REPORT
ON THE
FIRST
QUARTER

Q1_2006|07

AGRANA
BETEILIGUNGS-
AG

Austria France Czech Republic USA
Germany Sugar Hungary Argentina
Mexico Denmark Slovakia Poland
Starch Romania China Russia Serbia
Fiji Ukraine South Africa Belgium
Turkey Fruit Australia South Korea
Morocco Bosnia and Herzegovina

DEAR LADIES AND GENTLEMEN, DEAR SHAREHOLDERS,

With the start of the 2006|07 financial year, AGRANA has expanded its segment reporting to reflect the growing importance of the Fruit Division. AGRANA will now report on three segments of business – Sugar, Starch and Fruit.

The goal of this new segmentation is to:

- Provide detailed information to analyze the development of the three core businesses: Sugar – Starch – Fruit
- Increase transparency
- Standardize the presentation of key management indicators and earnings

Results for the First Quarter of 2006|07

The first quarter of the 2006|07 financial year was characterized by a stabilized operating environment for the Sugar Segment, satisfactory growth in the Starch Segment and a seasonal decline in revenues in the Fruit Segment. The AGRANA Group was able to increase revenues by 67.3 percent over the comparable prior year period to € 472.0 million for the first quarter of 2006|07. This development was supported by the full consolidation of the Atys Group, the initial inclusion of the DSF fruit preparations business in Germany and a significant rise in revenues in the Sugar Segment.

Income from operations rose to € 35.1 million (Q1 2005|06: € 18.4 million) as a result of the higher volume of business and an export-based improvement in earnings in the Sugar Segment.

Net financial expense for the first quarter of 2006|07 totaled minus € 5.9 million (Q1 2005|06: minus € 0.6 million) as a result of unrecognized negative foreign exchange differences and higher interest expenses related to fruit acquisitions. Furthermore, the consolidation of the Atys Group was coupled with a decline in income from associates (2005|06: € 1.6 million). Net profit for the first quarter amounted to € 20.5 million (Q1 2005|06: € 14.7 million), which represents an increase of roughly 40 percent over the comparable prior year period. Earnings per share reached € 1.35 for the first quarter, and exceeded the prior year figure of € 0.97 by € 0.38.

The AGRANA Share

The AGRANA share closed at € 76.43 on May 31, 2006, compared to € 72.75 on May 31 of the previous year. From January 1 to June 30, 2006 the price of the AGRANA share gained roughly 12 percent.

The Managing Board and the Supervisory Board will recommend that the Annual General Meeting on July 14, 2006 approve the payment of an unchanged dividend of € 1.95 per share. This represents an increase in the payout ratio to 44 percent (2005|06: 35 percent), and reflects the company's policy to provide shareholders with stable dividends and also reflects the earnings expectations of AGRANA.

THE SUGAR SEGMENT

The Operating Environment

The EU sugar CMO|WTO Ministers Conference

The new EU sugar common market organization (CMO) was formally approved on February 20, 2006 at a meeting of the EU Council of Agricultural Ministers. On March 2, 2006 the European Commission approved the transition measures for the implementation of these rules.

The most important provisions of these regulations are:

- A reduction of 2.5 million tons or 13.68 percent (including inulin and isoglucose) in the EU production quota for the 2006|07 sugar marketing year.
- C sugar from the 2005|06 sugar marketing year can be transferred as quota sugar to the 2006|07 sugar marketing year up to October 30, 2006. Any remaining C sugar will be treated as non-quota sugar when the new EU sugar CMO takes effect on July 1, 2006. It can be exported without subsidies in line with the WTO limits of roughly 1.3 million tons of sugar, or transferred as the first quota sugar of the 2007|08 sugar marketing year or sold as industrial sugar for the chemical and pharmaceutical industry.

The WTO Ministers Conference failed to meet the goal set at the December 2005 meeting in Hong Kong, which called for the establishment of a framework for the agricultural and industrial sectors by the end of April 2006. For this reason, an agreement on the reduction of import duties for agricultural and industrial products during the current WTO Doha session is not expected before the end of July 2006.

Development of Global Prices

Following a strong rise in worldwide sugar prices during the past year, the market prices for white sugar and raw sugar remained at a high level of roughly € 360 per ton of white sugar and € 265 per ton of raw sugar (SPOT prices, June 2006).

The development of Business

Revenues in the Sugar Segment rose by 31 percent from € 185.5 million to € 243.0 million in the first quarter of 2006|07 as a result of significantly higher sales volumes in all markets. Advance sales of C sugar prior to the WTO panel decision as well as intervention sales in Hungary and the Czech Republic supported a substantial improvement in income from operations to € 22.6 million (Q1 2005|06: € 9.0 million).

Sugar Austria

Sugar beet contracts covering 39,500 hectares were concluded with 8,900 farmers for the 2006 growing year, for a 10 percent reduction in the total cultivated area compared to the previous year. The status of vegetation growth reflects normal year levels, and the beet harvest is therefore expected to total roughly 2.6 million tons.
The relocation of an extraction plant from Hohenau to Tulln will allow for the adjustment of capacity as well as a further reduction in the use of energy at this facility.
Sales volumes of sugar increased almost 16 percent over the comparable prior year period to 87,800 tons for the first quarter of 2006|07. This growth was supported by higher sales of nonalcoholic beverages and rising demand by the chemical industry. However, domestic prices remain unsatisfactory because of the competitive pressure caused by supplies from countries in Eastern Europe and the Balkan region. Exports of quota sugar declined parallel to the increase in domestic sales volumes. Higher prices on global markets led to an improvement in revenues from the sale of C sugar.

Sugar International

The roughly 49,600 hectares of contracted beet cultivation areas in Hungary, the Czech Republic, Slovakia and Romania is expected to yield approximately 2.2 million tons in 2006, which reflects the prior year level. In Romania, the beet production area more than doubled over the previous year to a total of 10,000 hectares.
The steady implementation of a focused brand and product mix strategy led to an increase in domestic sales volumes in all countries. The price differential between Eastern Europe and the western countries continued to decline. Intervention sales in Hungary and the Czech Republic generated additional revenues and also significantly reduced the need for exports of quota sugar.

Joint venture for raw sugar refining in Bosnia and Herzegovina

Southeast Europe – above all the countries in the Western Balkans – forms an important market for sales of sugar by AGRANA. The new EU sugar CMO will end sugar exports from the EU. In order to continue supplies to the Balkan region in the future, AGRANA has founded a 50/50 joint venture with its long-standing sales partner SCO Studen & Co Holding/Vienna for the construction of a raw sugar refinery in Brcko/Bosnia and Herzegovina. Construction is scheduled to start in 2006, with completion and start-up of the sugar refinery planned for the end of 2007. The production capacity of 150,000 tons of sugar reflects the volume of EU sugar exports previously sold by AGRANA and Südzucker to this region through SCO Studen.

THE STARCH SEGMENT

Revenues in the Starch Segment reached € 59.6 million during the first quarter of 2006|07, and paralleled the comparable prior year level of € 59.4 million. Income from operations decreased to € 7.3 million (Q1 2005|06: € 9.1 million) because of higher energy costs as well as a decline in isoglucose prices that resulted from the low price of sugar.

Starch Austria

Potato starch contracts covering 203,000 tons were concluded with 1,800 farmers for the 2006 growing year. AGRANA was required to reduce its contract volume by 5 percent because of an advance draw on the quota during the previous year. If weather conditions remain favorable, the harvest should reach an average volume. Contracts for potatoes used by the food industry declined slightly to 11,800 tons, and the contract volume for organic potatoes equaled roughly 5,900 tons.
Corn processing during the first quarter of 2006|07 was roughly 10 percent above the comparable prior year level. In spite of a decline in sales volumes, an improvement in the product mix led to an increase of 2 percent in revenues.
The expansion of corn starch production in Aschach to 1,000 tons per day was completed ahead of schedule in May 2006. Forecasts for the 2006|07 financial year call for the processing of 334,000 tons of corn in Austria.

Bioethanol

The environmental impact audit for the planned bioethanol plant in Pischelsdorf/Lower Austria was successfully completed, and € 104 million will be invested in this project during the current financial year. A medium-term supply agreement for roughly one-third of the total capacity was signed with OMV AG during the first quarter of 2006|07.

Starch International

The weak forint and slight decline in revenues below the prior year level characterized the first quarter of business for the Hungarian isoglucose and cornstarch producer Hungrana. The expansion of bioethanol capacity from 1,200 to 1,500 hectoliters per day was successfully completed in April 2006, and the increase in corn processing capacity to 1,500 tons per day will be finalized by the end of July 2006. The related capital expenditure will total roughly € 20 million during the 2006|07 financial year (i.e. the 50 percent share attributable to AGRANA).
In order to produce the entire amount of the new higher Hungarian isoglucose quota that was allocated in connection with the reform of the EU sugar CMO, processing capacity will be expanded to a maximum of 3,000 tons per day by 2008. The capital expenditure program also includes a step-by-step increase in bioethanol capacity from 50,000 m^3 to 160,000 m^3 per year in order to meet the expected demand for this product beginning in 2008.
First quarter revenues recorded by the Romanian cornstarch plant AGFD Tandarei fell slightly below the first quarter of the previous year due to weaker sales of cornstarch by-products.

THE FRUIT SEGMENT

Developments in the Fruit Segment met expectations for the first quarter of the 2006 calendar year (January 1 to March 31, 2006). Revenues totaled € 182.9 million (Q1 2005|06: € 46.5 million) and income from operations amounted to € 5.1 million (Q1 2005|06: € 0.2 million), whereby the Atys Group and DSF were not included in the consolidation range for the first quarter of 2005|06.
In the fruit preparation subdivision, sales of fruit yoghurt are generally higher during the warmer months of the year than in the first quarter. This will have a positive impact on both segment revenues and income from operations during the course of the year.

The September to December campaign production by European producers of fruit juice concentrates led to increased purchases by large industrial customers during the last quarter of 2005 and, as a result, to lower orders in the first three months of 2006 for seasonal and weather reasons. However, the second quarter of 2006 is expected to bring added momentum to the market and increased restocking by processing companies.

Integration of Fruit Segment on Schedule

AGRANA implemented the extensive restructuring plans for its Fruit Segment at the beginning of July, which transformed the previously independent market actions by the Atys, DSF, Steirerobst, Vallø Saft and Wink fruit companies. These firms have now combined their fruit preparation activities into AGRANA Fruit S.A., with headquarters in Paris/France, and their fruit juice concentrate activities into AGRANA Juice GmbH, with headquarters in Gleisdorf/Austria. These measures will merge the fruit companies that were acquired during the past three years into the two new holding companies. The restructuring will create two dynamic organizations that are close to the market as well as simplify internal processes, reduce costs and further improve customer service. Research and product development capacities will also be enlarged as part of this merger. The new structures will create advantages for the purchase of raw materials and the marketing of products. This new organization is also designed to integrate additional operating units into the AGRANA Group following future acquisitions or organic growth. Finally, the “AGRANA” brand will be positioned internationally in the fruit sector.

Fruit Preparations

Sales volumes of fruit preparations continue to increase. The new production facilities in Serpuchov/Russia and Tennessee/USA started operations during 2005|06, and the utilization of capacity has already reached a high level. Plans for the installation of another processing line in Serpuchov have now been approved, and will expand production capacity to keep pace with the opportunities in this market. Developments on global markets and import regulations present a challenge in matching the procurement of raw materials such as sugar and fruits, especially to reflect the market growth in Russia.

In spite of a partial change in the product mix, the selling prices for fruit preparations reflect the 2005|06 level. The draft concept for a global raw materials procurement strategy was further improved during the first quarter of 2006. The Group was able to offset the delayed strawberry harvest in numerous regions of the world with purchases from Europe, Mexico and Argentina.
The staff and activities of the innovation and competence center in Gleisdorf/Austria were further expanded. In the future this facility will support the fruit preparation subdivision as a resource for global know-how.

Fruit Juice Concentrates

Revenues from fruit juice concentrates fell slightly below expectations for the first quarter of 2006 because of the cold weather and related weak demand for fruit juice in Central Europe.
The selling prices for fruit juice concentrates increased by a substantial margin compared to the previous year. This adjustment followed a rise in the price of raw materials during 2005, which was caused by a shortage of apples in Eastern Europe following a poor harvest.
Despite the long severe winter with in part extremely low temperatures, there have been no reports of tree damage or loss of crop stands to date. Latest forecasts therefore call for an average harvest.

Joint venture for apple juice concentrate in China

AGRANA continued to implement its growth strategy for the Fruit Segment during the first quarter of 2006|07. In June 2006, the company acquired a 50 percent stake in Xianyang Andre Juice Co. Ltd, a subsidiary of one of the leading Chinese apple juice concentrate producers, Yantai North Andre Juice Company, Ltd. The factory is located in the province of Shaanxi, the largest apple growing region in China. The current annual capacity of 30,000 tons of apple juice concentrates will be doubled, and thereby create the basis to increase revenues to roughly € 24 million. AGRANA intends to use this entry into the production sector in China primarily to increase exports to the North American market and enlarge the product line to also include "sweet" concentrate.

OUTLOOK

Compared to the previous year, the AGRANA Group expects an increase in revenues of roughly 20 percent to € 1.8 billion for the 2006|07 financial year. This growth will also result from the change in the accounting dates of the fruit companies from December 31 to the last day of February and the related inclusion of two additional months in this financial year. In the Sugar Segment, the expiration of C sugar exports at the end of the second quarter will lead to a slight decline in sugar revenues for the full year. This development will be contrasted with steady revenues growth in the Starch and Fruit Segment. This will be driven by the expansion of capacity in the starch area with a focus on special starch products, an increase in sales of bioethanol in Hungary, acquisitions in the fruit juice concentrate sector in China and sustained strong organic growth. AGRANA intends to invest roughly € 200 million in current projects and in the start of construction on a bioethanol plant in Austria during 2006|07.
AGRANA's income from operations will be negatively influenced by payments to the European sugar restructuring fund in the following quarters. The favorable influence of the high worldwide sugar price during the first quarter will lose its impact in subsequent quarters due to a lack of export opportunities, even though prices on the European sugar market are expected to recover beginning in autumn 2006. The Fruit Segment will provide the major support for earnings in the current financial year.
The steady improvement of business processes in all areas and continued growth in the Starch Segment and Fruit Segment should allow AGRANA to match the level of income from operations that was recorded in the previous year.

FINANCIAL CALENDAR 2006|07

July 14, 2006	**Annual General Meeting**
July 19, 2006	**Dividend ex-day and dividend pay-day**
October 12, 2006	**Publication of results for H1 2006|07**
January 11, 2007	**Publication of results for Q1 – Q3 2006|07**

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CONSOLIDATED INCOME STATEMENT FOR THE FIRST QUARTER (MARCH 1 – MAY 31)

	2006|07 in t€	2005|06 in t€
Revenues	472,035	282,126
Change in inventories of finished and unfinished products	(134,585)	(97,539)
Own work capitalized	193	156
Other operating income	7,882	5,228
Cost of materials and other purchased inputs	(191,678)	(104,360)
Personnel expenses	(46,077)	(24,527)
Depreciation, amortization and impairment charges	(14,785)	(8,810)
Other operating expenses	(57,935)	(33,911)
Income from operations	**35,050**	**18,363**
Financial income	2,835	3,079
Financial expenses	(8,703)	(5,259)
Income from associates	0	1,565
Net financial income (expense)	**(5,868)**	**(615)**
Profit before tax	**29,182**	**17,748**
Income tax expense	(8,634)	(3,048)
Net profit for the period	**20,548**	**14,700**
Of which attributable to shareholders of AGRANA Beteiligungs-AG	19,229	13,742
Of which attributable to minority interests	1,319	958
Earnings per share in accordance with IFRS (basic and diluted)	€ 1.35	€ 0.97

CONSOLIDATED CASH FLOW STATEMENT FOR THE FIRST QUARTER (MARCH 1 – MAY 31)

	2006|07 in t€	2005|06 in t€
Cash flows from operating activities	(7,640)	61,234
Cash flows from investing activities	(34,265)	(9,820)
Cash flows from financing activities	91,174	(35,469)
Increase (decrease) in cash and cash equivalents during the period	**49,269**	**15,945**
Cash and cash equivalents at beginning of period	113,134	180,714
Cash and cash equivalents at end of period	162,403	196,659

CONSOLIDATED BALANCE SHEET

	May 31, 2006 in t€	May 31, 2005 in t€
ASSETS		
A. Non-current assets		
Intangible assets	236,053	45,962
Tangible assets	504,326	381,389
Investments in associates	526	98,373
Other investments and securities	149,290	118,397
Deferred tax assets	13,060	3,139
Receivables and other assets	7,580	2,699
	910,835	**649,959**
B. Current assets		
Inventories	364,801	302,289
Receivables and other assets	316,123	225,482
Income tax receivables	9,159	4,887
Shares and other securities	32,219	150,467
Cash, checks, bank balances	130,184	46,192
	852,486	**729,317**
Total assets	**1,763,321**	**1,379,276**
EQUITY AND LIABILITIES		
A. Equity		
Share capital	103,210	103,210
Capital reserves	411,362	411,362
Retained earnings	353,354	297,949
Equity attributable to shareholders of parent	867,926	812,521
Equity attributable to minority interests	14,594	37,600
	882,520	**850,121**
B. Non-current liabilities		
Provisions for retirement benefits	51,628	51,956
Deferred tax liabilities	46,200	25,448
Other provisions	28,017	26,378
Financial liabilities	370,371	98,856
Other liabilities	2,933	3,627
	499,149	**206,265**
C. Current liabilities		
Other provisions	53,217	40,184
Financial liabilities	142,432	166,681
Income tax liabilities	11,749	6,408
Other liabilities	174,254	109,617
	381,652	**322,890**
Total equity and liabilities	**1,763,321**	**1,379,276**

SEGMENT REPORT
FOR THE FIRST QUARTER (MARCH 1 – MAY 31)

	2006|07 in t€	2005|06 in t€
Revenues		
Sugar	242,974	185,539
Starch	59,559	59,412
Fruit	182,856	46,532
Group	485,389	291,483
Inter-segment sales		
Sugar	(5,448)	(2,481)
Starch	(7,906)	(6,876)
Fruit	0	0
Group	(13,354)	(9,357)
External revenues		
Sugar	237,526	183,058
Starch	51,653	52,536
Fruit	182,856	46,532
Group	472,035	282,126

	2006|07 in t€	2005|06 in t€
Income from operations		
Sugar	22,611	9,048
Starch	7,306	9,096
Fruit	5,133	219
Group	35,050	18,363
Capital expenditure		
Sugar	3,431	2,226
Starch	12,248	3,396
Fruit	6,133	6,430
Group	21,812	12,052
Employees		
Sugar	2,566	2,596
Starch	770	757
Fruit	4,476	1,269
Group	7,812	4,622

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FIRST QUARTER (MARCH 1 – MAY 31)

	Equity attributable to shareholders of parent in t€	Equity attributable to minority interests in t€	Equity in t€
On March 1, 2006	**872,194**	**13,611**	**885,805**
Net profit for the period	19,229	1,319	20,548
Foreign exchange differences	(7,285)	(336)	(7,621)
Change in revaluation reserve (IAS 39)	(16,322)	0	(16,322)
Other changes	110	0	110
On May 31, 2006	**867,926**	**14,594**	**882,520**
On March 1, 2005	**799,364**	**36,487**	**835,851**
Net profit for the period	13,742	958	14,700
Foreign exchange differences	(4,475)	261	(4,214)
Change in revaluation reserve (IAS 39)	3,643	0	3,643
Other changes	247	(106)	141
On May 31, 2005	**812,521**	**37,600**	**850,121**