished and unfinished goods	(73,264)	118,845
Own work capitalised	3,764	4,530

The decrease of € 73,264 thousand in inventories of finished and unfinished goods occurred mainly in the Sugar segment, at € 40,859 thousand (prior year: increase of 45,399 thousand), and in the Fruit segment (particularly the Juice activities), at a decrease of € 32,086 thousand (prior year: increase of € 63,286 thousand).

Note (3)

5.3. OTHER OPERATING INCOME

€000	2008|09	2007|08
Income from		
Disposal of non-current assets other than financial assets	6,422	832
Services rendered to third parties	1,956	2,357
Currency translation gains	3,785	0
Insurance benefits and payments for damages	1,165	2,182
Leases	1,445	1,620
Marketing services	373	2,165
Beet and pulp cleaning, transport and handling	4,759	1,316
Surrender of quota	3,921	38,193
Raw material procurement	141	1,057
Other items	15,235	12,895
Total	**39,202**	**62,617**

Note (4)

5.4. MATERIAL COSTS

€000	2008|09	2007|08
Cost of		
Raw materials	778,930	824,879
Goods purchased for resale	345,518	305,240
Consumables	195,629	154,361
Purchased services	56,041	46,536
Total	**1,376,118**	**1,331,016**

Note (5)

5.5. STAFF COSTS

€000	2008|09	2007|08
Wages and salaries	161,629	166,005
Social security taxes	41,656	41,197
Expenses for retirement benefits	3,188	2,009
Expenses for termination benefits	3,864	3,742
Total	**210,337**	**212,953**

Additions to the provisions for retirement and termination are reported in staff costs, without their interest component. Net interest expense of € 2,810 thousand (prior year: € 2,952 thousand) arising from these items is included in net financial items.

Average number of employees during the financial year

	2008|09	2007|08
By employee category		
Wage-earning staff	5,975	5,886
Salaried staff	2,207	2,181
Apprentices	62	73
Total	**8,244**	**8,140**
By region		
Austria	1,730	1,643
Rest of EU	3,094	3,305
EU-27	4,824	4,948
Rest of Europe (Bosnia-Herzegovina, Russia, Serbia, Turkey, Ukraine)	1,211	1,237
Other foreign countries	2,209	1,955
Total	**8,244**	**8,140**

Note (6)

5.6. DEPRECIATION, AMORTISATION AND IMPAIRMENT LOSSES

€000	2008|09			2007|08		
	Total	Amortisation, depreciation	Impairment losses	Total	Amortisation, depreciation	Impairment losses
Intangible assets	7,823	7,823	0	7,904	7,904	0
Property, plant and equipment	73,607	73,607	0	66,051	66,051	0
Reversal of impairment losses	(85)	0	(85)	(834)	0	(834)
Depreciation, amortisation and impairment recognised in operating profit	**81,345**	**81,430**	**(85)**	**73,121**	**73,955**	**(834)**
Exceptional items	641	39	602	16,032	728	15,304
Depreciation, amortisation and impairment recognised in operating profit after exceptional items	**81,986**	**81,469**	**518**	**89,153**	**74,683**	**14,470**
Financial assets	398	407	(9)	154	0	154
Impairment recognised in net financial items	**398**	**407**	**(9)**	**154**	**0**	**154**
Total	**82,384**	**81,876**	**508**	**89,307**	**74,683**	**14,624**

The impairment losses in the prior year related to the write-down on sugar quota and the closures of the fruit preparations plant in the Czech Republic (Kaplice) and of sugar production at a plant in Hungary (Petöháza).

Note (7)

5.7. OTHER OPERATING EXPENSES

€000	2008|09	2007|08
Operating and administrative expenses	81,486	82,449
Selling and freight costs	90,878	81,489
Advertising expenses	10,091	11,641
Sugar regime restructuring levy	72,680	116,137
Production levy and additional levy	11,690	9,534
Other taxes	9,006	7,543
Losses on disposal of non-current assets	2,014	3,921
Research and development expenses (external)	4,766	1,753
Operating expenses arising from third-party inputs	2,344	2,688
Currency translation losses	0	1,635
Rent and lease expenses	7,227	6,053
Other	765	18,792
Total	**292,947**	**343,635**

Sugar manufacturers that have been allocated quota pay a time-limited restructuring levy per tonne of quota. In the 2008|09 financial year this levy amounted to € 113.30 per tonne (prior year: € 173.80 per tonne).

Internal and external R&D costs totalled € 12,499 thousand (prior year: € 10,543 thousand).

Note (8)

5.8. OPERATING PROFIT AFTER EXCEPTIONAL ITEMS

€000	2008|09	2007|08
Operating profit before exceptional items	37,832	111,411
Exceptional items	(3,190)	(9,901)
Total	**34,642**	**101,510**

Exceptional items had the following effects on items of the income statement in the 2008|09 financial year:

€000	Sugar	Starch
Revenue	0	17,313
Change in inventories of finished and unfinished goods	0	102
Own work capitalised	0	0
Other operating income	0	356
Material costs	(138)	(17,947)
Staff costs	(141)	(944)
Amortisation and depreciation	0	(39)
Impairment losses	(602)	0
Other operating expenses	(32)	(1,118)
Total	**(913)**	**(2,277)**

In the Sugar segment, it was decided to discontinue the chocolate manufacturing operation of S.C. Romana Prod s.r.l. in Romania. In the subsidiary's restructuring, the activities compatible with the sugar business were integrated into S.C. AGRANA Romania S.A. In the Starch segment, as in the prior year, the exceptional items resulted from expenses during the construction phase of the bioethanol plant in Pischelsdorf. The construction stage was completed at the end of May 2008, and the effects thus related only to the first quarter of 2008|09.

Note (9)

5.9. SHARE OF RESULT OF ASSOCIATES

€000	2008|09	2007|08
Share of profit	5	24

As in the prior year, the share of result of associates came from Österreichische Rübensamenzucht Gesellschaft m.b.H., Vienna.

Note (10)

5.10. FINANCE INCOME

€000	2008|09	2007|08
Interest income	9,159	6,688
Other finance income	5,722	9,858
– *Of which income from investments in other companies*	*3,411*	*3,211*
– *Of which income from subsidiaries*	*1,000*	*1,000*
– *Of which gains on disposal of securities*	*109*	*5,098*
Total	**14,881**	**16,546**

Note (11)

5.11. FINANCE EXPENSE

€000	2008|09	2007|08
Interest expense	41,509	33,706
Other finance expenses	40,433	11,288
– *Of which currency translation losses*	*39,493*	*8,485*
– *Of which losses from derivatives*	*533*	*2,525*
– *Of which impairment losses from current securities*	*462*	*135*
Total	**81,942**	**44,994**

The analysis of net financial items is as follows:

€000	2008|09	2007|08
Net financial items		
Net interest (expense)	(32,350)	(27,018)
Currency translation differences	(39,493)	(8,485)
Share of results of non-consolidated subsidiaries and outside companies	4,411	4,211
Other financial items	371	2,844
Total	**(67,061)**	**(28,448)**

Net financial items deteriorated from the prior year as a result of higher average debt and of translation losses on Eastern European currencies. However, only a small fraction of the currency translation losses (about 1.7%) was realised in the year under review. Interest expense includes the interest component of allocations to the provisions for retirement and termination benefits. In the financial year, this interest component was € 2,810 thousand (prior year: € 2,952 thousand).

Note (12)

5.12. INCOME TAX

Current and deferred tax expenses and credits pertain to Austrian and foreign income taxes and had the following composition:

€000	2008|09	2007|08
Current tax expense	8,918	15,489
– *Of which Austrian*	*382*	*1,122*
– *Of which foreign*	*8,536*	*14,367*
Deferred tax (credit)	(25,473)	(6,243)
– *Of which Austrian*	*(8,190)*	*325*
– *Of which foreign*	*(17,283)*	*(6,568)*
Tax (credit)/expense	**(16,555)**	**9,246**
– *Of which Austrian*	*(7,808)*	*1,447*
– *Of which foreign*	*(8,747)*	*7,799*

Reconciliation of the deferred tax amounts in the balance sheet to the deferred taxes in the income statement:

€000	2008|09	2007|08
Increase in deferred tax assets in the consolidated balance sheet	19,001	7,480
Decrease in deferred tax liabilities in the consolidated balance sheet	7,290	1,677
Total change in deferred taxes	**26,291**	**9,157**
– *Of which from addition to scope of consolidation not recognised in the income statement*	*0*	*0*
– *Of which from other changes not recognised in the income statement (fair value changes, currency translation differences)*	*818*	*2,914*
– *Of which from changes recognised in the income statement*	*25,473*	*6,243*

Reconciliation of (loss)/profit before tax to income tax (credit)/expense

€000	2008|09	2007|08
(Loss)/profit before tax	(32,414)	73,086
Standard Austrian tax rate	25%	25%
Nominal tax (credit)/expense at standard Austrian rate	**(8,104)**	**18,272**
Tax effect of		
Different tax rates applied on foreign income	5,485	837
Tax-exempt income and tax deductions	(13,214)	(6,171)
Non-tax-deductible expenses and additional tax debits	6,942	710
Non-recurring tax expenses	(712)	(336)
Non-temporary differences resulting from consolidation	(6,952)	(4,066)
Income tax (credit)/expense	**(16,555)**	**9,246**
Effective tax rate	**51.1%**	**12.7%**

The nominal tax credit or charge is based on application of the standard Austrian corporation tax rate of 25%.

The Tax Reform Act of 2005 introduced a new model for the taxation of company groups. In accordance with its provisions, the AGRANA Group established a group consisting of AGRANA Beteiligungs-AG as the group parent and the following group members: AGRANA Zucker GmbH, AGRANA Stärke GmbH, AGRANA Marketing- und Vertriebsservice Gesellschaft mbH, AGRANA Bioethanol GmbH, Agrofrucht GmbH, AGRANA Fruit & Juice Holding GmbH, AGRANA Internationale Verwaltungs- und Asset-Management GmbH, AGRANA Juice GmbH, Brüder Hernfeld GmbH, and INSTANTINA Nahrungsmittel Entwicklungs- und Produktionsgesellschaft mbH.

The tax effects from tax-exempt income relate primarily to the tax incentive for the Hungarian starch company's capacity expansion. The tax incentive has a maximum life of ten years and was fully recognised in the financial year.

Deferred taxes are recognised on differences between carrying amounts in the consolidated financial statements and the tax bases of the individual companies in their home countries. Deferred taxes take into account carryforwards of unused tax losses.

In the interest of conservative planning, deferred taxes reflect carryforwards of tax losses only to the extent that sufficient taxable profit is likely to be earned over the next five years to utilise the deferred tax assets.

5.13. EARNINGS PER SHARE

Note (13)

		2008|09	2007|08
(Loss)/profit for the period attributable to equity holders of the parent (AGRANA Beteiligungs-AG)	€000	(11,578)	64,322
Average number of shares outstanding		14,202,040	14,202,040
(Loss)/earnings per share based on IFRS (basic and diluted)	€	(0.82)	4.53
Dividend per share	€	1.95[1]	1.95

Subject to the Annual General Meeting's approval of the proposed allocation of profit for the 2008|09 financial year, AGRANA Beteiligungs-AG will pay a dividend of € 27,694 thousand (prior year: € 27,694 thousand).

6. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

The cash flow statement is prepared using the indirect method and in accordance with IAS 7. The statement traces the movements in the AGRANA Group's cash and cash equivalents arising from operating, investing and financing activities.

Cash and cash equivalents, for the purpose of the cash flow statement, represent cash on hand, cheques and bank deposits. They do not include current bank borrowings or securities classified as current assets.

The effects of business acquisitions are eliminated and are stated in the item "purchases of businesses".

Currency translation differences, with the exception of those relating to cash and cash equivalents, are already eliminated within the corresponding items in the balance sheet.

[1] Proposal to the Annual General Meeting.

Note (14)

6.1. CASH FLOWS FROM OPERATING ACTIVITIES

Operating cash flow before changes in working capital was € 97,228 thousand (prior year: € 140,836 thousand), which represented 4.8% of revenue (prior year: 7.4%). The item "other non-cash expenses/income" consisted of the inventory write-downs (€ 17,369 thousand), unrealised foreign currency translation losses (€ 38,840 thousand), effects of deferred taxes (credit of € 25,473 thousand) and current non-cash tax (€ 2,218 thousand). After changes in working capital, net cash from operating activities was € 115,005 thousand (prior year: net cash used in operating activities of € 4,244 thousand).

Net cash used in operating activities included the following interest, tax and dividend payments:

€000	2008|09	2007|08
Interest received	9,312	6,244
Interest paid	37,551	27,583
Tax paid	6,701	16,159
Dividends received	4,411	4,211

Note (15)

6.2. CASH FLOWS FROM INVESTING ACTIVITIES

■ € 72,080 thousand (prior year: € 169,455 thousand) was required to fund the investing activities.

■ Purchases of property, plant and equipment and intangibles, net of government grants, decreased to € 73,172 thousand (prior year: € 204,656 thousand).

■ Proceeds from disposal of non-current assets were €14,637 thousand (prior year: € 16,116 thousand).

■ Purchases of non-current financial assets used cash in the amount of € 2,168 thousand.

■ Purchases of businesses were reported in the financial year that relate to the acquisition of a new Chinese company (operated as a joint venture) in the Fruit segment and the acquisition of a sugar distribution company for the Balkan countries (also a joint venture). Purchases of businesses involved a cash outflow of € 12,593 thousand and a related cash inflow of € 1,216 thousand.

Note (16)

6.3. CASH FLOWS FROM FINANCING ACTIVITIES

■ In the 2008|09 financial year, borrowings decreased by € 21,507 thousand (prior year: increase of € 151,255 thousand).

■ In the prior year, an increase in the capital of AGRANA Bioethanol GmbH and of AGRANA BIH Holding GmbH by the respective co-owner generated total inflows of € 5,395 thousand.

■ Dividends paid consisted mainly of the cash dividend distributed to the shareholders of AGRANA Beteiligungs-AG.

7. NOTES TO THE CONSOLIDATED BALANCE SHEET

Note (17)

7.1. INTANGIBLE ASSETS

€000	Goodwill	Concessions, licences, sugar quota and similar rights	Total
2008|09			
Cost			
At 1 March 2008	214,607	91,850	306,457
Currency translation differences	0	(528)	(528)
Changes in scope of consolidation	8,131	954	9,085
Additions	0	7,945	7,945
Reclassifications	0	600	600
Disposals	(23)	(4,037)	(4,060)
At 28 February 2009	**222,715**	**96,784**	**319,499**
Accumulated amortisation and impairment			
At 1 March 2008	0	53,518	53,518
Currency translation differences	0	(289)	(289)
Changes in scope of consolidation	0	23	23
Additions	0	7,826	7,826
Reclassifications	0	0	0
Disposals	0	(2,077)	(2,077)
Reversal of impairment	0	0	0
At 28 February 2009	**0**	**59,001**	**59,001**
Carrying amount at 28 February 2009	**222,715**	**37,783**	**260,498**
2007|08			
Cost			
At 1 March 2007	213,495	78,201	291,696
Currency translation differences	0	(253)	(253)
Changes in scope of consolidation	50	0	50
Additions	1,062	14,315	15,377
Reclassifications	0	1,637	1,637
Disposals	0	(2,050)	(2,050)
At 29 February 2008	**214,607**	**91,850**	**306,457**
Accumulated amortisation and impairment			
At 1 March 2007	0	37,180	37,180
Currency translation differences	0	(353)	(353)
Changes in scope of consolidation	0	0	0
Additions	0	17,161	17,161
Reclassifications	0	1,545	1,545
Disposals	0	(2,015)	(2,015)
Reversal of impairment	0	0	0
At 29 February 2008	**0**	**53,518**	**53,518**
Carrying amount at 29 February 2008	**214,607**	**38,332**	**252,939**

■ Intangible assets consist largely of goodwill, capitalised in accordance with IFRS 3, that resulted from the acquisition of companies beginning in the 1995|96 financial year. Intangibles also include acquired customer relationships, software, patents and similar rights, as well as non-current prepayments made.

■ Of the total carrying amount of goodwill, the Sugar segment accounted for € 21,283 thousand (prior year: € 19,574 thousand), the Starch segment for € 2,090 thousand (prior year: € 2,090 thousand) and the Fruit segment for € 199,342 thousand (prior year: € 192,943 thousand). The addition in the Sugar segment relates to the acquisition of AGRANA Studen Sugar Trading GmbH, Vienna, for the distribution network, staff expertise and sources of raw material supply. The increase in the Fruit segment was attributable primarily to the acquisition of Yongji Andre Juice Co., Ltd., Yongji City, China, in order to secure attractive raw material sources and production costs.

■ To satisfy the provisions of IFRS 3 in conjunction with IAS 36 and to allow the calculation of any impairment of goodwill, AGRANA has defined its cash-generating units to match its internal reporting structure. The cash-generating units in the AGRANA Group are the Sugar segment, Starch segment and Fruit segment, consistent with the internal management accounting and reporting processes.

■ To test for impairment, the carrying amount of each cash-generating unit is measured by allocating to it the corresponding assets and liabilities, inclusive of attributable goodwill and other intangible assets. An impairment loss is recognised when the recoverable amount of a cash-generating unit is less than its carrying amount inclusive of goodwill. The recoverable amount is the higher of net realisable value and the present value of future cash flows expected from an asset.

■ When testing for impairment, AGRANA uses a discounted cash flow method to determine the value in use of the cash-generating units. The determination of expected cash flows from each cash-generating unit is based on validated business plans that are approved by Supervisory Board committees and have a planning horizon of five years. Projections beyond a five-year horizon are based on the assumption of a constant, inflation-induced growth rate of 0.75% per year (assumption in the prior year: 0.75%). The weighted average cost of capital (WACC) derived from the AGRANA Group's capital costs is calculated at between 8.0% and 9.6% (prior year: 8.4% to 9.7%) before tax.

■ The quality of the forecast data is frequently checked against actual outcomes with the help of variance analysis. The insights gained are then taken into account during the preparation of the next annual plan. Projections of value in use are highly sensitive to assumptions regarding future local market developments and volume trends. Value in use is therefore ascertained both on the basis of experience and of assumptions that are reviewed with experts for the regional markets.

■ The absence of impairment was documented for all goodwill reported in the consolidated financial statements. No impairment charges were therefore required on goodwill in the 2008|09 financial year.

■ No other intangible assets with indefinite useful lives required recognition at the balance sheet date.

Note (18)

7.2. PROPERTY, PLANT AND EQUIPMENT

€000	Land, leasehold rights and buildings	Technical plant and machinery	Other plant, furniture and equipment	Assets under construction	Total
2008|09					
Cost					
At 1 March 2008	462,248	991,346	167,452	46,702	1,667,749
Currency translation diff.	(24,234)	(32,454)	(5,672)	(2,452)	(64,812)
Changes in scope of consol.	1,966	(2,066)	(583)	148	(535)
Additions	8,062	29,218	7,467	21,121	65,868
Reclassifications	18,237	22,961	2,395	(44,193)	(600)
Disposals	(24,082)	(63,536)	(9,277)	(40)	(96,935)
Government grants	(606)	(30)	(4)	0	(640)
At 28 February 2009	**441,591**	**945,439**	**161,778**	**21,286**	**1,570,095**
Accumulated depreciation and impairment					
At 1 March 2008	234,995	657,676	121,341	420	1,014,433
Currency translation diff.	(8,717)	(19,884)	(3,633)	(18)	(32,252)
Changes in scope of consol.	76	(5,624)	(396)	0	(5,944)
Additions	14,785	48,024	11,341	93	74,243
Reclassifications	47	(52)	5	0	0
Disposals	(18,715)	(62,477)	(8,974)	0	(90,166)
Reversal of impairment	(27)	(58)	0	0	(85)
At 28 February 2009	**222,444**	**617,605**	**119,684**	**495**	**960,229**
Carrying amount at 28 February 2009	**219,147**	**327,834**	**42,094**	**20,791**	**609,866**
2007|08					
Cost					
At 1 March 2007	436,618	840,201	157,280	77,988	1,512,087
Currency translation diff.	(5,267)	(8,672)	(1,690)	(417)	(16,046)
Changes in scope of consol.	101	1,982	729	3,020	5,832
Additions	29,648	122,606	20,237	20,928	193,419
Reclassifications	5,247	48,617	(1,232)	(52,721)	(89)
Disposals	(2,360)	(12,048)	(7,872)	(2,096)	(24,376)
Government grants	(1,739)	(1,339)	0	0	(3,078)
At 29 February 2008	**462,248**	**991,346**	**167,452**	**46,702**	**1,667,749**
Accumulated depreciation and impairment					
At 1 March 2007	223,664	624,549	118,397	472	967,082
Currency translation diff.	(2,798)	(3,484)	(1,014)	(6)	(7,302)
Changes in scope of consol.	42	1,726	265	(1)	2,033
Additions	16,611	44,719	11,496	0	72,826
Reclassifications	(495)	1,446	(948)	0	3
Disposals	(2,029)	(10,446)	(6,855)	(45)	(19,375)
Reversal of impairment	0	(834)	0	0	(834)
At 29 February 2008	**234,995**	**657,676**	**121,341**	**420**	**1,014,433**
Carrying amount at 29 February 2008	**227,253**	**333,670**	**46,110**	**46,282**	**653,316**

■ Additions (i.e., purchases) of intangible assets (other than goodwill) and property, plant and equipment:

€000	2008|09	2007|08
Sugar segment	19,402	41,948
Starch segment	23,798	122,861
Fruit segment	30,613	42,925
Total	**73,813**	**207,734**

■ Currency translation differences are the differences between amounts arising from the translation of the opening balances of foreign Group companies at the exchange rates prevailing at the start and at the end of the reporting period.

■ The AGRANA Group, in addition to operating leases, also employs a small number of finance leases. The movement in property, plant and equipment under finance leases was as follows:

€000	2008|09	2007|08
Cost	297	1,657
Minus accumulated depreciation and impairment	(140)	(521)
Carrying amount	**157**	**1,136**

■ The use of off-balance sheet property, plant and equipment (under operating leases) gives rise to the following obligations under lease, licence and rental agreements:

€000	2008|09	2007|08
In the next year	5,536	4,296
In years 2 to 5	5,593	7,607
In more than 5 years	5,190	3,165

■ Expenses for operating leases, licence and rental agreements were € 9,221 thousand (prior year: € 7,953 thousand).

Note (19)

7.3. INVESTMENTS IN ASSOCIATES

€000	2008|09	2007|08
At 1 March	600	576
Additions	0	0
Share of result	5	24
Changes in scope of consolidation	0	0
At 28/29 February	**605**	**600**

Note (20)

7.4. SECURITIES, INVESTMENTS IN NON-CONSOLIDATED SUBSIDIARIES AND OUTSIDE COMPANIES, AND LOAN RECEIVABLES

€000	Investments[1]	Securities (non-current)	Total
2008|09			
At 1 March 2008	92,852	18,657	111,509
Currency translation differences	(53)	15	(38)
Changes in scope of consolidation	8	0	8
Additions	288	1,384	1,672
Impairment	9	(407)	(398)
Reclassifications	(85,000)	85,000	0
Disposals	(1,105)	(81)	(1,186)
Fair value changes (IAS 39)	(4,500)	(76)	(4,576)
At 28 February 2009	**2,499**	**104,492**	**106,991**
2007|08			
At 1 March 2007	105,802	27,434	133,236
Currency translation differences	(53)	15	(38)
Additions	207	3,236	3,443
Impairment	(26)	(127)	(153)
Reclassifications	(2)	2	0
Disposals	(3,576)	(7,207)	(10,783)
Fair value changes (IAS 39)	(9,500)	(4,696)	(14,196)
At 29 February 2008	**92,852**	**18,657**	**111,509**

Note (21)

7.5. RECEIVABLES AND OTHER ASSETS

€000	28 Feb 2009	29 Feb 2008
Trade receivables	206,785	248,747
– Of which due after more than 1 year	*14*	*108*
Amounts owed by affiliated companies	4,831	3,142
Amounts owed by associates	11	3,758
Amounts owed by other related companies	0	556
VAT credits and other tax credits	36,926	46,844
– Of which due after more than 1 year	*399*	*7*
Reimbursement receivable under the sugar regime	5,053	6,071
Receivable for sale of quota	37,916	35,723
– Of which due after more than 1 year	*0*	*35,723*
Receivable under government grants	4,000	8,007
Prepayments and accrued income	5,354	3,869
Positive market value of commodity derivatives (cash flow hedges)	718	2,279
Receivable for legacy soil reclamation	1,895	2,127
– Of which due after more than 1 year	*1,697*	*1,942*
Insurance and damage payments	962	1,128
– Of which due after more than 1 year	*960*	*0*
Security deposits	154	1,182
Other assets	27,549	24,718
– Of which due after more than 1 year	*2,455*	*4,321*
Total	**332,154**	**388,151**
– Of which due after more than 1 year	*5,525*	*42,101*

[1] Investments in non-consolidated subsidiaries and outside companies, and loan receivables.

Amounts owed by affiliated companies represent open accounts with non-consolidated subsidiaries as well as with the Group's parent – Südzucker AG – and the parent's subsidiaries.

The carrying amount of trade receivables after provision for impairment can be analysed as follows:

€000	28 Feb 2009	29 Feb 2008
Trade receivables		
Carrying amount (gross)	216,581	261,853
Minus provisions for impairment of trade receivables	(9,796)	(13,106)
Carrying amount (net)	**206,785**	**248,747**

The provision for impairment of trade receivables showed the following movements:

€000	2008|09	2007|08
Provision at 1 March	13,106	10,204
Currency translation adjustments/Other change	(919)	(182)
Added	973	6,745
Used	(1,038)	(847)
Released	(2,326)	(2,814)
Provision at 29/28 February	**9,796**	**13,106**

The release of part of the provision resulted in interest income of € 46 thousand.

The table below provides information on the credit risks in respect of trade receivables. The maturity profile of these unimpaired trade receivables was as follows:

€000	28 Feb 2009	29 Feb 2008
Trade receivables not past due and with no impairment provided	160,712	172,363
Trade receivables past due and with no impairment provided		
Up to 30 days	22,659	53,848
31 to 90 days	7,224	4,976
More than 90 days	6,394	4,454
Subtotal	**196,989**	**235,641**
Trade receivables with impairment provided	9,796	13,106
Carrying amount	**206,785**	**248,747**

Note (22)

7.6. DEFERRED TAX ASSETS

Deferred tax assets were attributable to balance sheet items as follows:

€000	28 Feb 2009	29 Feb 2008
Deferred tax assets		
Retirement, termination and long-service benefit obligations	1,652	1,782
Non-current financial assets	10,784	6,803
Untaxed reserves in separate financial statements	3,257	0
Other provisions and liabilities	6,170	5,731
Carryforwards of unused tax losses	11,692	11,419
Total deferred tax assets	**33,555**	**25,735**
Deferred tax assets offset against deferred tax liabilities relating to the same tax authority	2,156	(9,025)
Net deferred tax assets	**35,711**	**16,710**

Deferred tax liabilities are detailed in 7.13.

Note (23)

7.7. INVENTORIES

€000	28 Feb 2009	29 Feb 2008
Raw materials and consumables	115,370	146,216
Finished and unfinished goods	382,653	484,552
Goods purchased for resale	64,090	49,503
Total	**562,113**	**680,271**

Write-downs of € 17,369 thousand were recognised on inventories (prior year: write-downs of € 9,117 thousand). Some of the sugar inventory at 28 February 2009 could not be sold profitably and had to be written down by € 3,506 thousand (prior year: write-down of € 6,971 thousand) to net realisable value.

In the Fruit segment, apple juice concentrate inventories from the previous year's crop already had to be written down intra-year by € 32,400 thousand to expected net realisable value. These inventories were to a large extent sold off by the end of the financial year and the corresponding write-down as at 28 February 2009 was therefore reduced to € 13,863 thousand compared to the higher intra-year level (prior year: € 2,146 thousand).

Note (24)

7.8. SECURITIES

Securities in current assets had a carrying amount of € 5,830 thousand (prior year: € 4,314 thousand) and consisted mainly of floating-rate debt securities held as a liquidity reserve.

Note (25)

7.9. EQUITY

- The Company's share capital of € 103,210,250 at the balance sheet date consisted of 14,202,040 ordinary voting bearer shares without par value.

- The movements in the Group's equity are presented on page 63.

Disclosures on capital management

A key goal of equity management is the maintenance of sufficient equity resources to safeguard the Company's future and ensure continuity of dividends. Equity bore the following relationship to total capital:

€000	28 Feb 2009	29 Feb 2008
Total equity	825,913	922,065
Total assets	1,996,206	2,203,940
Equity ratio	**41.4%**	**41.8%**

Capital management at AGRANA means the management of equity and of net debt. By optimising these two measures, the Company seeks to achieve the best possible shareholder returns. In addition to the equity ratio, the most important control variable is the gearing ratio (net debt divided by total equity). The total cost of equity and debt capital employed and the risks associated with the different types of capital are continuously monitored.

7.10. PROVISIONS

€000	28 Feb 2009	29 Feb 2008
Provisions for		
Retirement benefits	29,164	30,176
Termination benefits	16,077	16,057
Other	41,088	60,881
Total	**86,329**	**107,114**

Note (26a)

a) Provisions for retirement and termination benefit obligations

Provisions for retirement and termination benefits are measured using the projected unit credit method, taking into account future trends on an actuarial basis. For both the retirement and termination benefit obligations, the plans are defined benefit plans.

In respect of the Austrian companies, the following assumptions were made regarding probable future increases in pay and in retirement benefits:

%		28 Feb 2009	29 Feb 2008
Expected rate of wage and salary increases		2.50	2.50
Expected rate of pension increases		2.00	2.00
Discount rate		5.50	5.50
Expected rate of return on plan assets	Europe:	5.50	5.50
	Mexico/USA:	9.20	9.20

For foreign entities the assumptions are adjusted to reflect local conditions.

Over the last five years the present values of the defined benefit obligations changed as follows:

€000	28 Feb 2009	29 Feb 2008	28 Feb 2007	28 Feb 2006	28 Feb 2005
Retirement benefits	35,780	35,090	44,378	47,491	41,004
Termination benefits	19,147	17,564	18,906	17,403	18,777

Historical information on the retirement benefit obligation

€000	28 Feb 2009	29 Feb 2008	28 Feb 2007	28 Feb 2006	28 Feb 2005
Present value of obligation	35,780	35,090	44,378	47,491	41,004
Plan assets	3,587	3,550	7,156	6,327	1,946
Unfunded obligation	32,193	31,540	37,222	41,164	39,058

The provisions showed the following movements:

€000	Retirement benefit	Termination benefit
2008|09		
Provision in balance sheet at 1 March 2008	30,176	16,057
Current service cost	272	885
Interest cost	1,849	961
Expected income from plan assets	(208)	0
Actuarial loss	1,090	196
Total amount recognised in income statement	3,003	2,042
Changes in scope of consolidation	0	0
Benefits paid	(3,749)	(1,972)
Contributions to plan assets	(356)	0
Currency translation differences	90	(50)
Other changes	0	0
Provision in balance sheet at 28 February 2009	**29,164**	**16,077**
Unrecognised actuarial loss	3,029	3,070
Fair value of plan assets	3,587	0
Present value of obligation at 28 February 2009	**35,780**	**19,147**
2007|08		
Provision in balance sheet at 1 March 2007	32,746	16,265
Current service cost	507	977
Interest cost	2,103	849
Expected income from plan assets	(507)	0
Actuarial loss	1,595	44
Total amount recognised in income statement	3,698	1,870
Changes in scope of consolidation	0	64
Benefits paid	(4,096)	(2,123)
Contributions to plan assets	(2,003)	0
Currency translation differences	(169)	(19)
Reclassifications	0	0
Provision in balance sheet at 29 February 2008	**30,176**	**16,057**
Unrecognized actuarial loss	1,364	1,507
Fair value of plan assets	3,550	0
Present value of obligation at 29 February 2008	**35,090**	**17,564**

The present value of expected future benefits reflects the benefits to which employees are expected to be entitled based on conditions at the balance sheet date. It includes actuarial gains or losses resulting from the differences between expected risks and actual experience. The provision for direct benefit obligations does not take into account actuarial gains and losses within the corridor allowed by IAS 19 of 10% of the actual amount of the defined benefit obligation.

Similar obligations exist, in particular, at foreign Group companies. They are measured on an actuarial basis and by taking into account future cost trends.

Experience adjustments for the difference between actuarial assumptions made and actual plan experience amounted to a loss of € 3,272 thousand (prior year: loss of € 1,239 thousand).

The movement in plan assets was as follows:

€000	**2008|09**	**2007|08**
Fair value of plan assets at 1 March	3,550	7,156
Currency translation differences	(14)	(524)
Actual expenses from plan assets	(304)	(225)
Employer contributions to plan assets	355	2,003
Distribution of plan assets	0	(4,860)
Fair value of plan assets at 28/29 February	**3,587**	**3,550**

The plan assets consist primarily of investments in an external pension fund.

Note (26b)

b) Other provisions

€000	**Reculti-vation**	**Staff costs including long-service awards**	**Uncertain liabilities**	**Total**
2008|09				
At 1 March 2008	11,634	19,380	29,867	60,881
Currency translation differences	(310)	(143)	(15)	(468)
Changes in scope of consolidation	0	35	208	243
Used	(861)	(7,836)	(11,090)	(19,787)
Released	(198)	(881)	(11,896)	(12,975)
Added	194	2,761	10,239	13,194
At 28 February 2009	**10,459**	**13,316**	**17,313**	**41,088**
– *Of which due within 1 year*	*2,488*	*6,101*	*14,924*	*23,513*
2007|08				
At 28 February 2007	12,125	25,141	29,261	66,527
Reclassification to payables	0	(9,118)	(10,102)	(19,220)
At 1 March 2007	**12,125**	**16,023**	**19,159**	**47,307**
Currency translation differences	(173)	(57)	63	(167)
Changes in scope of consolidation	0	(69)	16	(53)
Released	(3,486)	(672)	(5,183)	(9,341)
Used	(334)	(4,317)	(7,648)	(12,299)
Added	3,502	8,472	23,460	35,434
At 29 February 2008	**11,634**	**19,380**	**29,867**	**60,881**
– *Of which due within 1 year*	*3,830*	*11,160*	*27,107*	*42,097*

Of the total other provisions, € 17,575 thousand (prior year: € 18,784 thousand) were classified as non-current liabilities and € 23,513 thousand (prior year: € 42,097 thousand) were current liabilities.

The provision for reclamation comprises recultivation obligations as well as the emptying of landfills and removal of waste residues. The provisions for staff costs also include the provision for long-service awards. The provisions for uncertain liabilities include, among other items, provisions for the dismantling and removal of physical assets, deficiency guarantees, product liability, and other risks.

Note (27)

7.11. BORROWINGS

€000	28 Feb 2009	Of which due in Up to 1 year	Of which due in 1 to 5 years	Of which due in More than 5 years	29 Feb 2008	Of which due in Up to 1 year	Of which due in 1 to 5 years	Of which due in More than 5 years
Bonds	20,000	*20,000*	*0*	*0*	20,000	*0*	*20,000*	*0*
Bank loans and overdrafts	635,741	*385,691*	*247,878*	*2,172*	657,182	*369,963*	*283,167*	*4,052*
Lease liabilities	154	*27*	*127*	*0*	220	*154*	*66*	*0*
Borrowings	**655,895**	***405,718***	***248,005***	***2,172***	**677,402**	***370,117***	***303,233***	***4,052***
Securities (non-current assets)	(104,492)				(18,657)			
Securities (current assets)	(5,830)				(4,314)			
Cash and cash equivalents	(75,458)				(86,760)			
Net debt	**470,115**				**567,671**			

Details of bank loans and overdrafts can be found in 8.1. to 8.3. Bank loans and overdrafts were secured as follows at the balance sheet date:

€000	28 Feb 2009	29 Feb 2008
Mortgage liens	2,968	4,521
Inventory lien	0	18,653
Other liens	21,202	26,741
Total	**24,170**	**49,915**

Note (28)

7.12. TRADE AND OTHER PAYABLES

€000	28 Feb 2009	Of which due in Up to 1 year	Of which due in More than 1 year	29 Feb 2008	Of which due in Up to 1 year	Of which due in More than 1 year
Trade payables	225,963	*225,963*	*0*	204,465	*204,465*	*0*
Amounts owed to affiliated companies	8,193	*8,193*	*0*	59,054	*59,054*	*0*
Deferred income	4,950	*4,950*	*0*	4,462	*4,462*	*0*
Other payables	153,715	*151,757*	*1,958*	186,668	*184,635*	*2,033*
– Of which sugar regime restructuring levy	*69,652*	*69,652*	*0*	*105,358*	*105,358*	*0*
– Of which purchase of additional sugar quota	*0*	*0*	*0*	*0*	*0*	*0*
– Of which production levy	*5,692*	*5,692*	*0*	*6,573*	*6,573*	*0*
– Of which other tax	*11,532*	*11,532*	*0*	*19,132*	*19,132*	*0*
– Of which social security	*5,869*	*5,869*	*0*	*5,653*	*5,653*	*0*
Total	**392,821**	***390,863***	***1,958***	**454,649**	***452,616***	***2,033***

Trade payables include obligations to beet growers of € 76,187 thousand (prior year: € 62,422 thousand).

Other payables also include tax liabilities, liabilities to employee benefit schemes and payables on payroll accounts.

Note (29)

7.13. DEFERRED TAX LIABILITIES

Deferred tax assets were attributable to balance sheet items as follows:

€000	28 Feb 2009	29 Feb 2008
Deferred tax liabilities		
Non-current assets	18,273	18,659
Inventories and receivables	10,830	18,849
Untaxed reserves in separate financial statements	0	9,185
Other provisions and liabilities	0	881
Total deferred tax liabilities	**29,103**	**47,574**
Deferred tax assets offset against deferred tax liabilities relating to the same tax authority	2,156	(9,025)
Net deferred tax liabilities	**31,259**	**38,549**

Deferred tax assets are detailed in 7.6.

7.14. CONTINGENT LIABILITIES AND OTHER FINANCIAL LIABILITIES

€000	28 Feb 2009	29 Feb 2008
Guarantees	44,500	5,364
Warranties, cooperative liabilities	1,697	2,475
Parent guarantees	0	148
Contingent liabilities	**46,197**	**7,987**
Present value of lease payments due within 5 years	11,129	11,903
Order commitments (purchases of property, plant and equipment)	54	9,212
Other financial liabilities	**11,183**	**21,115**
Total	**57,380**	**29,102**

8. NOTES ON FINANCIAL INSTRUMENTS

8.1. INVESTMENT AND CREDIT TRANSACTIONS (NON-DERIVATIVE FINANCIAL INSTRUMENTS)

In addition to the AGRANA Group's ability to self-finance, it can cover its overall funding needs with bonds, syndicated credit lines and bilateral bank credit lines.

Financial instruments are generally procured centrally and distributed Group-wide. The principal aims of obtaining financing are to achieve a sustained increase in enterprise value, safeguard the Group's credit quality and ensure its liquidity.

To manage the seasonally fluctuating cash flows, the AGRANA Group in the course of its day-to-day financial management uses conventional investments (demand deposits, time deposits and securities) and borrowings (in the form of overdrafts, short-term funds and fixed-rate loans).

	Average effective interest rate 2008|09 %	2007|08 %	28 Feb 2009 €000	Of which due in: Up to 1 year €000	1 to 5 years €000	More than 5 years €000	29 Feb 2008 €000	Of which due in: Up to 1 year €000	1 to 5 years €000	More than 5 years €000
Fixed rate										
EUR	2.85	2.43	246,874	*64,211*	*180,491*	*2,172*	229,295	*2,711*	*222,532*	*4,052*
CSD	0.00	6.88	0	*0*	*0*	*0*	290	*105*	*185*	*0*
	2.85	**2.44**	**246,874**	***64,211***	***180,491***	***2,172***	**229,585**	***2,816***	***222,717***	***4,052***
Variable rate										
EUR	2.66	4.70	283,205	*217,035*	*66,170*	*0*	265,378	*205,626*	*59,752*	*0*
CZK	0.00	4.06	0	*0*	*0*	*0*	5,531	*5,531*	*0*	*0*
DKK	0.00	5.25	0	*0*	*0*	*0*	4,159	*4,159*	*0*	*0*
HUF	9.89	7.51	42,059	*41,394*	*665*	*0*	60,913	*60,913*	*0*	*0*
CNY	5.49	6.72	17,923	*17,923*	*0*	*0*	6,953	*6,953*	*0*	*0*
PLN	5.12	5.88	3,446	*3,446*	*0*	*0*	66,150	*66,150*	*0*	*0*
SKK	0.00	4.14	0	*0*	*0*	*0*	4,270	*4,270*	*0*	*0*
USD	1.65	5.38	42,228	*42,228*	*0*	*0*	14,234	*13,539*	*695*	*0*
Other	0.00	0.00	6	*6*	*0*	*0*	9	*6*	*3*	*0*
	3.48	**5.33**	**388,867**	***322,032***	***66,835***	***0***	**427,597**	***367,147***	***60,450***	***0***
Total	**3.24**	**4.32**	**635,741**	***386,243***	***247,326***	***2,172***	**657,182**	***369,963***	***283,167***	***4,052***

Bank loans and overdrafts amounted to € 635,741 thousand (prior year: € 657,182 thousand) and carried interest at an average rate of 3.24% (prior year: 4.32%). They are measured at repayable amounts. In the case of bank debt denominated in foreign currencies, nominal values were translated into euros by applying the exchange rates prevailing at the balance sheet date. Fair values may therefore increase or decrease from the prior-period values, depending on movements in exchange rates.

The fixed-interest portion of bank loans and overdrafts was € 246,874 thousand (prior year: € 229,585 thousand), representing a fair value of € 246,614 thousand. The fair values (i.e., market values) of bank loans and overdrafts are equivalent to their carrying amounts. At the balance sheet date, € 2,968 thousand (prior year: € 4,521 thousand) of bank loans and overdrafts were secured by mortgage liens and € 21,202 thousand (prior year: € 45,394 thousand) were secured by other liens.

In its day-to-day financial management, the Group invests in demand deposits and time deposits. Compared with the prior year end, cash and cash equivalents decreased from € 11,302 thousand to € 75,458 thousand. In addition, there were securities in the amount of € 5,830 thousand (prior year: € 4,314 thousand) in current assets; these were categorised as held-for-trading.

8.2. DERIVATIVE FINANCIAL INSTRUMENTS

To hedge part of the risks arising from its operating activities (risks due to movements in interest rates, foreign exchange rates and raw material prices), the AGRANA Group to a limited extent uses derivative financial instruments. AGRANA uses derivatives largely to hedge the following exposures:

- Interest rate risks from money market rates, arising mainly from liquidity fluctuation typical during campaigns or from existing or planned floating-rate borrowings.

■ Currency risks, which may arise primarily from the purchase and sale of products in US dollars and Eastern European currencies and from finance in foreign currencies.

■ Commodity price risks arise principally from changes in the sugar world market price and in energy and grain prices.

The Group employs only conventional derivatives for which there is a sufficiently liquid market (for example, interest rate swaps, interest rate options, caps, forward exchange contracts, currency options, or commodity futures). The use of these instruments is governed by Group policies under the Group's risk management system. These policies prohibit the speculative use of derivative financial instruments, set ceilings appropriate to the underlying transactions, define authorisation procedures, minimise credit risks, and specify internal reporting rules and the organisational separation of risk-taking and risk control. Adherence to these standards and the proper processing and valuation of transactions are regularly monitored by an internal department whose independence is ensured by organisational separation.

The notional principal amounts and the fair values of the derivative financial instruments held by the AGRANA Group were as follows:

	Notional principal amount		Fair value	
€000	28 Feb 2009	29 Feb 2008	28 Feb 2009	29 Feb 2008
Purchase of USD	8,178	20,501	1,241	(534)
Sale of USD	1,849	28,083	16	293
Purchase of AUD	1,240	4,675	(14)	48
Purchase of CZK	11,627	5,493	(953)	86
Purchase of HUF	71,011	27,000	(6,716)	(666)
Sale of HUF	8,284	0	637	0
Purchase of PLN	29,466	0	(6,551)	0
Sale of GBP	1,146	0	(28)	0
Sale of RON	1,000	0	(8)	0
Other	355	0	51	(37)
Currency derivatives	134,156	85,752	(12,325)	(810)
Interest rate derivatives	70,000	61,000	(364)	(1,513)
Commodity derivatives (hedge accounting)	2,210	14,923	718	2,279
Total	**206,366**	**161,675**	**(11,971)**	**(44)**

The currency derivatives and commodity derivatives are used to hedge cash flows over periods of up to one year; the interest rate derivatives serve to hedge cash flows for periods of one to five years.

The notional principal amount of the derivative financial instruments represents the face amount of all hedges, translated into euros.

The fair value of a derivative is the amount which the AGRANA Group would have to pay or would receive at the balance sheet date in the hypothetical event of early termination of the hedge position. As the hedging transactions involve only standardised, fungible financial instruments, fair value is determined on the basis of quoted market prices without offsetting against any opposite movements in the values of hedged items.

Fair value changes of derivatives employed to hedge future cash flows (cash flow hedges) are initially recognised directly in equity. Only when the cash flows are realised are the value changes recognised in profit or loss. The fair value of cash flow hedges at 28 February 2009 was an asset of € –7,622 thousand (prior year: liability of € 2,279 thousand).

The value changes of the derivative positions to which cash flow hedge accounting is not applied are recognised in profit or loss. The hedging transactions were carried out both to hedge sales revenue and raw material supply for the Juice activities and to hedge sales contracts in the Sugar segment. To some extent, fair value hedge accounting under IAS 39 is used for the transactions presented. The fluctuations in the value of these hedging instruments are offset against the fluctuations in the value of the hedged transactions.

8.3. ADDITIONAL DISCLOSURES ON FINANCIAL INSTRUMENTS

Carrying amounts and fair values of financial instruments

Set out in the table below are the carrying amounts and fair values of the Group's financial assets and liabilities. The fair value of a financial instrument is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

		28 Feb 2009		29 Feb 2008	
	Measurement category under IAS 39	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
		€000	€000	€000	€000
Financial assets					
Securities (non-current)	Available-for-sale financial assets (at cost)	85,000	85,000	0	0
Securities (non-current)	Available-for-sale financial assets	19,492	19,492	18,657	18,657
Securities (non-current)		**104,492**	**104,492**	**18,657**	**18,657**
Investments in non-consolidated subsidiaries and outside companies	Available-for-sale financial assets	343	343	90,816	90,816
Investments in non-consolidated subsidiaries and outside companies	Available-for-sale financial assets (at cost)	1,523	1,523	1,618	1,618
Non-current loan receivables	Loans and receivables	633	633	418	418
Investments in non-consolidated subsidiaries and outside companies, and loan receivables (non-current assets)		**2,499**	**2,499**	**92,852**	**92,852**
Trade receivables	Loans and receivables	206,785	206,785	248,707	248,707
Other financial assets[1]	Loans and receivables	72,085	72,085	87,651	87,651
Derivative financial assets	Derivatives at fair value through equity	718	718	2,278	2,278
Derivative financial assets	Derivatives at fair value through profit or loss	1,890	1,890	190	190
Trade receivables and other assets		**281,478**	**281,478**	**338,826**	**338,826**

[1] Excluding other tax receivables, positive fair values of derivatives, prepayments and accrued income not resulting in a cash inflow.

		28 Feb 2009		29 Feb 2008	
	Measurement category under IAS 39	Carrying amount	Fair value	Carrying amount	Fair value
		€000	€000	€000	€000
Securities (current)	Available-for-sale financial assets	0	0	0	0
Securities (current)	Financial assets at fair value through profit or loss (held for trading)	5,830	5,830	4,314	4,314
Securities (current)		**5,830**	**5,830**	**4,314**	**4,314**
Cash and cash equivalents	Loans and receivables	**75,458**	**75,458**	**86,760**	**86,760**
Total		**469,757**	**469,757**	**541,409**	**541,409**
Financial liabilities					
Bonds	Liabilities at (amortised) cost	20,000	20,000	20,000	20,000
Bank loans and overdrafts	Liabilities at (amortised) cost	635,742	635,482	657,182	657,182
Finance leases	–	154	154	220	220
Borrowings		**655,896**	**655,636**	**677,402**	**677,402**
Trade payables	Liabilities at (amortised) cost	225,963	225,963	204,465	204,465
Payable from sugar regime restructuring levy	Liabilities at (amortised) cost	69,652	69,652	105,358	105,358
Payable from purchase of additional sugar quota	Liabilities at (amortised) cost	0	0	0	0
Other payables[1]	Liabilities at (amortised) cost	59,056	59,056	113,009	113,009
Payables from derivative financial instruments	Derivatives at fair value through profit or loss	14,580	14,580	2,424	2,424
Trade and other payables		**369,251**	**369,251**	**425,256**	**425,256**
Total		**1,025,147**	**1,024,887**	**1,102,658**	**1,102,658**

[1] Excluding payables from other tax, social security, negative fair values of derivatives, customer prepayments, and deferred income.

	28 Feb 2009		29 Feb 2008	
	Carrying amount	Fair value	Carrying amount	Fair value
	€000	€000	€000	€000
Total by measurement category under IAS 39				
Available-for-sale financial assets	19,835	19,835	109,473	109,473
Available-for-sale financial assets (at cost)	86,523	86,523	1,618	1,618
Financial assets at fair value through profit or loss (held for trading)	5,830	5,830	4,314	4,314
Loans and receivables	354,961	354,961	423,536	423,536
Liabilities at amortised cost	(1,010,413)	(1,010,153)	(1,100,014)	(1,100,014)
Derivatives at fair value through equity	718	718	2,279	2,279
Derivatives at fair value through profit or loss	(12,690)	(12,690)	(2,234)	(2,234)

The fair values of financial instruments were determined on the basis of the market information available at the balance sheet date and the methods and assumptions outlined below.

The non-current asset item of "investments in non-consolidated subsidiaries and outside companies", and securities both in non-current and in current assets, include available-for-sale securities. These are measured at market value as represented by prices quoted on securities exchanges at the balance sheet date.

Securities in current assets that are held for trading are also measured at market prices as represented by prices quoted on securities exchanges at the balance sheet date.

Other investees as well as those securities for which fair value could not be determined due to a lack of market prices in absence of active markets, are measured at cost. These are primarily shares of unlisted companies where the shares were not measured by the discounted cash flow method because cash flows could not be reliably determined. For these shares it is assumed that the fair values are equivalent to the carrying amounts.

As the non-current loan receivables bear interest at floating rates, their carrying amount is substantially equivalent to their market value.

As a result of the short maturities of the trade receivables, other assets and cash and cash equivalents, their fair values are assumed to be equivalent to their carrying amounts.

The positive and negative fair values of interest rate, currency and commodity derivatives relate both to fair value hedges and cash flow hedges. For the interest rate hedges, the fair values are determined on the basis of discounted future cash flows. Forward exchange contracts are measured on the basis of reference prices, taking into account forward premiums or discounts.

For trade payables, payables for the sugar market restructuring levy and for the purchase of additional sugar quota, and current other payables, it is assumed in view of the short maturities that the fair values are equivalent to the carrying amounts.

Non-current other payables are generally carried at their present values. Accordingly, it is assumed that the fair values are equivalent to the carrying amounts.

Financial instruments were recorded in the income statement at the following net amounts for each measurement category:

	Assets				Liabilities				Reconciliation	
€000	**Available for sale**	**Held to maturity**	**Loans and receivables**	**Cash**	**Financial liabilities held for trading**	**Financial liabilities at cost**	**Not classified**	**Total**	**Not a financial instrument**	**Net financial item**
2008|09										
Net (losses)/gains in net financial items										
Net interest income/(expense)	0	0	1,249	0	0	(31,614)	0	(30,365)	0	(30,365)
Interest on derivatives	0	0	0	0	0	0	826	826	0	826
Interest component of retirement benefit provisions	0	0	0	0	0	0	0	0	(2,810)	(2,810)
Total net interest income/(expense)	0	0	1,249	0	0	(31,614)	826	(29,539)	(2,810)	(32,349)
Share of results of non-consolidated subsidiaries and outside companies	4,416	0	0	0	0	0	0	4,416	0	4,416
Negative goodwill	0	0	0	0	0	0	0	0	2	2
Total share of results of non-consolidated subsidiaries and outside companies	4,416	0	0	0	0	0	0	4,416	2	4,418
Currency translation losses	0	0	0	0	0	(39,493)	0	(39,493)	0	(39,493)
Total other net financial items	(448)	95	0	0	0	0	0	(353)	331	(22)
Net financial items from derivatives	0	0	0	0	0	0	385	385	0	385
Total net financial items	(448)	95	0	0	0	(39,493)	385	(39,461)	331	(39,130)
Total net (losses)/gains in net financial items	**3,968**	**95**	**1,249**	**0**	**0**	**(71,107)**	**1,211**	**(64,584)**	**(2,477)**	**(67,061)**
Net (losses)/gains in operating profit before exceptional items										
Currency translation gains	0	0	0	0	0	0	3,785	3,785	0	3,785
Impairment loss on receivables	0	0	(835)	0	0	0	0	(835)	0	(835)
Total net (losses)/gains in operating profit before exceptional items	**0**	**0**	**(835)**	**0**	**0**	**0**	**3,785**	**2,950**	**0**	**2,950**

	Assets				Liabilities				Reconciliation	
€000	Available for sale	Held to maturity	Loans and receivables	Cash	Financial liabilities held for trading	Financial liabilities at cost	Not classified	Total	Not a financial instru-ment	Net financial item
2007|08										
Net (losses)/gains in net financial items										
Net interest income/(expense)	0	0	639	0	0	(24,543)	0	(23,904)	0	(23,904)
Interest on derivatives	0	0	0	0	0	0	(163)	(163)	0	(163)
Interest component of retirement benefit provisions	0	0	0	0	0	0	0	0	(2,952)	(2,952)
Total net interest income/(expense)	0	0	639	0	0	(24,543)	(163)	(24,067)	(2,952)	(27,019)
Share of results of non-consolidated subsidiaries and outside companies	4,199	0	0	0	0	0	0	4,199	0	4,199
Negative goodwill	0	0	0	0	0	0	0	0	0	0
Total share of results of non-consolidated subsidiaries and outside companies	4,199	0	0	0	0	0	0	4,199	0	4,199
Currency translation losses	0	0	(8,485)	0	0	0	0	(8,485)	0	(8,485)
Total other net financial items	4,749	216	0	0	0	0	0	4,965	250	5,215
Net financial items from derivatives	0	0	0	0	0	0	(2,357)	(2,357)	0	(2,357)
Total net financial items	4,749	216	(8,485)	0	0	0	(2,357)	(5,877)	250	(5,627)
Total net (losses)/gains in net financial items	**8,948**	**216**	**(7,846)**	**0**	**0**	**(24,543)**	**(2,520)**	**(25,745)**	**(2,702)**	**(28,447)**
Net (losses)/gains in operating profit before exceptional items										
Currency translation gains	0	0	0	0	0	0	(1,635)	(1,635)	0	(1,635)
Impairment loss on receivables	0	0	(717)	0	0	0	0	(717)	0	(717)
Total net (losses)/gains in operating profit before exceptional items	**0**	**0**	**(717)**	**0**	**0**	**0**	**(1,635)**	**(2,352)**	**0**	**(2,352)**

8.4. RISK MANAGEMENT IN THE AGRANA GROUP

The AGRANA Group is exposed to market price risks through changes in exchange rates, interest rates and security prices. On the procurement side, the Group is subject to commodity price risks. These relate primarily to energy costs in connection with sugar production and to the cost of wheat and corn for bioethanol production. In addition, the Group is exposed to credit risks, associated especially with trade receivables.

AGRANA uses an integrated system for the early identification and monitoring of risks that are specific to the Group. The Group's proven approach to risk management is guided by the aim of balancing risks and returns. The Group's risk culture is characterised by risk-aware behaviour, clearly defined responsibilities, independent risk control, and the implementation of internal control systems.

AGRANA regards the responsible management of business risks and opportunities as an important part of sustainable, value-driven corporate governance. Risk management thus forms an integral part of the entire planning, management and reporting process and is directed by the Management Board. The parent company and all subsidiaries employ risk management systems that are tailored to their respective operating activity. The systems' purpose is the methodical identification, assessment, control and documenting of risks.

In a three-pronged approach, risk management at the AGRANA Group is based on risk control at the operational level, on strategic control of Group companies by the Group, and on an internal monitoring system delivered by the Group's internal auditing.

In addition, emerging trends that could develop into threats to the viability of the AGRANA Group as a going concern are identified and analysed at an early stage and continually re-evaluated as part of the risk management process.

Credit risk
Credit risk is the risk of an economic loss as a result of a counterparty's failure to honour its payment obligations. Credit risk includes both the risk of a deterioration in customers' or other counterparties' credit quality, and the risk of their immediate default.

The trade receivables of the AGRANA Group are largely with the food, chemical and retail industries. Credit risk in respect of trade receivables is managed on the basis of internal standards and guidelines. Thus, a credit analysis is generally conducted for new customers. The Group also uses credit insurance and security such as bank guarantees.

For the residual risk from trade receivables, the Group establishes provisions for impairment. The maximum exposure from trade receivables is equivalent to the carrying amount of the trade receivables. The carrying amounts of past due and of impaired trade receivables are set out in 7.5.

The maximum credit risk from investments in non-consolidated subsidiaries and outside companies, loan receivables and other receivables is equivalent to their carrying amount and is not considered by AGRANA to be material.

Liquidity risk
Liquidity risk is the risk that a company will not be able to meet its financial obligations on time or in sufficient measure.

The AGRANA Group generates liquidity with its business operations and from external financing. The funds are used to fund working capital, investment and business acquisitions.

In order to ensure the Group's solvency at all times and its financial flexibility, a liquidity reserve is maintained in the form of credit lines and, where necessary, of cash.

To manage the seasonally fluctuating cash flows, both short-term and long-term finance is raised in the course of day-to-day financial management.

The maturity profile below shows the effects on the Group's liquidity situation of the cash outflows from liabilities as at 28 February 2009. All cash outflows are undiscounted.

€000	Carrying amount	Total	Contractual payment outflows: Up to 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years
28 February 2009								
Borrowings								
Bonds	20,000	20,168	20,168	0	0	0	0	0
Bank loans and overdrafts	635,742	655,252	396,912	139,034	94,401	19,213	3,498	2,194
Obligations under finance leases	154	154	27	127	0	0	0	0
	655,896	**675,574**	**417,107**	**139,161**	**94,401**	**19,213**	**3,498**	**2,194**
Trade and other payables								
Trade payables	225,963	225,963	225,963	0	0	0	0	0
Payable from sugar regime restructuring levy	69,652	69,652	69,652	0	0	0	0	0
Payable from purchase of additional sugar quota	0	0	0	0	0	0	0	0
Other payables[1]	73,617	73,617	71,662	1,955	0	0	0	0
– *Of which interest rate derivatives*	*1,772*	*1,772*	*1,772*	*0*	*0*	*0*	*0*	*0*
– *Of which currency derivatives*	*12,857*	*12,857*	*12,857*	*0*	*0*	*0*	*0*	*0*
– *Of which commodity derivativese*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
	369,232	**369,232**	**367,277**	**1,955**	**0**	**0**	**0**	**0**
29 February 2008								
Borrowings								
Bonds	20,000	21,476	988	20,488	0	0	0	0
Bank loans and overdrafts	657,182	697,330	392,143	86,504	174,222	22,050	18,319	4,092
Obligations under finance leases	220	220	154	66	0	0	0	0
	677,402	**719,026**	**393,285**	**107,058**	**174,222**	**22,050**	**18,319**	**4,092**
Trade and other payables								
Trade payables	204,465	204,465	204,465	0	0	0	0	0
Payable from sugar regime restructuring levy	105,358	105,358	105,358	0	0	0	0	0
Payable from purchase of additional sugar quota	0	0	0	0	0	0	0	0
Other payables[1]	115,404	115,404	113,400	2,004	0	0	0	0
– *Of which interest rate derivatives*	*1,547*	*1,547*	*1,547*	*0*	*0*	*0*	*0*	*0*
– *Of which currency derivatives*	*877*	*877*	*877*	*0*	*0*	*0*	*0*	*0*
– *Of which commodity derivatives*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
	425,227	**425,227**	**423,223**	**2,004**	**0**	**0**	**0**	**0**

The undiscounted cash outflows are subject to the condition that repayment of liabilities is applied to the earliest maturity date. Interest payments on floating-rate financial instruments are determined based on the most recent prevailing rates.

[1] Excluding payables from other tax, social security, negative fair values of derivatives, customer prepayments, and deferred income.

Currency risk

The worldwide scope of the AGRANA Group's operations exposes its operating business, net financial items and cash flows to risks from fluctuation in exchange rates. The significant currency relations are those between the euro and the US dollar, Hungarian forint, Polish zloty, Romanian leu, Russian ruble and Ukrainian hryvnia.

The AGRANA Group has financial assets and liabilities in foreign currencies. Until settlement, these assets and liabilities are subject to the risk of decreases or increases in value.

Financial liabilities of € 152,175 thousand were subject to currency risk as a result of the local currency being different from the contract currency.

The significant foreign exchange risk arises in operating business when revenue is generated in a different currency than are the related costs.

In the Sugar segment, Group companies based in the European Union whose local currency is not the euro are exposed to sugar-regime-induced foreign exchange risk between the euro and their respective local currency, as the beet prices for a given campaign are set in euros EU-wide. The subsidiaries in Romania and Bosnia-Herzegovina are subject to additional currency risk from raw sugar purchases in US dollars.

In the Starch segment, foreign exchange risks arise from borrowings not denominated in local currency.

In the Fruit segment, foreign exchange risks arise when revenue and materials costs are in foreign currency rather than local currency. In addition, risks arise from borrowings not denominated in foreign currency.

For active hedging of risks, the AGRANA Group mainly uses forward foreign exchange contracts. In the financial year under review, forward exchange contracts were employed to hedge revenue, purchasing commitments and foreign currency borrowings totalling a gross € 423,035 thousand against exchange rate fluctuation. Principally this related to hedges of Hungarian forint exposure of € 95,377 thousand (prior year: € 20,448 thousand) [or HUF 24,186,638 thousand (prior year: HUF 5,069,560 thousand)], US dollar exposure of € 74,210 thousand (prior year: € 47,806 thousand) [or USD 109,887 thousand (prior year: USD 67,885 thousand)], Czech koruna exposure of € 12,207 thousand (prior year: € 3,586 thousand) [or CZK 304,275 thousand (prior year: CZK 101,399 thousand)] and Romanian leu exposure of € 126,928 thousand (prior year: € 48,040 thousand) [or RON 311,658 thousand (prior year: RON 156,243 thousand)].

The amount of external financial assets and liabilities denominated in foreign currency in the AGRANA Group overall is not material.

Using sensitivity analysis, AGRANA models the effects of hypothetical movements in exchange rates on the Group's results and equity. This is done by conducting stress tests and measuring the stress-induced change in the amounts of the relevant items – revenue, material costs and foreign-currency borrowings. An appreciation in the euro was assumed in determining the latent risk. The analysis showed that if the euro had been 10% stronger during the 2008|09 financial year against the currencies named below, the Group's profit and equity would have been lower by € 13,699 thousand (in the prior year, it would have been € 6,585 thousand lower). The potential effects of the other currency relations in the AGRANA Group are immaterial both individually and in the aggregate.

€000	28 Feb 2009	29 Feb 2008
Simulation +10%		
EUR/RON	(14,606)	(3,821)
EUR/HUF	+3,598	(2,984)
EUR/PLN	(5,905)	+2,079
EUR/UAH	+2,415	(1,114)
EUR/RUB	+799	(745)
Total	**(13,699)**	**(6,585)**

Interest rate risk

The AGRANA Group is exposed to interest rate risks primarily in the euro zone.

Interest rate risks are presented by means of sensitivity analyses, in accordance with IFRS 7. These analyses portray the impacts of changes in market interest rates on interest payments, interest income and expense and, where applicable, on equity. The sensitivity analyses were based on the following premises:

Changes in market interest rates of fixed-interest non-derivative financial instruments have an effect on net interest expense or income only when the instruments are measured at fair value. Therefore, none of the financial instruments carried at amortised cost are subject to interest rate risk as defined by IFRS 7.

The floating-rate borrowings are subject to interest rate risk. To hedge against this risk, interest rate swaps were entered into for a portion of the borrowings, thus achieving fixed interest rates on this portion of borrowings. For the unhedged floating-rate borrowings, if market interest rates at 28 February 2009 had been 100 basis points higher or lower, this would have made, respectively, a negative or positive difference of € 3,589 thousand (prior year: € 4,276 thousand) in net interest income or expense. The hypothetical effect on net interest income or expense arises from non-derivative, floating-rate debt of € 388,867 thousand (prior year: € 427,596 thousand).

Commodity price risk

AGRANA's business activities expose it to market price risk from purchases of commodities. This is particularly true in the production of bioethanol, where the most important cost factors by far are the prices of the main inputs, corn and wheat. To a lesser but still significant extent, the Sugar segment has exposure to purchase prices of raw sugar.

At the balance sheet date, the Group had open commodity derivative contracts to purchase 12,193 tonnes of raw sugar for Eastern Europe and 19,550 tonnes of wheat for the Austrian bioethanol production facility. These positions represented a total contract amount of € 4,989 thousand and, based on the underlying closing prices, had a positive fair value of € 803 thousand. A change in the underlying raw material prices of plus or minus 10% would result, respectively, in an increase in the value of these commodity derivative positions of € 412 thousand or in a decrease of € 713 thousand.

9. EVENTS AFTER THE REPORTING DATE

After the balance sheet date of 28 February 2009, no events were in evidence that had an impact on these consolidated financial statements.

10. RELATED PARTY DISCLOSURES

AGRANA Zucker, Stärke und Frucht Holding AG holds 100% of the ordinary shares of Z&S Zucker und Stärke Holding AG, which in turn holds 75.5% of the ordinary shares of AGRANA Beteiligungs-AG. Both holding companies are exempt from the obligation to prepare consolidated financial statements as their accounts are included in the consolidated financial statements of Südzucker AG, Mannheim/Ochsenfurt, Germany.

Related parties for the purposes of IAS 24 are Südzucker AG of Mannheim/Ochsenfurt and Zucker-Beteiligungsges.m.b.H. of Vienna, as shareholders of AGRANA Zucker, Stärke und Frucht Holding AG. AGRANA's consolidated financial statements are included in the consolidated accounts of Südzucker AG, Mannheim/Ochsenfurt.

In addition to Südzucker AG, Mannheim/Ochsenfurt, and its subsidiaries, other related parties are Raiffeisen-Holding Niederösterreich-Wien registrierte Genossenschaft mit beschränkter Haftung, Vienna, and its subsidiaries.

At the balance sheet date, current borrowings in respect of the foregoing related companies stood at € 83,635 thousand (prior year: € 98,812 thousand). These borrowings were on normal commercial terms. In the year, interest of € 5,659 thousand (prior year: € 3,774 thousand) was paid on this debt. In respect of these companies there were current trade payables of € 287 thousand from sales of goods (prior year: current trade receivables of € 312 thousand). Revenue with related companies amounted to € 64,465 thousand (prior year: € 46,688 thousand). In respect of joint venture partners there were other liabilities of € 3,296 thousand (prior year: € 3,018 thousand); amounts due from these partners totalled € nil (prior year: € 1,419 thousand).

In January 2009, AGRANA Beteiligungs-AG subscribed for participation capital of Raiffeisen-Holding Niederösterreich-Wien registrierte Genossenschaft mit beschränkter Haftung, Vienna, in the amount of € 85.0 million. The subscription was made in a private placement on normal market terms. In turn, a participating interest in another entity was sold to RASKIA Beteiligungs GmbH (a subsidiary of Raiffeisen-Holding) for € 85.9 million.

Remuneration paid to members of the Management Board of AGRANA Beteiligungs-AG totalled € 1,745 thousand (prior year: € 1,520 thousand), consisting of total fixed base salaries of € 1,075 thousand (prior year: € 1,019 thousand) and a total performance-based component of € 670 thousand (prior year: € 501 thousand). The performance-based elements are tied to the amount of the dividend payout. The Management Board member of AGRANA Beteiligungs-AG appointed under the syndicate agreement between Südzucker AG, Mannheim/Ochsenfurt, and Zucker-Beteiligungsges.m.b.H., Vienna, does not receive compensation for serving in this capacity.

On 4 July 2008 the Annual General Meeting approved an annual aggregate remuneration for the Supervisory Board of € 165 thousand (prior year: € 165 thousand) and delegated to the Supervisory Board Chairman the responsibility for allocating this sum. The amount paid to the individual Supervisory Board members is tied to their function on the Board. No meeting fees were paid in the year under review.

Post-employment benefits granted to the Management Board under the Company's plan are pension, disability insurance and survivor benefits. The pension becomes available when the pension eligibility criteria of the Austrian public pension scheme (ASVG) are met. The amount of the pension is calculated as a percentage of a contractually agreed assessment base. In the event of early retirement within ASVG rules, the amount of the pension is reduced. The retirement benefit obligations in respect of the Management Board have been transferred to an external pension fund. The obligation's excess of € 1,259 thousand (prior year: € 1,322 thousand) over existing plan assets was recognised in provisions.

In the event that a Management Board appointment is withdrawn, severance pay has been agreed consistent with the Employees Act.

Information on the Management Board and Supervisory Board is provided on page 13.

On 30 April 2009 the Management Board of AGRANA Beteiligungs-AG released the consolidated financial statements for review by the Supervisory Board, presentation to the Annual General Meeting and subsequent publication. The responsibility of the Supervisory Board is to review the consolidated financial statements and to state whether it approves them.

Vienna, 30 April 2009

The Management Board

Johann Marihart
Fritz Gattermayer
Walter Grausam
Thomas Kölbl

STATEMENT BY THE MANAGEMENT BOARD MEMBERS

In accordance with section 82 (4) Austrian Stock Exchange Act, the undersigned members of the Management Board, as the legal representatives of AGRANA Beteiligungs-AG, confirm to the best of their knowledge that:

- The consolidated and parent company financial statements for the year ended 28 February 2009, prepared in accordance with the applicable accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of AGRANA Beteiligungs-AG and the companies included in the consolidation taken as a whole;

- The Group management report for the 2008|09 financial year gives a true and fair view of the development and performance of the business and the position of AGRANA Beteiligungs-AG and the companies included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

Vienna, 30 April 2009

The Management Board

Johann Marihart
Fritz Gattermayer
Walter Grausam
Thomas Kölbl

THE COMPANY'S BOARDS
(LIST OF MEMBERS)

More information on the Management Board, the Supervisory Board and its committees is provided in the corporate governance section of this report beginning on page 13.

MANAGEMENT BOARD

Johann Marihart
Chief Executive Officer

Fritz Gattermayer
Member

Walter Grausam
Member

Thomas Kölbl
Member

SUPERVISORY BOARD

Christian Konrad
Chairman

Rudolf Müller
First Vice-Chairman

Erwin Hameseder
Second Vice-Chairman

Ludwig Eidmann
Member

Hans-Jörg Gebhard
Member

Theo Spettmann
Member

Ernst Karpfinger
Member

Christian Teufl
Member

Thomas Buder
Group Staff Council Chairman

Franz Ennser
Staff Council Chairman

Peter Vymyslicky
Staff Council Chairman

Erich Weissenböck
Staff Council Chairman

SUBSIDIARIES AND BUSINESS INTERESTS AT 28 FEBRUARY 2009

(DISCLOSURES UNDER SECTION 265 (2) AND (4) AUSTRIAN COMMERCIAL CODE)

Name of company	City/town	Country	Equity interest Direct	Equity interest Indirect
I. Subsidiaries				
Fully consolidated subsidiaries				
AGRANA BIH Holding GmbH	Vienna	Austria	–	75.00%
AGRANA Bioethanol GmbH	Vienna	Austria	–	74.90%
AGRANA Bulgaria AD	Sofia	Bulgaria	–	51.00%
AGRANA Fruit Argentina S.A.	Buenos Aires	Argentina	–	99.99%
AGRANA Fruit Australia Pty Ltd.	Central Mangrove	Australia	–	100.00%
AGRANA Fruit Austria GmbH	Gleisdorf	Austria	–	100.00%
AGRANA Fruit Bohemia s.r.o. v likvidaci	Kaplice	Czech Republic	–	100.00%
AGRANA Fruit Brasil Indústria, Comércio, Importacao e Exportacao Ltda.	São Paulo	Brazil	–	95.88%
AGRANA Fruit Brasil Participacoes Ltda.	São Paulo	Brazil	–	100.00%
AGRANA Fruit Dachang Co., Ltd.	Dachang	China	–	100.00%
AGRANA Fruit Fiji Pty Ltd.	Sigatoka	Fiji	–	100.00%
AGRANA Fruit France S.A.	Paris	France	–	100.00%
AGRANA Fruit Germany GmbH	Konstanz	Germany	–	100.00%
AGRANA Fruit Investments South Africa (Proprietary) Ltd.	Cape Town	South Africa	–	100.00%
AGRANA Fruit Istanbul Gida Sanayl Ve Ticaret A.S.	Zincirlikuyu	Turkey	–	100.00%
AGRANA Fruit Korea Co. Ltd.	Seoul	South Korea	–	100.00%
AGRANA Fruit Latinoamerica S. de R.L. de C.V.	Michoacan	Mexico	–	99.99%
AGRANA Fruit Luka TOV	Vinnitsa	Ukraine	–	100.00%
AGRANA Fruit México, S.A. de C.V.	Michoacan	Mexico	–	100.00%
AGRANA Fruit Polska SP z.o.o.	Ostroleka	Poland	–	100.00%
AGRANA Fruit S.A.	Paris	France	–	100.00%
AGRANA Fruit Services GmbH	Vienna	Austria	–	100.00%
AGRANA Fruit Services Inc.	Brecksville	USA	–	100.00%
AGRANA Fruit Services S.A.S.	Paris	France	–	100.00%
AGRANA Fruit South Africa (Proprietary) Ltd.	Cape Town	South Africa	–	100.00%
AGRANA Fruit Ukraine TOV	Vinnitsa	Ukraine	–	100.00%
AGRANA Fruit US, Inc.	Brecksville	USA	–	100.00%
AGRANA Internationale Verwaltungs- und Asset-Management GmbH	Vienna	Austria	–	100.00%
AGRANA Juice Denmark A/S	Køge	Denmark	–	100.00%
AGRANA Juice & Fruit Holding GmbH	Vienna	Austria	98.91%	1.09%
AGRANA Juice Holding GmbH	Gleisdorf	Austria	–	100.00%
AGRANA Juice Magyarorzság Kft.	Vásárosnamény	Hungary	–	100.00%
AGRANA Juice Poland SP z.o.o.	Bialobrzegi	Poland	–	100.00%
AGRANA Juice Romania Carei SRL	Carei	Romania	–	100.00%
AGRANA Juice Romania Vaslui s.r.l.	Vaslui	Romania	–	100.00%
AGRANA Juice Sales & Customer Service GmbH	Gleisdorf	Austria	–	100.00%
AGRANA Juice Sales & Marketing GmbH	Bingen	Germany	–	100.00%
AGRANA Juice Service & Logistik GmbH	Bingen	Germany	–	100.00%
AGRANA Magyarország Értékesitési Kft.	Budapest	Hungary	–	100.00%
AGRANA Marketing- und Vertriebsservice Gesellschaft m.b.H.	Vienna	Austria	100.00%	–
AGRANA Stärke GmbH	Vienna	Austria	98.91%	1.09%
AGRANA Trading EOOD	Sofia	Bulgaria	–	100.00%
AGRANA Zucker GmbH	Vienna	Austria	98.91%	1.09%
Agrofrucht, Handel mit landwirtschaftlichen Produkten Gesellschaft m.b.H.	Vienna	Austria	–	100.00%
Brüder Hernfeld Gesellschaft m.b.H.	Vienna	Austria	–	100.00%
Dirafrost Deutschland GmbH (in liquidation)	Hof	Germany	–	100.00%
Dirafrost FFI N.V.	Herk-de-Stad	Belgium	–	100.00%
Dirafrost Maroc SARL	Laouamra	Morocco	–	100.00%

Name of company	City/town	Country	Equity interest Direct	Indirect
Financière Atys S.A.S.	Paris	France	–	100.00%
Flavors from Florida, Inc.	Bartow	USA	–	100.00%
Frefrost SARL	Laouamra	Morocco	–	100.00%
Fruimark (Proprietary) Ltd.	Cape Town	South Africa	–	100.00%
INSTANTINA Hungária Élelmiszergyartó és Kereskedelmi Kft. v. a.	Petöháza	Hungary	–	100.00%
INSTANTINA Nahrungsmittel Entwicklungs- und Produktionsgesellschaft m.b.H.	Vienna	Austria	66.67%	–
Koronás Irodaház Szolgáltató Korlátolt Felelösségü Társaság	Budapest	Hungary	–	100.00%
Magyar Cukorgyártó és Forgalmazó Zrt.	Budapest	Hungary	–	87.56%
Moravskoslezské Cukrovary A.S.	Hrusovany	Czech Republic	–	97.66%
o.o.o. AGRANA Fruit Moscow Region	Serpuchov	Russia	–	100.00%
S.C. A.G.F.D. Tandarei s.r.l.	Tandarei	Romania	–	99.99%
S.C. AGRANA Romania S.A.	Bucharest	Romania	–	91.33%
S.C. Romana Prod s.r.l.	Roman	Romania	–	100.00%
Slovenské Cukrovary s.r.o.	Sered	Slovakia	–	100.00%
Yube d.o.o.	Pozega	Serbia	–	100.00%
Subsidiaries accounted for by the equity method				
Österreichische Rübensamenzucht Gesellschaft m.b.H.	Vienna	Austria	–	86.00%
Non-consolidated subsidiaries				
AGRANA Skrob s.r.o. *Reporting date: 31 Dec 2008 | Equity: € (3.7 thousand) | Profit/(loss) for the period: € (11.0 thousand)*	Hrosovany	Czech Republic	–	100.00%
DIVA 2 GmbH (in liquidation) *Reporting date: 31 Dec 2007 | Equity: € 20.7 thousand | Profit/(loss) for the period: € (1.6 thousand)*	Hamburg	Germany	–	100.00%
Dr. Hauser Gesellschaft m.b.H. *Reporting date: 28 Feb 2007 | Equity: € 240.8 thousand | Profit/(loss) for the period: € 207.3 thousand*	Hamburg	Germany	–	100.00%
Hottlet Sugar Trading N. V. *Reporting date: 29 Feb 2008 | Equity: € 2,217.1 thousand | Profit/(loss) for the period: € 2,284.7 thousand*	Berchem/Antwerpen	Belgium	25.10%	–
PERCA s.r.o. *Reporting date: 31 Dec 2008 | Equity: € 222.4 thousand | Profit/(loss) for the period: € 44.2 thousand*	Hrusovany	Czech Republic	–	100.00%
PFD-Processed Fruit Distribution Ltd. (in liquidation) *Reporting date: 31 Dec 2008 | Equity: € 13.9 thousand | Profit/(loss) for the period: € (130.8 thousand)*	Nicosia	Cyprus	–	100.00%
S.C. Caracrimex S.A. *Reporting date: 31 Dec 2008 | Equity: € (1.0 thousand) | Profit/(loss) for the period: € 0.0 thousand*	Carei	Romania	–	99.26%
Zuckerforschung Tulln Gesellschaft m.b.H. *Reporting date: 31 Dec 2008 | Equity: € 2,355.9 thousand | Profit/(loss) for the period: € 1,007.1 thousand*	Vienna	Austria	100.00%	–
II. Joint ventures				
Joint ventures accounted for by proportionate consolidation				
AGRANA-STUDEN Beteiligungs GmbH	Vienna	Austria	–	50.00%
AGRANA Studen Sugar Trading GmbH	Vienna	Austria	–	50.00%
HUNGRANA Keményitö- és Isocukorgyártó és Forgalmazó Kft.	Szabadegyháza	Hungary	–	50.00%
Hungranatrans Kft.	Szabadegyháza	Hungary	–	50.00%
STUDEN-AGRANA Rafinerija Secera d.o.o.	Brčko	Bosnia-Herzegovina	–	50.00%
Xianyang Andre Juice Co., Ltd.	Xianyang City	China	–	50.00%
Yongji Andre Juice Co., Ltd.	Yongji City	China	–	50.00%
Non-consolidated joint ventures				
AGRAGOLD Holding GmbH	Vienna	Austria	–	50.00%

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the accompanying consolidated financial statements of AGRANA Beteiligungs-AG, Vienna, for the financial year from 1 March 2008 to 28 February 2009, which comprise the balance sheet as at 28 February 2009 and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with laws and regulations applicable in Austria and in accordance with International Standards on Auditing issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud of error. In making those risk assessments, the auditor considers internal control that is relevant to the group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our audit opinion.

Opinion
Our audit did not give rise to any objections. In our opinion, based on our audit, the consolidated financial statements are in accordance with legal requirements and present fairly, in all material respects, the financial position of the group as at 28 February 2009 and the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

REPORT ON THE GROUP MANAGEMENT REPORT

Laws and regulations applicable in Austria require us to perform audit procedures to determine whether the group management report is consistent with the consolidated financial statements and whether the other disclosures in the group management report do not create a misconception of the group's position.

In our opinion, the group management report is consistent with the consolidated financial statements.

Vienna, 30 April 2009

KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Wilhelm Kovsca
(Austrian Chartered Accountant)

Claudia Draxler-Eisert
(Austrian Chartered Accountant)

MULTICONT Revisions- und Treuhand Ges.m.b.H.
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Franz Rauchbauer
(Austrian Chartered Accountant)

Abbreviation if any	**Indicator** *Definition*	**2008|09**	**2007|08**
	Borrowings *= Bank loans and overdrafts + bond liabilities + lease liabilities*	€ 655,896t	€ 677,402t
CE	Capital employed *= (PP&E + intangibles including goodwill) + working capital*	€ 1,351,921t	€ 1,366,092t
	Dividend yield *= Dividend per share ÷ closing share price*	4.1%	2.7%
EBIT	Operating profit before exceptional items *= Earnings before interest, tax and exceptional items*	€ 37,832t	€ 111,411t
EBITDA	Earnings before interest, tax, depreciation and amortisation (income statement items 8 + 6) *= EBIT + depreciation and amortisation*	€ 119,177t	€ 184,532t
EBITDA margin	*= EBITDA × 100 ÷ revenue*	5.9%	9.8%
EPS	(Loss)/earnings per share *= (Loss)/profit for the period ÷ number of shares outstanding*	€ (0.82)	€ 4.53
	Equity ratio *= Equity ÷ total assets*	41.4%	41.8%
EVS	Equity value per share *= Equity attributable to equity holders of the parent ÷ number of shares outstanding*	€ 56.6	€ 62.9
FCF	Free cash flow *= Net cash from/used in operating activities + net cash from/used in investing activities*	€ 42,925t	€ (173,699t)
	Gearing *= Net debt ÷ total equity × 100*	56.9%	61.6%
	Intangible assets including goodwill	€ 260,498t	€ 252,939t
P/E	Price/earnings ratio *= Closing share price at financial year end ÷ loss/earnings per share*	neg.	15.9
PP&E	Property, plant and equipment	€ 609,866t	€ 653,316t
	Net debt *= Borrowings less (cash + cheques + other bank deposits + current securities + non-current securities)*	€ 470,116t	€ 567,671t
	Operating margin *= EBIT × 100 ÷ revenue*	1.9%	5.9%
ROCE	Return on capital employed *= EBIT ÷ capital employed*	2.8%	8.2%
ROS	Return on sales *= (Loss)/profit before tax × 100 ÷ revenue*	(1.6%)	3.9%
WC	Working capital *= Inventories + trade receivables + other assets – current provisions – current prepayments received – trade payables – other payables*	€ 481,558t	€ 571,125t

PARENT COMPANY FINANCIAL STATEMENTS 2008|09

BASED ON AUSTRIAN COMMERCIAL CODE (UGB)

PARENT COMPANY INCOME STATEMENT

FOR THE YEAR ENDED 28 FEBRUARY 2009

€000	2008|09	2007|08
1. Revenue	72	151
2. Other operating income	20,453	19,823
3. Cost of materials and other purchased inputs	0	0
4. Staff costs	(12,711)	(13,267)
5. Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	(1,432)	(1,221)
6. Other operating expenses	(13,917)	(15,153)
7. Operating (loss) [subtotal of items 1 to 6]	**(7,535)**	**(9,667)**
8. Income from investments in subsidiaries and other companies	29,873	31,661
– *Of which from subsidiaries: € 27,622 thousand (prior year: € 28,450 thousand)*		
9. Income from other non-current securities	9	102
10. Other interest and similar income	6,933	5,034
– *Of which from subsidiaries: € 3,661 thousand (prior year: € 3,814 thousand)*		
11. Income from disposal of non-current financial assets	0	3,993
12. Expenses from non-current financial assets and from current securities	0	(2)
13. Interest and similar expense	(3,017)	(2,386)
14. Net financial items [subtotal of items 8 to 13]	**33,798**	**38,402**
15. Profit before tax [subtotal of items 1 to 14]	**26,263**	**28,735**
16. Income tax credit/(expense)	2,077	(1,023)
17. Profit for the period	**28,340**	**27,712**
18. Transfer from untaxed reserves	0	0
19. Transfer to retained earnings	0	0
20. Profit brought forward from prior year	89	71
21. Net profit available for distribution	**28,429**	**27,783**

PARENT COMPANY BALANCE SHEET
AT 28 FEBRUARY 2009

€000	28 February 2009	29 February 2008
ASSETS		
A. Non-current assets		
I. Intangible assets	2,615	795
II. Property, plant and equipment	1,016	1,074
III. Non-current financial assets	440,544	441,492
	444,175	**443,361**
B. Current assets		
I. Receivables and other assets	140,817	135,441
II. Securities	0	0
III. Cash and bank balances	7	7
	140,824	**135,448**
Total assets	**584,999**	**578,809**
EQUITY AND LIABILITIES		
A. Equity		
I. Share capital	103,210	103,210
II. Share premium and other capital reserve	418,990	418,990
III. Retained earnings	13,928	13,928
IV. Net profit available for distribution	28,429	27,783
– Of which brought forward from prior year: € 89 thousand (prior year: € 71 thousand)		
	564,557	**563,911**
B. Untaxed reserves	**0**	**0**
C. Provisions		
I. Retirement, termination and long-service benefit obligations	2,054	1,689
II. Provisions for tax and other liabilities	6,107	3,433
	8,161	**5,122**
D. Payables		
I. Borrowings	0	0
II. Other payables	12,281	9,776
	12,281	**9,776**
Total equity and liabilities	**584,999**	**578,809**
Contingent liabilities	615,641	567,128

We have audited the financial statements, including the underlying accounting records, of AGRANA Beteiligungs-AG, Vienna, at 28 February 2009 and for the year then ended. The maintenance of the accounting records and the preparation and contents of these financial statements and of the management report in accordance with the Austrian Commercial Code are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit and to state whether the management report is consistent with the financial statements. We conducted our audit in accordance with laws and regulations applicable in Austria and Austrian standards on auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement and whether the management report is consistent with the financial statements. In determining the audit procedures, we considered our knowledge of the business, the economic and legal environment of the Company as well as the expected occurrence of errors. An audit involves procedures to obtain evidence, primarily on a test basis, about amounts and other disclosures in the financial statements and underlying accounting records. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit did not give rise to any objections. In our opinion, based on our audit, the financial statements are in accordance with legal requirements and present fairly, in all material respects, the company's financial position and the results of its operations and its cash flows in accordance with generally accepted accounting principles in Austria. The management report is consistent with the financial statements.

Vienna, 27 April 2009

KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Wilhelm Kovsca
(Austrian Chartered Accountant)

Claudia Draxler-Eisert
(Austrian Chartered Accountant)

MULTICONT Revisions- und Treuhand Ges.m.b.H.
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Franz Rauchbauer
(Austrian Chartered Accountant)

PROPOSED ALLOCATION OF PROFIT

	2008|09
	€
The financial year to 28 February 2009 closed with the following net profit available for distribution:	28,429,413
The Management Board proposes to the Annual General Meeting to allocate this profit as follows:	
Distribution of a dividend of € 1.95 per ordinary no-par value share on 14,202,040 participating ordinary shares, that is, a total of	27,693,978
Profit to be carried forward:	735,435
	28,429,413

CONTACTS

AGRANA Annual Report 2008|09:
http://ir.agrana.com

AGRANA BETEILIGUNGS-AG

Donau-City-Strasse 9, 1220 Vienna, Austria
Phone: +43-1-211 37-0
Fax: +43-1-211 37-12998
E-mail: info.ab@agrana.com
www.agrana.com

Can we help you with more information about our company or similar matters? Please contact us at:

Corporate Communications/ Investor Relations
Maria Fally
Phone: +43-1-211 37-12905
Fax: +43-1-211 37-12045
E-mail: investor.relations@agrana.com

Corporate Communications/ Public Relations
Ulrike Pichler
Phone: +43-1-211 37-12084
Fax: +43-1-211 37-12045
E-mail: info.ab@agrana.com

SUBSIDIARIES

AGRANA Zucker GmbH

Headquarters:
Donau-City-Strasse 9, 1220 Vienna, Austria
Phone: +43-1-211 37-0
Fax: +43-1-211 37-12998

Administration:
Josef-Reither-Strasse 21–23, 3430 Tulln, Austria
Phone: +43-2272-602-0
Fax: +43-1-211 37-11225
E-mail: info.zucker@agrana.com

AGRANA Stärke GmbH

Headquarters:
Donau-City-Strasse 9, 1220 Vienna, Austria
Phone: +43-1-211 37-0
Fax: +43-1-211 37-12998

Administration:
Conrathstrasse 7, 3950 Gmünd, Austria
Phone: +43-2852-503-0
Fax: +43-1-211 37-19420
E-mail: info.staerke@agrana.com

AGRANA Bioethanol GmbH

Headquarters:
Donau-City-Strasse 9, 1220 Vienna, Austria
Phone: +43-1-211 37-0
Fax: +43-1-211 37-12998

Administration:
Industriegelände, 3435 Pischelsdorf, Austria
Phone: +43-2277-90303-0
Fax: +43-2277-90303-13133
E-mail: info.bioethanol@agrana.com

AGRANA J&F Holding GmbH

Donau-City-Strasse 9, 1220 Vienna, Austria
Phone: +43-1-211 37-0
Fax: +43-1-211 37-12853
E-mail: info.juice-fruit@agrana.com

Forward-looking statements

This annual 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 developments in macroeconomic variables such as exchange rates, inflation and interest rates; changes 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 annual 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.

About this report

Published by: AGRANA Beteiligungs-AG
Donau-City-Strasse 9, 1220 Vienna, Austria
Corporate Communications/Investor Relations
Maria Fally
Phone: +43-1-211 37-12905, Fax: -12045
E-mail: investor.relations@agrana.com

Design: marchesani_kreativstudio
Concept for images: gantnerundenzi
Photography: Klaus Vyhnalek, getty images, AGRANA

English translation:
Martin Focken Translating & Editing

The English translation of the AGRANA annual report is solely for readers' convenience. Only the German text is definitive.

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