AGRANA

ANNUAL REPORT

ADDING VALUE TO NATURE'S GIFTS.

2007|08

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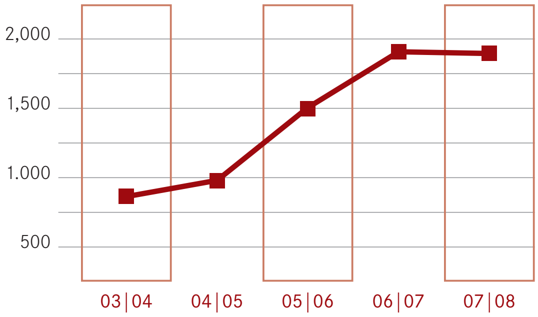
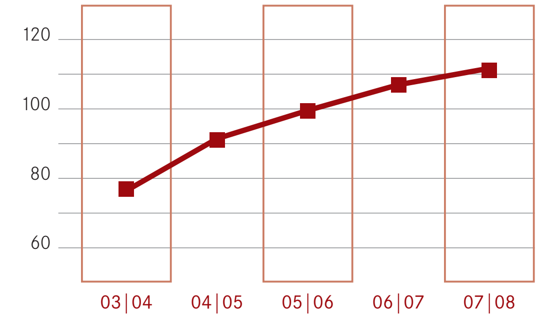
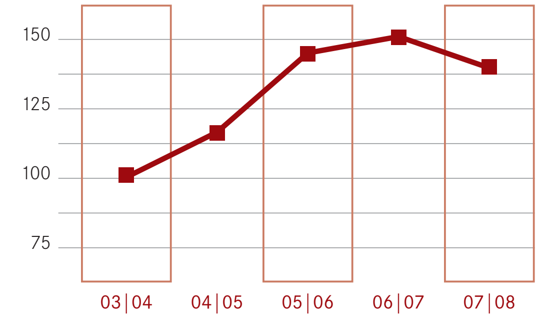
REVENUE
in €m



OPERATING PROFIT BEFORE EXCEPTIONAL ITEMS
in €m



OPERATING CASH FLOW BEFORE CHANGE IN WORKING CAPITAL
in €m



FINANCIAL CALENDAR FOR 2008 | 09

21 May 2008	Press conference presenting annual results for 2007 | 08
4 July 2008	Annual General Meeting for 2007 | 08
9 July 2008	Dividend payment and ex-dividend date
10 July 2008	Results for first quarter of 2008 | 09
15 October 2008	Results for first half of 2008 | 09
14 January 2009	Results for first three quarters of 2008 | 09

KEY FINANCIALS

Based on IFRS

		2007 | 08	2006 | 07[1]	2005 | 06	2004 | 05	2003 | 04
BUSINESS PERFORMANCE						
Revenue	€m	1,892.3	1,915.8	1,499.6	981.0	866.4
EBITDA	€m	184.5	187.5	164.6	138.6	116.8
EBITDA margin	%	9.8	9.8	11.0	14.1	13.5
Operating profit before exceptional items	€m	111.4	107.0	99.5	90.8	76.8
Operating margin before exceptional items	%	5.9	5.6	6.6	9.3	8.9
Operating profit after exceptional items[2]	€m	101.5	105.8	75.0	90.8	76.8
Profit before tax	€m	73.1	93.5	71.7	93.2	70.7
Profit for the period	€m	63.8	71.1	64.7	84.3	57.5
Attributable to equity holders of the parent	€m	64.3	68.9	62.7	79.9	56.5
Minority interests	€m	(0.5)	2.2	2.0	4.4	1.0
Operating cash flow before change in working capital	€m	140.8	150.5	145.3	116.5	101.2
Purchases of property, plant and equipment and intangibles[3]	€m	207.7	157.4	91.2	52.1	28.5
Purchases of non-current financial assets	€m	3.4	5.6	7.5	100.9	61.3
Staff count[4]		8,140	8,223	8,130	4,958	3,841
Return on sales	%	3.9	4.9	4.8	9.5	8.2
Return on capital employed	%	8.2	8.6	8.6	10.7	14.7
SHARE DATA AS AT LAST DAY OF FEBRUARY						
Closing price	€	72.09	76.00	78.00	79.85	61.50
Earnings per share	€	4.53	4.85	4.42	7.18 | 5.62[5]	5.08
Dividend per share	€	1.95[6]	1.95	1.95	1.95	1.80
Dividend yield	%	2.7	2.6	2.5	2.4	2.9
Dividend payout ratio	%	43.1	40.2	44.1	27.2 | 34.7	35.4
Price/earnings ratio		15.9	15.7	17.6	11.1	12.1
Market capitalisation	€m	1,023.8	1,079.4	1,107.8	1,134.0	678.2
FINANCIAL STRENGTH						
Total assets	€m	2,203.9	1,931.7	1,850.5	1,500.4	935.2
Share capital	€m	103.2	103.2	103.2	103.2	80.1
Non-current assets	€m	1,018.4	933.3	900.4	642.3	415.5
Equity	€m	922.1	895.5	885.8	835.9	515.8
Equity ratio	%	41.8	46.4	47.9	55.7	55.2
Gearing (net debt to total equity)	%	61.6	37.9	31.8	11.5	0.3
Net debt	€m	567.7	339.4	281.9	96.4	1.7

[1] As a result of the 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] Exclude 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 February 28, 2005.
[6] Proposal to the Annual General Meeting.

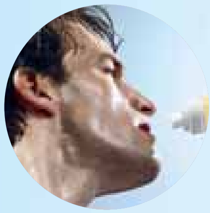
ANNUAL REPORT 2007|08

AGRANA Beteiligungs-Aktiengesellschaft
Year ended 29 February 2008

ADDING VALUE TO NATURE'S GIFTS.
SUGAR. STARCH. FRUIT.

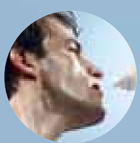
MILESTONES IN 2007|08

MAR APR MAY JUN JUL AUG



4 May 2007
AGRANA opens the first fruit preparations plant in Cabreúva, Brazil, for the rapidly growing Brazilian fruit yoghurt market.

18 May 2007
10 years of AGRANA Fruit Ukraine – In 1997 AGRANA was the first Austrian company in the food sector to enter the Ukrainian market with its production facility in Vinnitsa, and ever since then we have supplied the growth markets of Ukraine and Russia with high-grade AGRANA fruit products.



5 July 2007
AGRANA's Annual General Meeting decides to pay an unchanged dividend of € 1.95 per share.

17 September 2007
Completion of the bioethanol plant in Pischelsdorf, Austria, and start of six weeks' pilot operation. Regular operation is postponed to spring 2008 in response to the global rise in commodity prices for wheat and corn.

26 September 2007
Acceleration of the EU sugar regime reform due to the proposal by the European Commission to fix the amount of compensation for farmers who surrender quota, and not to charge the restructuring levy for the 2007|08 marketing year (provided that the quota surrendered is at least equal to the preventive withdrawal).

SEP

OCT

NOV

DEC

JAN

FEB

15 November 2007
Commissioning of the first industrial-scale biogas facility for sugar beet pulp in Kaposvár, Hungary, designed to achieve a substantial reduction in energy requirements and to lower CO_2 emissions resulting from sugar production.

20 November 2007
Decision to concentrate sugar production in Hungary at the Kaposvár location and to close the Petőháza sugar factory as a result of the surrender of 50% of the sugar quota in Hungary to the restructuring fund.

5 December 2007
AGRANA Fruit opens an innovation and product development centre in Brecksville, Ohio, to develop products specifically for the markets in the Americas.

26 February 2008
Acceleration of the EU sugar regime reform due to the adjustment of incentives in September 2007 and the surrender of around 2.6 million tonnes of sugar quota to the restructuring fund for the 2008|09 marketing year (in the “first wave”). A further 800,000 tonnes were returned in the second wave up to 31 March 2008.

04 VISION AND MISSION

AGRANA is a multinational enterprise based in Austria. AGRANA's Sugar segment and Starch segment operate in Europe. It's Fruit segment has global presence. In these markets, AGRANA's goal is to be a leader in the industrial refining of agricultural raw materials.

Strategy
Growth and efficiency ensure a sustainable increase in enterprise value. We aim to be proactive and dependable partners to our customers in our core businesses, which are sugar, starch, and fruit processing.

Service to the market
We refine agricultural raw materials into high-grade foods and technical products for industrial use. Our activities range from the manufacture of industrial intermediate products to providing advisory services. We supply both industry and trade.

Customer orientation
We offer products and services that fully meet the needs and expectations of our customers. We challenge our competitors by providing both high product quality and an exceptionally high standard of service. We are creative, flexible, dedicated and always looking for new markets for our products. Our innovative power and research and development work, together with our new product launches tailored to customer requirements, drive our leadership in the marketplace.

Organisation
We operate a decentralised organisation that ensures rapid decision-making and close proximity to our markets. The organisation is based on operating companies in the Sugar, Starch and Fruit segments that are each responsible for their own results. Our organisation is also supported by a powerful communications network that ensures a constant and consistent exchange of information and expertise and contributes to the development of synergies.

Finance

Profit constitutes the basis for the economic sustainability of our enterprise's activities. We ensure AGRANA's sustainable increase in enterprise value and the ability to distribute dividends to shareholders through continued growth and consistent improvement in productivity, as well as through "profitising" – the constant striving to increase profits and optimise our business processes and structures in all our operating companies. We seek to diversify risks to our business to achieve a well-balanced global business portfolio. Optimising our value added is a cornerstone in our efforts to provide continual increases in the enterprise value of AGRANA.

Management and staff

We are a multinational Group of companies. We are united by integrity, dedication and social awareness. We promote the exchange of information, communication, training and continuous staff development. We encourage our workforce to think and act responsibly and entrepreneurially. Each member of staff accepts responsibility for his or her own continuing development. Management ensures that all employees have the opportunities and support necessary for this purpose. Our staff development activities form an integral part of our strategic objectives. Every employee has an important part to play in our company that requires full commitment and that challenges his or her abilities and expertise anew every day. Our style of work and leadership is founded on cooperation and trust. Flexibility and teamwork are fundamental to our organisational structures and interpersonal relationships. Management is paid on the basis of performance.

The environment

Our actions and decisions are taken with respect for nature and the environment. Our products are natural in origin and are developed and produced on the basis of the latest environmental research. They are bio-degradable and environment-friendly. The health and safety of the workforce are a key priority of our operational policies and procedures.

Product safety

Our strict, certified manufacturing standards guarantee the safety of our products for our customers. We focus on continually improving the quality and hygiene standards of the foods we make. As a committment to our customers, we provide full traceability of our products back to their natural sources.

Public relations and transparency

We regularly and systematically keep our shareholders, our workforce, the media, our partners in the marketplace and the general public informed about our goals, activities and results.
We strive to maintain our high level of transparency regarding all important innovations and developments.

06

AGRANA'S MANAGEMENT BOARD

Johann Marihart

Chief Executive Officer since 1992

Born 1950. Studied chemical engineering at Vienna University of Technology, majoring in biotechnology. After initial experience in a pharmaceutical company, began his career with AGRANA at the sugar factory in Leopoldsdorf and 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 with responsibility for Business Strategy, Raw Materials, Production, Quality Management, Human Resources, Communication and Research & Development. Other positions currently held include that of President of the CEFS (Comité Européen des Fabricants de Sucre), the European sugar producers' association.

Walter Grausam

Member of the Management Board since 1995

Born 1954. Studied business administration at Vienna University of Economics and Business Administration. Held positions in a tax advisory practice (articled clerk) 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 a member of the Management Board of AGRANA Beteiligungs-AG in 1995 with responsibility for Finance, Controlling, Treasury, Marketing & Sales, Information Technology & Organisation and Subsidiaries.

Thomas Kölbl

Member of the Management Board since 2005

Born 1962. Trained in industry and subsequently studied business administration at Mannheim University. Held various positions in the Südzucker group since 1990. Director in charge of strategic corporate planning, group development and investments prior to his appointment to the Executive Board of Südzucker AG. Responsible for Internal Auditing as a member of the Management Board of AGRANA.

From left to right: Thomas Kölbl, Johann Marihart, Walter Grausam


AGRANA
ADDING
VALUE
TO NATURE´S
GIFTS.

LETTER FROM THE CEO

Dear Sir or Madam,
Dear Investor,

the 2007|08 financial year was in many respects an enormous challenge for our company – which we have successfully overcome despite dramatic changes in the business environment. First of all, the 2007|08 financial year brought a global rise in commodity prices on a scale that had not been seen in the previous 20 years. This has changed the nature of our business, given that the company's core activity – the refining of agricultural raw materials – positions us relatively near the beginning of the value chain. A number of different forces drove these developments.

To begin with, there were decisive fundamental causes: The rapidly increasing level of prosperity in the populous emerging markets led to substantial changes in eating habits. In particular, the rising consumption of meat resulted in above-average increases in the use of domestically produced raw materials in those countries and also in their food imports. While the average annual consumption of meat in the industrialised countries is about 88 kilograms per person, the figure for the developing countries is only 26 kilograms. On the basis of a predominantly vegetable diet, 800 square metres of land are sufficient to feed one person for a year, while the level of meat consumption in the industrialised countries requires roughly 4,000 square metres per person. About 4 kilograms of feed is required in order to produce 1 kilogram of pork.

Another factor driving demand was the rise in bioethanol production in the USA, as a result of which some 80 million tonnes of corn were no longer available for export in 2007. And finally, more cotton was planted in the emerging markets amid the burgeoning economic growth, with a consequent reduction in the amount of land available for the production of food. The unusually powerful increase in demand unfolded against a backdrop of unfavourable weather conditions in some regions, resulting in supply shortfalls for many commodities. A similar trend was observed in many areas for other agricultural products, such as fruit and vegetables.

The situation would still have been manageable and amenable to forecasting if agricultural commodities had not been hit by a tidal wave of financial speculation. Capital that had previously been invested in equities and in industrial commodities and crude oil increasingly discovered the world of agricultural raw materials and so triggered an unexpected multiplier effect. In Austria too, full-page advertisements were taken out to persuade investors to put their money into agricultural commodities certificates, a form of structured product. These inflows of funds resulted in new daily highs for the prices of soft commodities and naturally made investors less willing to sell, instead encouraging the hoarding of raw materials.

The consequences were increases of 80% to 100% in the prices of many soft commodities and the doubling of prices for non-commodity agricultural raw materials, as well as erratic price swings on commodity futures exchanges that can only be explained as the result of speculative activity.

The fact is that, due to the fundamental change in the structure of demand, the market for agricultural raw materials has moved from decades of rising productivity and resulting surpluses to a situation characterised by shortages. The agricultural sector needs time to respond to these new challenges. The rise in prices is a significant incentive to do so.

In Europe, the EU Commission has reacted correctly by suspending the 10% set-aside requirement, and the reform of the sugar regime is also releasing some 1 million hectares of land for the cultivation of other agricultural products. Further impetus for improving efficiency is provided by the increasing cultivation of special crops for generating energy in accordance with strict environmental principles. In my opinion, the problem of hunger in some parts of the world in the twenty-first century is not a question of the availability of food, but a political problem and a question of distribution. Yet the high level of demand for agricultural raw materials also represents a major opportunity for many poor countries and developing nations to use their natural resources in the best possible way.

The second significant change in our business environment related to the modification of the European sugar regime. Following the failure of the first stage of the reform to achieve the desired objectives, the EU successfully put measures in place to create greater incentives for withdrawal. As a result, the quota voluntarily surrendered reached about 93% of the EU's target of 6 million tonnes. In the wake of this reform, AGRANA is now the leading sugar producer in Central and Eastern European deficit markets.

AGRANA'S STRATEGY PROVES ITS WORTH IN A DIFFICULT ENVIRONMENT

Our strategy based on the three core businesses of Sugar, Starch and Fruit performed extremely well despite the challenging business conditions and even enabled us to improve the Group's operating profit before exceptional items from € 107.0 million to € 111.4 million. Group revenue of € 1,892.3 million was slightly less than the prior-year figure, as expected. Significantly, the prior year included 14 months of revenue for the Fruit segment.

Sugar segment

In the 2007|08 financial year AGRANA made the decision to participate actively in the revised arrangements for quotas under the new EU sugar regime. As before, we are confident that we will achieve excellent results in the Sugar segment over the long term as a result of rigorous cost control, our successful brand strategy and our outstanding position as the leading sugar producer in Central Europe. Even in such a difficult year as 2007|08, we were able to achieve a relatively satisfactory segment operating profit before exceptional items of € 32.6 million.

Equally, we made significant progress in the 2007|08 financial year in rounding off our business with the construction of the raw sugar refinery in Brcko and our entry into the Bulgarian market.

Starch segment

In 2007|08 Starch again confirmed its position as AGRANA's highest-margin segment. The reasons for this were the brisk demand and our successful strategy of focusing consistently on specialty products. The well-timed introduction of additional capacity enabled us to benefit from this trend to the greatest possible extent.

In the bioethanol business unit, the plant at Pischelsdorf (Lower Austria) was completed and began trial operation in autumn 2007. However, the price trend in raw material markets, coupled with an unchanged selling price for ethanol, prevented us from commencing full-scale operation on an economically viable basis for the time being and the final commissioning of the plant had to be postponed until late spring 2008. The fact that grain prices are now falling again shows that this was the right decision.

The environmental friendliness of bioethanol has been unfairly called into question in recent months in a debate which has sometimes been uninformed and emotive. The truth of the matter is that bioethanol produced in Europe on the basis of strict environmental requirements represents a valuable contribution to the reduction of CO_2 emissions. Bioethanol also accounts for only a small proportion of the raw materials consumed in Europe and is therefore not in the least responsible for the rise in food prices. Moreover, nobody has suggested that bioethanol on its own is the solution to problems of climate change. Rather, it should be seen as one important element in a whole range of measures. If we are going to take climate protection seriously, we will need to use every means available to achieve our ambitious climate targets. In Austria and Hungary, AGRANA has created the economic basis for doing so, on the basis of the existing political and legal conditions.

Fruit segment

Despite the disturbances on the raw materials side, we succeeded in continuing the growth path established in recent years. This was reflected in revenue of € 852.5 million for the 12-month period (compared with € 914.6 million for the prior 14 months). New production operations in Brazil and China were integrated into the AGRANA Group, while major strategic decisions were made in favour of expanding capacity at existing locations.

The new organisational structure in the Fruit segment, and in particular our global sourcing strategy, successfully passed its baptism of fire in a difficult environment, although we were not yet able to transfer the drastic increases in raw material prices to the market in their entirety.

OUTLOOK

Generally speaking, the current level of demand for agricultural raw materials will continue and there is not likely to be a return to the very low prices seen in the past decade, because of rising levels of prosperity in the emerging markets. On the other hand, EU agricultural policy has already reacted to the new circumstances. The cancellation of the obligatory set-aside of 10% of arable land in the EU in the 2008 campaign year will result in a loosening of conditions on the supply side and, we believe, the re-establishment of a realistic price structure.

For AGRANA's Sugar segment, the 2008|09 financial year will be strongly influenced by the effects of our consolidation and optimisation measures. The new EU sugar regime currently being implemented allows us to hope that the current financial year will see a stabilisation of the market. In the Starch segment, we will consistently pursue our successful strategy of concentrating on attractive specialised products and will also be able to generate a substantial increase in revenue thanks to the start of operations at the Pischelsdorf bioethanol plant. In the Fruit segment, we will continue to pursue our growth strategy in the fruit preparations business unit on a global basis and mainly in the form of organic growth, particularly as we expect to see attractive rates of increase in demand in the coming years.

In total therefore, we expect revenue to pass the € 2 billion mark in the current financial year.

Finally, on behalf of the whole Management Board, I would like to take this opportunity to thank our customers for the confidence they have shown in our products and services. Our thanks also go to our shareholders and above all to our employees, who were faced with a particularly difficult operating environment in the 2007|08 financial year.

Sincerely

Johann Marihart
Chief Executive Officer

AGRANA'S STRATEGY

AGRANA's core competence lies in refining agricultural raw materials into products for use by downstream manufacturers. In the three core businesses of Sugar, Starch and Fruit, we are continually consolidating or expanding our market position. This growth trajectory is the foundation of the company's profitability. Our business strategy is implemented through a focus on growth and efficiency, value-added investment and acquisitions, constant rigorous cost control and sustainable business management.

AGRANA is strategically positioned in 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 Europe's foremost manufacturer 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 leadership and cost and technology leadership in the processing of sugar beet and of raw sugar are the requirements for our sustained success in this segment. With these prerequisites in mind, we are highly confident that we will be able to maximise the segment's profitability even in the constantly changing environment of the EU sugar regime.

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

STARCH SEGMENT STRATEGY: GROWTH IN SPECIALTIES AND EXPANSION OF BIOETHANOL ACTIVITIES

In the Starch segment, AGRANA has successfully followed a growth-oriented niche strategy for many years. By expanding production of more highly refined specialty starches, we have set ourselves apart from our European competitors. The focus on innovative, customer-driven products supported by application advice and continuous product development, combined with cost optimisation, are the key to our revenue and profit growth in the Starch segment.

In Europe, AGRANA is entrenched both as one of the leading suppliers of organic and GM[1]-free starches to the food industry and as a producer of specialty starches for the paper, textile, cosmetics and pharmaceutical industries. By developing specialised products, we have also become an important supplier to the construction industry.

AGRANA's core competence – adding value to agricultural raw materials by processing them into industrial products – forms the basis for our bioethanol business. AGRANA will be one of the leading suppliers of this environmentally friendly fuel in Central Europe.

FRUIT SEGMENT STRATEGY: CONTINUOUS WORLDWIDE GROWTH

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, we are the world market leader. As a result of the rise in nutrition awareness, this business activity boasts attractive growth rates worldwide.

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

[1] Not containing genetically modified ingredients.

AGRANA is targeting continuous growth in the Fruit segment. We are pursuing this growth through acquisitions of whole companies and equity interests and by geographic expansion into regions with attractive potential for procurement and sales, as well as through organic growth by raising our market share in countries where we are already established.

Our aim in fruit preparations is to provide global customers, particularly food and beverage groups with international operations, with outstanding product quality, optimum service and exceptional product development expertise, all under the AGRANA brand.

Our strategic goal in fruit juice concentrates is to expand our market position beyond Europe's borders by tapping new raw material markets and undertaking acquisitions, and to position the AGRANA brand in the industrial market as the leading quality supplier of fruit juices and fruit juice concentrates.

CAPITAL MARKET STRATEGY: SHAREHOLDERS AS OUR PARTNERS

A sound equity base is important for AGRANA as a growth-oriented, capital-intensive production company. We see our shareholders as 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, we aim to continue to strengthen investors' confidence in AGRANA and make our business performance and management decisions predictable and easy to understand.

PRODUCTION SITES IN EUROPE

Core market for sugar, starch and fruit

Sugar
Austria, Bosnia-Herzegovina, Czech Republic, Hungary, Romania, Slovakia

Starch
Austria, Hungary, Romania

Fruit – Europe
Austria, Belgium, Czech Republic, Denmark, France, Germany, Hungary, Poland, Romania, Russia, Serbia, Turkey, Ukraine

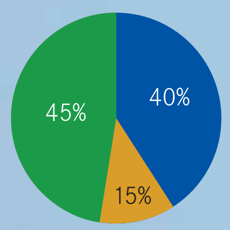
As of 31 March 2008

INTERNATIONAL PRODUCTION SITES

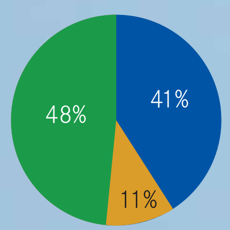
AGRANA Sugar:
Leading sugar producer in Central and Eastern Europe.
Strategic approach: Safeguarding existing market shares by branding policy and sales optimisation.

AGRANA Starch:
Specialist for custom-made starch products in the B2B segment as well as a supplier of bio-ethanol and isoglucose.
Strategic approach: Ongoing optimisation of product mix through innovative products.

AGRANA Fruit:
World market leader for fruit preparations for the dairy industry as well as the leading supplier of fruit juice concentrates for the European food industry.
Strategic approach: Dynamic growth on global basis.



Revenue in 2007|08:
€ 1,892.3 million



Revenue in 2006|07:
€ 1,915.8 million
(including 14 months of revenue in the AGRANA Fruit Segment due to the change in the business year)

USA
New fruit preparations from the second AGRANA innovation and competence centre in Brecksville/Ohio for the growing American market.

Morocco
Important sourcing country for strawberries, our main raw material for fruit preparations.

Mexico
Important production site supplying AGRANA customers in Central America.

Fruit – international
Argentina, Australia, Brazil, China, Fiji, Morocco, Mexico, South Africa, South Korea, USA

Brazil
Opening of a new fruit preparations site in Cabreúva/São Paolo in May 2007 to supply the growing Brazilian market.

Argentina
AGRANA quality products for all of Latin America.

As of 31 March 2008

AGRANA BETEILIGUNGS-AKTIENGESELLSCHAFT
REVENUE IN 2007|08: € 1,892.3 million

SUGAR SEGMENT	STARCH SEGMENT	FRUIT SEGMENT
REVENUE IN 2007|08: € 751.7 million	REVENUE IN 2007|08: € 288.1 million	REVENUE IN 2007|08: € 852.5 million
AGRANA ZUCKER GMBH	**AGRANA STÄRKE GMBH**	**AGRANA JUICE & FRUIT HOLDING GMBH**
		FRUIT DIVISION AGRANA FRUIT S.A.
		JUICE DIVISION AGRANA JUICE GMBH

55 PRODUCTION SITES IN 25 COUNTRIES[1]

13 PRODUCTION SITES	5 PRODUCTION SITES	37 PRODUCTION SITES

8,140 EMPLOYEES IN TOTAL

2,597 EMPLOYEES	847 EMPLOYEES	4,696 EMPLOYEES

[1] At the balance sheet date of 29 February 2008.

AGRANA'S SHARE AND CORPORATE GOVERNANCE

Financial calendar

21/5/2008
Press conference presenting annual results

4/7/2008
Annual General Meeting

9/7/2008
Dividend payment and ex-dividend date

10/7/2008
Results for first quarter

15/10/2008
Results for first half

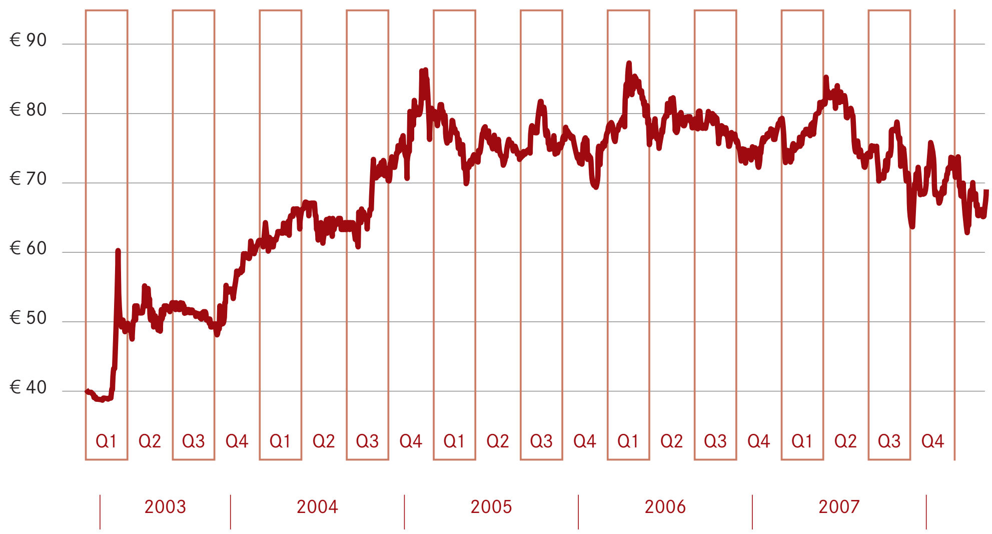
14/1/2009
Results for first three quarters

The principal factors affecting the international financial markets in the past financial year were the US subprime crisis, the fall in the US dollar and rising commodity prices. The resulting uncertainty on the international financial markets was also reflected in the ATX (Austrian Traded Index), the blue-chip index of the Vienna Stock Exchange, which experienced a substantial decline after marking an all-time high of 4,981.87 points in July 2007. The low for the year of 3,685.58 was reached at the beginning of March 2008. Over the 2007|08 financial year, the ATX suffered a fall of 10.7% compared with 1 March 2007, finishing at 3,871.51 points on 29 February 2008.

The AGRANA share performed better than the market as a whole, closing the 2007|08 financial year at € 72.09, a decline of 4.4% from € 75.40 at the start of the year. The high for the year of € 84.99 was reached on 31 May 2007; the low of € 63.42 was recorded on 26 November 2007. Based on the closing price at the end of the 2007|08 financial year, the market capitalisation was € 1,023.83 million. The average daily volume of trading in AGRANA shares in the 2007|08 financial year was lower than in previous years, at 8,100 (single-counted). Trading in AGRANA shares on the Vienna Stock Exchange in the period from March 2007 to February 2008 represented 0.20% of the total turnover on the exchange.

In addition to its listing on the Prime Market segment of the Vienna Stock Exchange, the AGRANA share (ISIN AT0000603709) is traded on the floor of the Frankfurt Stock Exchange and on the Stuttgart and Berlin-Bremen exchanges. AGRANA is also represented, with a share of 1.42%, in the VÖNIX index (Austrian Sustainability Index), which comprises those 29 listed Austrian companies that are leading in terms of social and environmental performance.

AGRANA SHARE PERFORMANCE (1 March 2003 – 30 April 2008)



COMPREHENSIVE COMMUNICATION

Providing comprehensive information, a high level of transparency and constant communication with investors and analysts are the fundamental principles which underpin AGRANA's investor relations and public relations activities are based. The financial and industry media were provided with detailed information on the performance of the business at the press conference presenting the annual results. The Management Board also kept the public informed through numerous one-on-one discussions with financial and agricultural journalists as well as press releases on current topics. Two press trips were arranged during the year under review, one to the Vinnitsa facility in the Ukraine and one to Hungary to mark the opening of the new biogas plant at the Kaposvár site.

The Management Board of AGRANA provided institutional investors and analysts with information on the company's performance and the prospects for the AGRANA Group via several international road shows and investor conferences. This direct dialogue with management was supplemented by numerous individual conversations and conference calls with analysts and interested investors regarding the quarterly and full-year results. Private shareholders had the opportunity to find out about AGRANA's current business performance at the GEWINN-Messe trade fair in Vienna.

An important element of the investor relations activities is day-to-day communication in the form of constant updates on 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 is thus able to keep all financial stakeholders equally well informed on the company's progress.

AGRANA is attracting increasing interest from Austrian and international investors, which is reflected in a growing volume of research coverage. In June 2007, Sal. Oppenheim published its first analyst report on AGRANA. This was followed one month later by the first research report from Goldman Sachs. In September 2007, Berenberg Bank likewise initiated coverage. As a result, regular research on AGRANA is now published by six investment houses: Raiffeisen Centrobank, UniCredit Markets & Investment Banking, Morgan Stanley, Goldman Sachs, Berenberg Bank and Sal. Oppenheim. An overview of the current analyst ratings can be found on the internet at www.agrana.com > Investor Relations > The AGRANA Share > Research.

ISIN code:	AT0000603709
Market segment:	Prime market
Share class:	Ordinary shares
Number of shares:	14,202,040
Share capital:	€ 103.2 million
Market capitalisation (29 February 2008):	€ 1,023.8 million
Reuters code:	AGRV.VI
Bloomberg code:	AGR AV
Ticker symbol:	AGR

UNCHANGED DIVIDEND

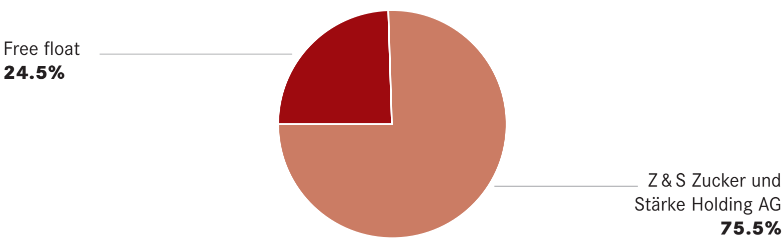
At the Annual General Meeting on 4 July 2008, the Management Board will propose the payment of an unchanged dividend of € 1.95 per share for the 14.2 million shares, representing a total payout of approximately € 27.7 million. This reaffirms the continuity and sustainability of AGRANA's dividend policy; it corresponds to a payout ratio for the 2007|08 financial year of 43.1% (prior year: 40.2%). Based on a share price of € 72.09 at the end of February 2008, this represents a dividend yield of 2.7%. Shareholders entitled to the dividend will receive payment on 9 July 2008 via their custodian. The dividend represents shareholders' participation in the rewards of the company's profitable performance.

STABLE SHAREHOLDER STRUCTURE

AGRANA can rely on the stability of its core shareholder structure. In the 2007|08 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 in the previous year. The remaining 24.5% of the shares represent the free float. 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 partners in the consortium have certain nomination rights with respect to AGRANA's Management Board and Supervisory Board. 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. They are not paid for serving in this respective capacity.

In January 2007 Prudential plc, London, reported ownership (together with some of its subsidiaries) of more than 5% of AGRANA's share capital.

SHAREHOLDER STRUCTURE



DIVIDEND PER SHARE
in €

EARNINGS PER SHARE
in €

[1] Proposal to the Annual General Meeting.

CORPORATE GOVERNANCE

AGRANA considers compliance with the rules of conduct set out in the Austrian Code of Corporate Governance to be an essential element of its corporate culture. Adherence to strict principles of good management and transparency promotes the confidence of domestic and international investors in a company's long-term ability to increase its enterprise value.

The Austrian Code of Corporate Governance, a voluntary self-regulatory initiative of private industry, came into force in October 2002 and was updated most recently in 2007 to reflect the EU Transparency Directive (available at www.corporate-governance.at). The code is based on the provisions of Austrian company, stock exchange and capital market law; on the recommendations of the European Commission regarding the responsibilities of the supervisory board and the remuneration of directors; and on the OECD Principles of Corporate Governance. The code represents a framework of rules for the management and supervision of companies and is based on the essential principles of the equal treatment of all shareholders, the independence of the supervisory board, open communication between supervisory board and management board, transparency, the avoidance of conflicts of interest on the part of executive bodies, and effective monitoring of the business by the supervisory board and the auditors.

In keeping with the code, the Management and Supervisory Boards, and especially their chairmen, are engaged in continual dialogue regarding the Group's development 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.

To enable it to carry out its advisory and monitoring functions, the Supervisory Board also appoints committees, where required by the importance or specialist nature of the particular subject matter. The relevant excerpt from the Supervisory Board's terms of reference is available on the AGRANA website as part of the Articles of Association (www.agrana.com > About AGRANA Group > Management > Supervisory Board).

The Supervisory Board of AGRANA Beteiligungs-AG has decided to implement the guidelines for the definition of supervisory board independence set out as Annex 1 to the Austrian Code of Corporate Governance.

Openness and transparency in communications with shareholders and the interested public is of the utmost importance to AGRANA. Information given to investors during conference calls and road shows is therefore simultaneously made available to all other shareholders via our website at www.agrana.com.

In its meeting on 24 February 2005 the Supervisory Board of AGRANA Beteiligungs-AG unanimously approved AGRANA's adherence to the Austrian Code of Corporate Governance and renewed the statement of compliance with the code for the 2007|08 financial year in its meeting on 27 February 2008.

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's practices depart from the "comply or explain" rules of the Austrian Code of Corporate Governance. These aspects and the explanation for non-compliance are disclosed on the website and also presented below.

- **Rules 38 and 57**
  The upper age limit required by rules 38 and 57 for, respectively, the nomination of Management Board members and election of Supervisory Board members is currently not provided for in AGRANA's Articles of Association. AGRANA does not believe that it is necessary or would be productive or effective to include in the Articles a specific age limit for members of the Management Board or Supervisory Board.

- **Rule 49**
  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 reasons of business policy and competition considerations, the object and terms of such contracts are not published in the annual report as stipulated in rule 49.

- **Rule 54**
  AGRANA Beteiligungs-AG has a free float of more than 20%. From this threshold, rule 54 of the Austrian Code of Corporate Governance requires the election of an independent member of the Supervisory Board who neither is 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 Corporate Governance Code are observed.

In the 2007|08 financial year AGRANA commissioned a consultancy, Univ. Prof. DDr. Waldemar Jud Unternehmensforschung GmbH, to perform a voluntary evaluation of compliance with the rules of the Austrian Code of Corporate Governance. This analysis employed the evaluation questionnaire issued for this purpose by the Austrian Working Group for Corporate Governance.

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GROUP FINANCIAL RESULTS IN 2007|08

GROUP BUSINESS PERFORMANCE	2007|08	2006|07[1]	Change
	in €000	in €000	in %
Revenue	1,892,275	1,915,819	(1.2)
EBITDA	184,532	187,493	(1.6)
Operating profit before exceptional items	111,411	106,988	+4.1
Exceptional items	(9,901)	(1,207)	+820.3
Operating profit after exceptional items	101,510	105,781	(4.0)
Return on capital employed	8.2%	8.6%	(15.1)
Purchases of property, plant and equipment and intangibles[2]	207,734	157,357	+32.0
Purchases of non-current financial assets	3,443	5,555	(38.0)
Staff count	8,140	8,223	(1.0)

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

The consolidated financial statements for 2007|08 were prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements represent the AGRANA financial year (1 March 2007 to February 29 2008), with comparative data presented for the prior year.

CHANGES IN THE SCOPE OF CONSOLIDATION

From the beginning of the 2007|08 financial year, AGRANA Bulgaria AD in Sofia, Bulgaria, a distribution company, was fully consolidated in the financial statements for the first time, and Studen-Agrana Rafinerija secera d.o.o. in Brcko, Bosnia-Herzegovina, was proportionately consolidated for the first time. Studen-Agrana Rafinerija secera d.o.o. is a joint venture formed to establish and operate a raw sugar refinery in Bosnia-Herzegovina. In the 2006|07 financial year, 14 months of the Fruit segment companies' results were included in the consolidated financial statements. This was a consequence of the Fruit segment's change in year end to match the year end of AGRANA Beteiligungs-AG. The two additional months were recognised in the fourth quarter of 2006|07.

REVENUE AND PROFIT

Revenue in 2007|08 was € 1,892.3 million. As expected, this was below the prior year's level of € 1,915.8 million. The key reason was the prior-year alignment of the Fruit segment's financial year end with that of the AGRANA Group, which had led to the inclusion of an additional two months' results in 2006|07. Based on a twelve-month comparison that removes this effect, Group revenue increased by 6.2%.

Despite a difficult fundamental environment created by factors such as the reduction of EU sugar quotas and markedly higher raw material costs, operating profit before exceptional items was boosted by 4.1% from € 107.0 million to € 111.4 million.

Operating profit after exceptional items in 2007|08 was € 101.5 million (prior year: € 105.8 million). This represented net exceptional items in 2007|08 of € –9.9 (prior year: € – 1.2) million. These consisted of start-up costs for the bioethanol plant in Pischelsdorf, Austria, of € 6.8 million (prior year: € 1.2 million), a positive one-time effect of € 1.4 million resulting from the restructuring of the Sugar segment, and restructuring expenses of € 4.6 million in the Fruit segment for, among other things, the closing of a plant in Kaplice, Czech Republic.

The net financial items deficit of € 28.4 million (prior year: deficit of € 12.3 million) resulted from a significant increase in finance expenses due to the financing of working capital and the Group's intensive investment activity. Profit before taxes amounted to € 73.1 million (prior year: € 93.5 million) and net profit before minority interests was € 63.8 million (prior year: € 71.1 million). Profit for the period attributable to AGRANA shareholders was € 64.3 million, compared with € 68.9 million in the year before. Earnings per share were € 4.53 (prior year: € 4.85).

INVESTMENT

Total investment in 2007|08 amounted to € 207.7 million (prior year: € 157.4 million), with the increase of € 50.4 million or 32% helping to drive AGRANA's growth.

In the Sugar segment, the investment of € 41.9 million (prior year: € 30.3 million) in property, plant and equipment and intangible assets centred on plant optimisation, energy efficiency improvements and, especially, the construction of the raw sugar refinery in Brcko, Bosnia-Herzegovina.

The Starch segment's purchases of property, plant and equipment and intangibles, already doubled in the prior year, were further expanded from € 79.2 million to € 122.9 million. Of this total, € 73.2 million (prior year: € 45.0 million) related to the construction of the bioethanol facility in Pischelsdorf in the province of Lower Austria. Capacity expansion at other sites was also an investment priority.

In the 2007|08 financial year, investment in the Fruit segment totalled € 42.9 million (prior year: € 47.8 million). Major objectives were the completion of the new fruit preparations plant in Brazil, and plant optimisation elsewhere.

BALANCE SHEET

Total assets at 29 February 2008 were € 2,203.9 million (prior year: € 1,931.7 million). As a result of the capital spending, property, plant and equipment were up by € 108.3 million to a new total of € 653.3 million (prior year: € 545.0 million). Amid the rise in commodity prices, inventories increased by 33.4% from € 510.0 million to € 680.3 million.

Total equity grew by 3% from the prior year's € 895.5 million to € 922.1 million, bringing the equity ratio to 41.8%. While non-current borrowings fell visibly by € 24.4 million from € 331.7 million to € 307.3 million, current borrowings rose from € 194.4 million to € 370.1 million. The reason was the financing of working capital for the build-up of inventory and the higher cost of input materials.

CASH FLOW

Net cash used in operating activities in the 2007|08 financial year was € –4.2 million (compared with the prior year's net cash from operating activities of € 136.9 million). The result reflected € 140.8 million (prior year: € 150.5 million) of operating cash flow before change in working capital; a change in working capital of € – 144.8 million (prior year: € – 11.7 million); and gains on disposal of non-current assets of € 0.3 million (prior year: € 1.9 million). The negative movement in working capital resulted largely from the increase in inventories amid the higher raw material costs. Net cash used in investing activities increased by € 2.4 million to € –169.5 million. This was driven primarily by higher investment in property, plant and equipment and intangibles, lower purchases of non-current financial assets, and income from the sale of securities. Net cash from financing activities increased to € 127.2 million from € 83.2 million in the prior year. The main reason was an increase in borrowings to fund working capital.

At the end of the 2007|08 financial year the Group had cash and cash equivalents of € 86.8 million (prior year: € 132.2 million).

RESULTS IN THE SUGAR SEGMENT

	2007|08 in €000	2006|07 in €000
Revenue	772,028	804,574
Inter-segment revenue	(20,332)	(19,908)
External revenue	751,696	784,666
Operating profit		
before exceptional items	32,578	32,915
after exceptional items	34,017	32,915
Purchases of property, plant and equipment and intangibles[1]	41,948	30,337
Purchases of non-current financial assets	3,310	2,784
Staff count	2,597	2,723

In the Sugar segment, revenue in 2007|08 eased by about 4% from € 804.6 million to € 772.0 million. Growth in Bulgaria and Bosnia contrasted with flat or declining sales volume in the established markets owing to the EU quota reduction. With the 2007 harvest, prices had to be adjusted to market conditions. Sales of out-of-quota sugar (sugar produced in excess of the sales quota) to the chemical industry were not fully able to make up for the absence of the earlier exports of C sugar. The Sugar segment contributed approximately 39.7% of Group revenue.

The segment's pre-exceptionals operating profit (€ 32.6 million) was held steady at the prior-year level through workforce reductions, further cuts in fixed costs thanks to the restructuring measures taken, and higher other income. Including the realignment in Hungary and the associated closing of the Petőháza site, the net restructuring result was a positive € 1.4 million.

RESULTS IN THE STARCH SEGMENT

	2007|08 in €000	2006|07 in €000
Revenue	339,988	253,429
Inter-segment revenue	(51,885)	(36,891)
External revenue	288,103	216,538
Operating profit		
before exceptional items	35,333	28,511
after exceptional items	28,570	27,304
Purchases of property, plant and equipment and intangibles[1]	122,861	79,232
Purchases of non-current financial assets	0	142
Staff count	847	776

With double-digit growth in revenue and profits, the Starch segment contributed substantially to AGRANA's business performance in the 2007|08 financial year. The revenue increase to € 340.0 million (prior year: € 253.4 million) stemmed from higher sales quantities and prices. In spite of the run-up in raw material costs, operating profit before exceptional items was pushed up to € 35.3 million (prior year: € 28.5 million). The non-capitalisable expenses for the bioethanol plant in Pischelsdorf detracted by € 6.8 million from 2007|08 operating profit after exceptional items.

[1] Exclude goodwill.

RESULTS IN THE FRUIT SEGMENT

	2007|08 in €000	2006|07[1] in €000
Revenue	852,520	914,619
Inter-segment revenue	(44)	(4)
External revenue	852,476	914,615
Operating profit		
before exceptional items	43,500	45,562
after exceptional items	38,923	45,562
Purchases of property, plant and equipment and intangibles[2]	42,925	47,788
Purchases of non-current financial assets	133	2,629
Staff count	4,696	4,724

Fruit segment revenue contributed € 852.5 million (prior year: € 914.6 million in 14 months) to AGRANA's overall revenue. With a share of 45.1% of the Group total, Fruit is AGRANA's highest-revenue segment. Excluding the two additional months stemming from the financial year end adjustment in the prior year, the Fruit segment achieved organic growth of 9%. Towards the end of the financial year, price adjustments were asserted in most areas to compensate for the higher input prices. Pre-exceptionals operating profit, at € 43.5 million, was below the prior-year level (€ 45.6 million) due to the absence of the additional two months' results. The operating margin before exceptional items reached 5.1%. Restructuring expenses of about € 4.6 million were recognised for, among other things, the planned closing of the fruit preparations factory in Kaplice in the Czech Republic.

EVENTS AFTER THE BALANCE SHEET DATE

The opportunity to return sugar quota voluntarily to the restructuring fund on the same terms by the end of March 2008 was used by AGRANA in Slovakia. The original Slovak national quota was reduced by 50%, thus enabling Slovak farmers to receive beet compensation payments from the EU. This measure serves to assure the raw material supply and the continuing economic viability of the Slovak sugar production facility in Sered.

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 land of the sugar mill in Hungary's Petőháza to Dürnkrut in Austria. A redundancy package was negotiated for the 50 employees. At the Dürnkrut site in Austria, 16 new jobs were created.

AGRANA signed an agreement with Yantai North Andre Juice Company Ltd. to acquire 50% of a second Chinese apple juice concentrate plant in Yongji. Together with the same joint venture partner, AGRANA produces sweet apple juice concentrate in Shanxi province, with a capacity of up to 20,000 tonnes. Chinese apple juice concentrate is classified as sweet because it lacks the higher acidity level that typifies European concentrate.

The deal closed subject to the approval of competition authorities. The concentrate plant in Yongji already began production in July 2007, with a processing capacity of 140,000 tonnes of apples per year. AGRANA and its joint venture partner plan to double the production capacity by 2009. With this second joint venture, AGRANA takes another important step into the world's largest apple growing area and further expands its market position.

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


ADDING
VALUE
TO NATURE'S
GIFTS

AGRANA SUGAR INSIDE:

In order to ensure the best possible performance, the best possible support is needed – for example by consuming AGRANA sugar. A vital part of daily nutrition, sugar provides quick energy when it's needed. As the leading sugar producer in Central and Eastern Europe (CEE), AGRANA has been setting benchmarks for two decades. A clearly defined branding policy, combined with an efficient sales network and state-of-the-art, resource-saving production technology will continue to secure AGRANA's pole position in the CEE region.

SUGAR SEGMENT

SEGMENT KEY FIGURES	2007|08	2006|07	Change
	in €m	in €m	in %
Revenue	772.0	804.6	(4.1)
Operating profit before exceptional items	32.6	32.9	(0.9)
Purchases of property, plant and equipment and intangibles[1]	41.9	30.3	+38.3
Staff count	2,597	2,723	(4.6)

[1] Exclude goodwill.

AGRANA Zucker GmbH is responsible for the Austrian sugar operations and acts as the Sugar segment's holding company for the businesses in Hungary, the Czech Republic, Slovakia, Romania, Bulgaria and Bosnia-Herzegovina.

Next to the traditional sugar activities, the Sugar segment includes the business of INSTANTINA Nahrungsmittel Entwicklungs- und Produktions Gesellschaft m.b.H. in Austria, complete with INSTANTINA's Hungarian subsidiary. An Austrian beet seed multiplication company, Österreichische Rübensamenzucht Gesellschaft m.b.H., is likewise under the umbrella of the Sugar segment.

Until the end of the 2007|08 financial year, the distribution of sugar and food starch products was the responsibility of AGRANA Marketing- und Vertriebsservice Gesellschaft m.b.H. (AMV), a subsidiary of AGRANA Beteiligungs-AG. In addition, AMV distributed the catering products of Hellma Lebensmittel-Verpackungs-Ges.m.b.H. (a member of the PortionPack Europe Group). AMV also marketed the extensive range of animal feeds in 2007|08 (selling co-products of sugar and starch production and trading in animal feeds). From 2008|09, sugar distribution is integrated in AGRANA Zucker GmbH and sales of feed from starch production are reassigned to the Starch segment.

MARKET ENVIRONMENT

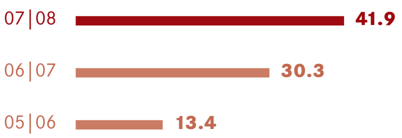
World market for sugar

The independent agriculture information agency, F.O. Licht, estimates world sugar production in the 2007|08 sugar marketing year (October 2007 to September 2008) at about 169 million tonnes; global output in the previous marketing year was approximately 167 million tonnes. While European beet sugar production is being ramped down, world cane sugar production is forecast to increase by 2.6% to about 134 million tonnes. For the 2008|09 marketing year, however, experts predict a reduction in the world's sugar inventories thanks to the previous year's low prices, Brazil's mounting sugar demand for ethanol distillation, and the reduction in Indian sugar cane production.

SUGAR SEGMENT
REVENUE
in €m

OPERATING PROFIT BEFORE EXCEPTIONAL ITEMS
in €m

PURCHASES OF PP&E AND INTANGIBLES
in €m



STAFF COUNT

The benchmark raw sugar quotation in New York reached its lows for the year in May and June 2007 with levels below USD 200 per tonne. After an interim high of USD 331 per tonne at the beginning of March 2008, the quotation at 14 March 2008 of USD 299 per tonne was up by 30% from one year earlier (USD 230 per tonne). Paralleling this trend, the world market price for white sugar (quoted in London) reached its high in early March 2008 at USD 397 per tonne. Year-on-year at 14 March 2008, white sugar was up about 4% from USD 347 per tonne to USD 360.

EU sugar regime

The reform of the European Union's sugar policy requires the earlier EU quota sugar production of about 18 million tonnes to be reduced by approximately 6 million tonnes. However, in 2006|07 and 2007|08, the first two sugar marketing years since the implementation of the reform began, only 2.2 million tonnes of quota were voluntarily surrendered to the restructuring fund, delaying the restructuring process through the 3.8 million tonne shortfall.

In order to counteract the sugar quota overhang in the 2007|08 marketing year resulting from the incomplete restructuring process, the European Commission in February 2007 ordered a preventive withdrawal of up to 13.5% of the quota. In countries where quota had already been returned to the restructuring fund, the percentage was correspondingly lower. For the AGRANA Group, on average, the cut amounted to a reduction of 10.5%.

On 26 September 2007 the Council of Agriculture Ministers, at the proposal of the European Commission, therefore approved sugar policy amendments that are to hasten the restructuring process in the 2008|09 sugar marketing year. This policy reform has significantly strengthened the incentive for beet growers and sugar factories to relinquish quota to the restructuring fund in the 2008|09 sugar marketing year. The key changes brought by the adopted Regulation are:

- Of the total restructuring aid of € 625 per tonne of surrendered quota, the share to be received by sugar companies is now fixed at 90% (€ 562.5 per tonne). They receive this amount if their return of quota is accompanied by a corresponding reduction in capacity. Otherwise, this share is reduced to 35% less a fixed (previously variable) 10% share for farmers.

- If the voluntary quota returned equals or exceeds the amount of the preventive quota reduction made in the 2007|08 marketing year, sugar producers are exempted from also having to pay the restructuring levy of € 173.8 per tonne on the preventive quota withdrawal in the 2007|08 marketing year.

- Beet farmers receive a one-time additional top-up premium of € 237.5 per tonne for the 2008|09 sugar marketing year. Combined with the fixed 10% share of the restructuring levy, this represents a maximum of € 300 per tonne of returned quota for farmers.

- Farmers have the right individually to offer for sale up to a collective 10% of the respective sugar company's quota to the restructuring fund. These individual returns of quota become void, however, where the sugar company itself surrenders more than this 10% of its quota.

- The quota given up will be partly credited against a possible uncompensated quota reduction (a so-called "final cut") that will be imposed by the EU in the 2010|11 marketing year if the target of 6 million tonnes is not met by voluntary returns of quota.

- A two-step procedure was used to implement the voluntary surrender of quota for the 2008|09 marketing year: Sugar producers that by 31 January 2008 had returned quota at least equal to the amount of the 2007|08 marketing year's preventive quota withdrawal were given the opportunity to return, by 31 March 2008, additional quota for the 2008|09 marketing year based on the new information then available regarding the total amount of quota surrendered in the EU. Unlike the first round, there is no exemption from the restructuring levy for quota given back in the second round.

Given the changed environment, 2.6 million tonnes of quota were returned by 31 January 2008 for the 2008|09 sugar marketing year. The EU did not plan a preventive quota withdrawal for the 2008|09 marketing year in spring 2008. In the second wave of returns by the end of March 2008, approximately an additional 0.8 million tonnes of sugar quota were

CAMPAIGN RESULTS OF THE AGRANA GROUP IN 2007

	Austria	Hungary	Czech Republic	Slovakia	Romania[1]	**Total**	Prior year
Number of beet growers	8,571	182	149	101	96	**9,099**	9,517
Harvest area (hectares)	42,363	17,619	13,281	7,719	6,815	**87,797**	88,085
Length of campaign (days)	103	70	83	117	61	**93**	89
Daily processing throughput (tonnes)	24,451	12,452	8,315	3,204	2,654	**51,076**	54,724
Total beet processed (tonnes)[2]	2,518,412	870,524	690,181	374,862	161,920	**4,615,899**	4,741,089
Beet yield (tonnes/hectare)	62.90	44.40	51.90	41.80	24.00	**52.65**[3]	53.69[3]
Sugar content	16.57%	15.39%	16.36%	15.00%	15.20%	**16.14%**[3]	17.42%[3]
Beet sugar production (tonnes)[4]	383,324	149,063	100,889	56,837	20,968	**711,080**	749,490
AGRANA quota (tonnes)							
in 2007|08[5] marketing year	351,027	142,689	87,123	56,837	20,968	**658,644**	621,566
in 2008|09 marketing year	351,027	105,420	93,973	43,842	24,240	**618,502**	658,644

[1] Beet sugar campaign.
[2] Including cross-border raw material swaps.
[3] Weighted averages.
[4] Including carryover from 2006|07 marketing year and cross-border raw material swaps.
[5] After preventive quota withdrawal in February 2007.

surrendered. AGRANA participated in these two rounds by giving back about 117,000 tonnes of sugar quota for the 2008|09 marketing year. In the EU sugar industry as a whole, approximately another 0.4 million tonnes of quota needs to be returned to meet the reform target. In the event that the surrender target of 6 million tonnes is not reached by the reform's deadline (until 31 January 2009, quota may still be returned in exchange for the restructuring aid of € 520 per tonne), a mandatory uncompensated quota cut across all EU countries will follow in February 2010. Should no further quota be surrendered, this final cut would amount to approximately 2.8% of the AGRANA Group's total quota based on present circumstances.

Sugar exports

With the expiration of the Cotonou Agreement at the end of 2007, which covered trade relations between the EU and the ACP countries or regions (Africa, the Caribbean and the Pacific region), transition rules were agreed with certain ACP countries concerning future duty-free and quota-free access from 1 January 2008. This transition arrangement was needed because the negotiations for the Economic Partnership Agreement (EPA) that is to grow out of the Cotonou Agreement are not yet completed. A transition period is provided for sugar and rice.

The World Trade Organization (WTO) negotiations broke off inconclusively in June 2007 for the time being. In April 2008 a ministers' meeting was to be held in Geneva whose outcome will be crucial to ensuring continuing sufficient tariff protection in the EU. WTO agriculture negotiations chairman Falconer had recently proposed a tariff reduction of between 66% and 73% for well-protected products, with a proposed 4% to 6% of goods classified as sensitive products and thus possibly subject to a smaller tariff reduction, although with further duty-free import quotas.

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 home countries of the subsidiaries.

SUGAR: AUSTRIA

Market environment

For the 2007|08 financial year, after the preventive withdrawal in February 2007, AGRANA had an available sugar quota of 351,027 tonnes. In the first round of returns by 31 January 2008, AGRANA gave up approximately 55,000 tonnes of quota in Austria for the 2008|09 sugar marketing year. No further voluntary quota surrender occurred in the second round. The reduction in beet growing area caused by the preventive quota withdrawal was offset by growing industrial beet. AGRANA will carry forward 14,036 tonnes from its 2007|08 sugar production to the next marketing year.

Business performance

The strongly growing competition from the neighbouring Eastern European countries and the Balkans continued to set the tone in the Austrian market during the last financial year. Despite the import pressure from these countries, sales volumes were boosted in the industrial segment, thus winning new market share. The successful positioning of AGRANA's sugar through the Wiener Zucker brand as an Austrian high-quality product underpinned sales in the retail market. However, an increase in competitive pressure made it necessary to adjust prices. The volume of exports was reduced due to competition in the European market and the additional sales in Austria.

AGRANA Zucker GmbH's revenue decreased by 11.1% to € 272.5 million (prior year: € 306.5 million). Owing to the lower production levels resulting from the sugar regime reform, less volume was available to sell. The WTO panel's decision greatly restricted the opportunities for C sugar exports from 2006 onwards. In total, 427,000 tonnes of sugar was sold in the 2007|08 financial year, 129,000 tonnes less than one year earlier. Quota sugar sales were 374,000 tonnes (prior year: 403,000 tonnes), with the exports of quota sugar to non-EU countries 7,000 tonnes higher than in the prior year. In sales of non-quota sugar to the chemical industry as well, volumes declined because of the new market environment.

Prices of by-products (molasses and beet pulp) were driven up significantly by the combination of the lower supply due to the reduced sugar production, and higher feed prices. Especially for dried pulp, the worldwide rise in grain prices had a positive effect on pricing.

The somewhat lower natural gas price than in the prior year, achieved by a judicious purchasing strategy, meant a saving of 4.1% in energy costs per tonne of white sugar equivalent produced.

Production and investment

Through a wide range of measures taken in the two Austrian sugar factories (optimisation of the evaporator technology, improvement of raw juice heating), energy consumption in sugar production was reduced by an average of 3.1%. Other investment of € 2.2 million in the 2007|08 financial year related to the facilities in Tulln and Leopoldsdorf, and the replacement of plant and equipment. As well, for greater efficiency, the sales and raw materials departments of AGRANA Zucker were relocated from Vienna to the Tulln sugar site, where the administration building was expanded for the purpose.

SUGAR: HUNGARY

Market environment

When Hungary joined the EU, Magyar Cukor Zrt. was initially awarded a production quota of 152,137 tonnes. After the preventive withdrawal of quota in February 2007, a production quota of 142,689 tonnes was available for the 2007 campaign year. In November 2007 the sugar industry and Hungary's beet farmers reached an agreement to halve the original Hungarian sugar quota in order to allow the farmers to receive five years of EU compensation payments, tied to production, of € 6.6 per tonne of beet. For AGRANA this decision meant returning 30% of its Hungarian production quota and the attendant closing of the Hungarian site in Petőháza. The Hungarian quota for the 2008|09 sugar marketing year was thus 105,420 tonnes. As all competitors have left the market, AGRANA, with its site in Kaposvár, is now the only beet sugar producer in Hungary. Following the surrender of a total of 75% of the national quota, less sugar is now produced in Hungary than is consumed. Hungrana's isoglucose, the quota for which has increased, will thus find a readier local market. In the coming campaign year, the area planted to sugar beet is expected to fall sharply in favour of grain and oilseed crops.

Business performance

With revenue of € 117.4 million (prior year: € 135.4 million), the 2007|08 financial year was marked by a revenue decrease, but by a considerable sales volume increase both in the industrial segment and in trading (i.e. reselling). Domestic sales were pushed up by 22,000 tonnes to 117,000 tonnes. This trend was attributable to the market exit of a Hungarian competitor and to intensive sales efforts supported by price corrections in the trading sector. As a result, the market position in Hungary was visibly reinforced and market share expanded accordingly. The import pressure from Croatia and Serbia had a negative impact on pricing in the Hungarian sugar market. Exports especially to non-EU countries were raised substantially.

Production and investment

Weather conditions led to beet supply bottlenecks at both Hungarian locations, requiring a reduction in beet processing during part of the campaign. At Petőháza, the site's final sugar campaign was completed successfully in 2007.

Capital investment in Hungary during the 2007|08 financial year was € 9.6 million. Apart from spending on replacement and maintenance, the chief focus of investment was the construction of the biogas plant in Kaposvár which, after being built in just six months, already supplied more than 40% of the sugar factory's primary energy requirements during the campaign 2007 with gas derived from spent beet pulp. Since the end of the campaign, the heating energy needs are being fully met from biogas.

SUGAR: CZECH REPUBLIC

Market environment

With the purchase of 3,819 tonnes of quota, AGRANA is able to increase its production quota for the 2008 campaign year to 93,973 tonnes. No quota was returned to the restructuring fund.

Business performance

Revenue at Moravskoslezské Cukrovary a.s. in the 2007|08 financial year was € 70.3 million (prior year: € 79.8 million). Significant volume growth – although with price adjustments – was achieved domestically primarily in industrial sales, but also in the consumer sector. Market share was won in the process. The 2007 campaign and import pressure from Poland led to price reductions in the course of the year.

Total sales eased to 110,000 tonnes (prior year: 131,000 tonnes), owing mainly to the base effect of the previous year's sales of 19,000 tonnes under the EU's intervention mechanism.

Production and investment

Necessary replacement investment and energy efficiency measures absorbed investment of € 5.2 million. Energy consumption in beet processing was reduced by 1.8%.

SUGAR: SLOVAKIA

Market environment

Slovenské Cukrovary s.r.o. initially had a white sugar quota for 2007|08 of 59,403 tonnes, which was cut to 56,837 tonnes by the preventive quota withdrawal. In the first round of EU market restructuring in January 2008, the quota was reduced by 10% to 53,462 tonnes for the 2008|09 sugar marketing year. In the second iteration by the end of March 2008, AGRANA increased the amount surrendered, inasmuch as the original Slovak national quota was reduced by 50%. As in Hungary, Slovak beet farmers too are thus able to benefit from the EU compensation payments. The resulting remaining quota of 43,842 tonnes for AGRANA is sufficient for an economically viable level of utilisation of the Slovak plant in Sered. In 2008, beet cultivation is facing strong competition for crop area from grain and oilseeds.

Business performance

In the 2007|08 financial year, Slovenské Cukrovary s.r.o. generated revenue of € 49.6 million (prior year: € 52.1 million). The Slovak market saw the exit of a competitor – accompanied by a sell-off of sugar – as well as intense competition from Poland. Growth in the industrial business did not fully make up for a decline on the trading side. Prices came under downward pressure and could not be held at the previous year's level. A total of 66,000 tonnes of sugar was sold, 13,000 tonnes less than in the year before.

Production and investment
Investment in property, plant and equipment and intangibles was € 3.0 million and related above all to improvements in beet receiving and in juice purification. The average daily processing throughput of beet at the Sered plant was boosted by about 10% to 3,200 tonnes.

SUGAR: ROMANIA

Market environment
With Romania's accession to the EU on 1 January 2007, AGRANA Romania S.A. received a beet sugar quota of 24,240 tonnes and a raw sugar refining quota of 130,668 tonnes. AGRANA is not returning beet sugar quota in Romania in the sugar regime restructuring.

Business performance
It proved not possible to increase sugar sales volume compared with 2006|07. Total revenue for the 2007|08 financial year reached € 134.9 million (prior year: € 176.0 million). Price increases were achieved with the aid of vigorous sales activities coupled with a successful brand strategy and a product range expansion. All in all, AGRANA was able to sell a quantity 45,000 tonnes higher than the sugar quota.

In the financial year completed, profit was affected by significant fluctuation in the exchange rate for the Romanian leu. While currency translation gains were seen in the early part of the year, the currency's decline during the latter months weighed on operating profit.

Production and investment
In the two beet processing periods about 21,000 tonnes of white sugar was produced from beet. In the interval between these two periods, AGRANA Romania S.A. ran a raw sugar campaign with a white sugar output of about 152,000 tonnes. A total of € 4.1 million was invested during the 2007|08 financial year in equipment replacement, the modernisation of measuring devices and production plant, environmental protection and the completion of the distribution warehouse in Bucharest.

SUGAR: BOSNIA-HERZEGOVINA

As a 50%-owned joint venture, AGRANA together with joint venture partner SCO Studen built a raw sugar refinery in Brcko, Bosnia. As of the 2007|08 financial year end, construction was complete, the approval process was underway and raw sugar had been purchased and stored. AGRANA's 50% share of the capital expenditure for the facility in 2007|08 was € 15.5 million. The share of the start-up loss was € 0.4 million. Total investment expenditure is estimated at approximately € 40 million. In the 2008|09 financial year, 136,000 tonnes of white sugar can be expected to be produced from raw sugar.

SUGAR: BULGARIA

AGRANA's packaging and distribution joint venture established in April 2007 with Bulgarian sugar company Zaharni Zavodi AD in Sofia, Bulgaria, had a good start to its distribution activities, which service the Bulgarian market. In the trading business, the first contracts were concluded, largely with international customers. With sales of 23,000 tonnes of sugar, the joint venture quickly reached a market share of 15%. In sugar sales to industry as well, the first international groups are already among the company's customers. To improve value creation, investment targeted not only the sales side, but also packaging and logistics. The joint venture is expected to be earnings-enhancing to the Group from the 2008|09 financial year.


ADDING
VALUE
TO NATURE'S
GIFTS.

AGRANA STARCH INSIDE:

An increasing number of people are growing up with AGRANA products. Because AGRANA is one of the leading suppliers of customized starch products in Europe, refining many products with starch made of non-genetically modified raw materials and biological crops. AGRANA's products have become an inherent part of infant food. Enjoy!

STARCH SEGMENT

SEGMENT KEY FIGURES	2007|08	2006|07	Change
	in €m	in €m	in %
Revenue	340.0	253.4	+34.2
Operating profit before exceptional items	35.3	28.5	+23.9
Purchases of property, plant and equipment and intangible[1]	122.9	79.2	+55.2
Staff count	847	776	+9.1

[1] Exclude goodwill.

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. The segment also includes the coordination and operational management of the international holdings in Hungary and Romania.

The bioethanol business too is part of the Starch segment organisation. From the 2008|09 financial year, the selling of by-products from starch production (feed products), previously done by AMV, will be handled as part of the starch operations.

MARKET ENVIRONMENT

World grain production in 2007 is estimated at 1.66 billion tonnes, 5.5% higher than in the year before. Accounting for about 766 million tonnes of this total, corn (maize) is the world's most important grain species. As a result of the increase in grain consumption worldwide, global inventories will shrink by 18% compared to the previous year. Market growth in starch and starch products in the EU-27 for corn starch, wheat starch and potato starch has averaged about 4% per year in the last several years.

The corn crop in the EU-27 fell from approximately 53 million tonnes in the previous year to about 48 million tonnes in the 2007|08 marketing year, as a result mainly of crop failures in Hungary and Romania. To ease this tight supply situation, the European Commission decided to suspend both the 10% set-aside scheme for 2008 (which would otherwise have taken land out of production) and also grain import duties for the 2007|08 marketing year.

EU output in 2007 reached about 95-100% of the potato starch quota set under the Community's starch regime. In Austria, which saw weather-related crop losses, AGRANA utilised about 84% of the quota. In June 2007 the existing potato starch quota arrangement was extended by two years (for the 2007|08 and 2008|09 marketing years). The subsequent future arrangement will be agreed as part of the CAP "Health Check", the reform of the Common Agricultural Policy; the reform is expected to be adopted in autumn 2008. The European Commission has held out the prospect of carrying over the potato starch regime unchanged for another two years.

STARCH: AUSTRIA

Market environment

In 2007 Austria produced about 4.4 million tonnes of grain, an amount in line with the long-term average. The area under corn increased from 158,000 hectares in 2006 to 170,000 hectares in 2007. The total corn crop came to approximately 1.7 million tonnes. The higher demand and EU-wide reduction in crop volume led to significant price increases.

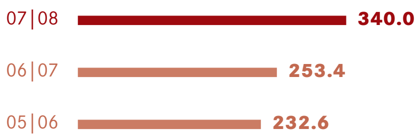
Raw materials, crop and production

On a crop area of 5,836 hectares in 2007, AGRANA contracted for 209,301 tonnes (prior year: 202,638 tonnes) of conventional starch potatoes. Including organic starch potatoes, the total contracted volume was 213,363 tonnes. As a consequence of the extremely dry conditions in parts of the procurement area, the contracted quantity could not be fully achieved and the starch content was reduced. In total over the 114 days of the 2007 campaign (prior year: 116 days), 195,371 tonnes of conventional starch potatoes and organic starch potatoes (prior year: 187,373 tonnes) were processed into 39,883 tonnes of potato starch (prior year: 41,123 tonnes). The crop's starch content was 17%, compared with a year-earlier level of 19%. Average daily processing throughput was 1,709 tonnes (prior year: 1,621 tonnes). For the 2008 campaign year, the full quota of 47,691 tonnes of potato starch is available.

In the 2007 campaign, for use in long-life potato products, a total of 13,016 tonnes (prior year: 12,252 tonnes) of regular and organic food potatoes were also bought.

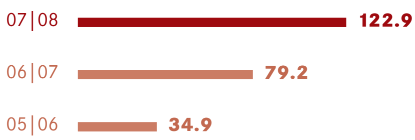
In the 2007|08 financial year the Aschach corn starch plant processed 364,000 tonnes of corn (prior year: 352,000 tonnes). The processing volume of freshly harvested wet corn was 103,000 tonnes, an increase compared to the prior year's 84,000 tonnes.

STARCH SEGMENT
REVENUE
in €m



OPERATING PROFIT BEFORE EXCEPTIONAL ITEMS
in €m

PURCHASES OF PP&E AND INTANGIBLES
in €m



STAFF COUNT

Business performance

The steady growth trend was successfully maintained in the 2007|08 financial year. The 5% increase in sales to 462,900 tonnes (prior year: 441,000 tonnes) was driven primarily by higher sales of saccharification products, while the sales quantities of native starches declined because of the below-average potato crop. Selling prices were adjusted to reflect the higher raw material prices, allowing revenue to grow by a disproportionately strong 23% to € 228.1 million (prior year: € 185.2 million). An optimised product mix and customer mix, along with the adjustment of sale prices in response to higher input prices, contributed to the profit growth.

In industrial (non-food) starches, in the 2007|08 financial year approximately 98,400 tonnes (prior year: 100,000 tonnes) were sold into the paper, corrugated board, textile and building industries. In the second half of the year, exports to the USA were held back by the soaring euro. The explosive increase in raw material prices for wheat and corn caused some customers in the paper industry to expand their use of alternative products such as tapioca starch in order to avoid cost increases proportionate to the input price rises. In the construction sector, the mild winter permitted building activity to continue at a fast rate, leading to sales volume growth of about 9%. In the textile market, AGRANA was able to slow the prior year's rate of decrease and to raise prices.

In the food starch segment, sales volume was 102,600 tonnes (prior year: 117,800 tonnes). A shortage of raw materials caused sales volume of long-life potato products to decrease to below the prior-year level. Prices were steady overall until June; subsequently, and especially in the last quarter, they saw adjustments prompted by the higher procurement prices. At the beginning of 2008 the situation eased somewhat and price levels stabilised overall.

Specialisation and a high degree of customer focus are important factors driving the ongoing optimisation of the product mix. AGRANA has for years been commanding an important position in the organic market with its production of organic and GM[1]-free starch products at the Austrian plants in Aschach and Gmünd. A conspicuous 16% expansion in sales volume compared to the prior year reaffirmed this position. In view of the increased production of genetically modified corn in the EU, demand grew for guaranteed GM-free and organic starch and starch saccharification products. Exports go primarily to EU countries, North America and South East Asia.

Sales of saccharification products from Hungary (isoglucose and liquid dextrose) rose by 40,000 tonnes. Food starches produced in Austria also achieved volume gains.

Co-product sales volume, at approximately 112,000 tonnes, was steady at the year-ago level while selling prices were increased by 24%.

Investment

Investment in property, plant and equipment and intangibles in 2007|08 amounted to € 9.1 million (prior year: € 11.5 million). About € 5 million of this total was for the new starch extrusion facility commissioned in Gmünd towards the end of the reporting period. Construction began on another drum drying plant for the refining of starch, which is to come on-stream near the end of the new 2008|09 financial year.

STARCH: HUNGARY

Market environment

As a result of the high temperatures during the summer months and the lack of precipitation, the Hungarian corn harvest in 2007 reached only 3.9 million tonnes (prior year: 8.4 million tonnes). The national consumption of 4.5 million tonnes could be met only with the help of stocks from the previous years. This situation led to a drastic rise in raw material prices that at times were higher than in Western Europe.

[1] Not containing genetically modified ingredients.

In the 2007|08 marketing year Hungary had an isoglucose quota of about 180,000 tonnes. This reflected two increases in the quota as a result of the sugar regime from an initial 137,627 tonnes, and a one-year quota cut in the spring of 2007. For the 2008|09 marketing year the quota will be about 220,000 tonnes.

The Hungarian isoglucose quota is fully allocated to HUNGRANA, a company of which AGRANA owns 50%. The other 50% of Hungrana is owned by Szabadegyházai Szolgáltató es Vagyonkezelö Kft, itself a subsidiary of Tate & Lyle and ADM.

Raw materials, crop and production

About 540,000 tonnes of corn (prior year: 451,000 tonnes) were processed in the 2007|08 financial year by HUNGRANA's starch factory in Hungary into isoglucose, starch saccharification products and bioethanol. Raw material prices were up from the year before. Compared to the previous year, a decrease in corn yields led to a shorter wet corn campaign and smaller wet corn harvest of about 21,000 tonnes (prior year: 72,000 tonnes). Given the shortage of freshly harvested wet corn, dry corn was generally added.

The daily processing capacity of Hungrana was doubled from 1,400 tonnes in March 2007 to 2,800 tonnes in February 2008.

Business performance

The commissioning of the enlarged bioethanol facility and the expansion of the saccharification plant led to a corresponding increase in sales to 280,000 tonnes (prior year: 228,000 tonnes); these figures represent AGRANA's 50% share. Due to the sugar market reform and the resulting downward pressure on prices, only a small increase in isoglucose prices was achieved and the strongly risen raw material prices could not be fully passed through. A similar effect occurred in selling prices for ethanol. AGRANA's 50% share of Hungrana's revenue rose to € 91.8 million (prior year: € 66.9 million), with AGRANA's portion of ethanol revenue increasing to € 19.4 million (prior year: € 13.5 million). The limited ability to pass through the increase in input prices meant that operating profit could not be held at the prior-year level.

Investment

In the 2007|08 financial year, € 39.8 million was invested in capital projects (prior year: € 21.3 million; figures based on the 50% share attributable to AGRANA). The factory expansion to a daily milling capacity of 3,000 tonnes occurred in stages during the fourth quarter of the 2007|08 financial year. The project consisted of increasing the milling capacity, a capacity expansion of the isoglucose production plant, and an additional production plant for bioethanol. With a gradual increase in daily processing throughput, the planned full capacity utilisation of 3,000 tonnes of corn per day is expected to be reached towards the end of the first quarter of 2008|09.

STARCH: ROMANIA

Market environment

Corn production in Romania for 2007 is estimated at 3.7 million tonnes (prior year: 8.5 million tonnes) and was too low to cover the national consumption of about 6.5 million tonnes. Most of the shortfall in corn was therefore covered through imports from Brazil, Hungary and Serbia.

Raw materials, crop and production

The Romanian corn starch plant, S.C. A.G.F.D. Tandarei, processed about 23,400 tonnes of corn in the 2007|08 financial year, an increase from the previous year. Owing to the high prices of corn from the 2007 harvest, no wet corn campaign was undertaken. During several production campaigns, a stable daily processing volume of about 100 tonnes of corn was achieved.

Business performance

Revenue grew by 35% year-on-year to € 9.0 million. The crop failures and attendant increases in input prices made it necessary to raise the prices of starch products. In response to the higher prices, imports from other EU countries were stepped up.

Investment

Investment in property, plant and equipment and intangibles in Romania totalled € 0.8 million (prior year: € 1.3 million). Primarily, this involved expenditure on energy cost reduction to improve the cost structure. Through the modification of a steam boiler to burn corn livestock feed (a process by-product), consumption of heating oil is to be significantly reduced.

BIOETHANOL

The energy and climate change package of the European Commission sets clear goals for energy efficiency, emission reduction, renewable energy and biofuels. In the transport sector, a 10% share of biofuels in total vehicle fuel by the year 2020 is specified for all EU countries. Also by 2020, greenhouse gas emissions are to be reduced by 20% overall. The greater use of bioethanol will contribute to lowering CO_2 emissions and to reducing dependence on imports of energy and of soy feed products.

Based on an ethanol content of 5.75% in petrol, the implementation of this EU directive in the European Union means a requirement for approximately 10 million cubic metres of bioethanol per year. To place this in perspective, in 2007 only about 1.8 million cubic metres of Europe's ethanol production was for use as vehicle fuel (Source: F.O. Licht).

At the end of January 2008 the European Commission published the proposal for a "directive on the promotion of energy from renewable sources". Its key objectives are to mandate binding targets of a renewable-energy content of least 20% of the total energy market and a 10% biofuel content in transport fuels. Further, as a quality criterion for biofuels, the proposal calls for a minimum CO_2 reduction of 35% compared to fossil fuels, calculated over the biofuel's whole cycle from production to consumption. It also demands sustainability criteria for raw materials used in biofuel production. Specifically for the Pischelsdorf facility, a study documents that each litre of bioethanol produced by the plant will save about 50% of the CO_2 emissions generated by a litre of petrol, thus slowing the greenhouse effect (Source: Joanneum Research).

In the Commission's proposal, the objective of 20% renewable energy is transposed into national targets, taking into consideration the differences in starting positions and gross domestic product between the member states in calculating the national objectives. For Austria this translates to a target of 34% use of renewable energy by 2020.

Austria

In Austria the EU biofuels directive was enacted into law by requiring biogenic fuel shares (by energy content) of 2.5% from 1 October 2005, 4.3% from 1 October 2007 and 5.75% from 1 October 2008. This is accompanied by a tax reduction from 1 October 2007 for petrol containing at least 4.4% ethanol by volume. Austria is thus in the vanguard of biofuel use in the European Union, as the EU directive has been implemented two years earlier than required. In the Austrian government's policy agenda, an ambitious target of 10% substitution of fossil fuels with biofuels has been set for 2010.

In addition, on 1 October 2007 the bioethanol blend regulation took effect, which provides a tax break on fuels with a high bioethanol content (SuperEthanol, usually referred to as E-85).

In this policy and business environment, AGRANA has built Austria's first large industrial-scale bioethanol production plant, in Pischelsdorf in the province of Lower Austria. With an investment budget of about € 125 million, the facility can produce up to 240,000 cubic metres of ethanol per year. As a co-product in bioethanol production, up to 170,000 tonnes of high-protein feed are produced – a significant contribution to reducing imports of soy-based feed products from overseas.

Bioethanol GmbH is 74.9%-owned by AGRANA Stärke GmbH; the other 25.1% of the shares are held by Rübenproduzenten Beteiligungs GmbH on behalf of Austria's beet farmers' association.

The end of August 2007 saw the first incoming deliveries and storage of raw materials in preparation for the scheduled several weeks of pilot operation of the bioethanol plant. The plant was completed on time and within budget at the end of September 2007. The first bioethanol was produced on 21 September 2007 on a pilot scale. During the six weeks of pilot operation, about 15,000 cubic metres of bioethanol and 10,000 tonnes of animal feed (ActiProt) were produced from wheat, dry corn and concentrated sugar beet juice. The production process at the bioethanol plant permits the use of a wide variety of starch-containing feedstocks and thus affords great flexibility in terms of the materials mix. After the six-week test phase, the plant was temporarily shut down and full commissioning postponed to late spring 2008 in response to the dramatic increase in raw material prices for wheat and corn on international markets.

To meet existing ethanol supply commitments, AGRANA made the required quantities available from other Group companies.

Current forward price quotations for grain from the new 2008 crop suggest input costs that will allow the economically viable operation of the Pischelsdorf plant. Bioethanol production in Austria will therefore start up at the end of May 2008. Full commissioning of the plant is scheduled for the beginning of June. Through the suspension of the 10% set-aside scheme in the EU-15 for 2008 and because of the decrease in sugar beet production amid the European sugar regime reform, additional grain and corn crop area will be available in the 2008 campaign year.

In the 2007|08 financial year, € 73.2 million was invested in the construction of the bioethanol plant (prior year: € 45.0 million). The start-up costs of € 6.8 million (prior year: € 1.2 million) are included in exceptional items.

Hungary

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

Ethanol capacity at Hungrana was increased from the initial 150 cubic metres per day in March 2007 to 520 cubic metres per day in February 2008. This brings maximum production capacity to 187,000 cubic metres per year. Utilisation varies with the isoglucose season.

In the 2007|08 financial year, revenue of € 19.4 million (prior year: € 13.5 million) was generated on sales of about 33,400 cubic metres (prior year: 25,000 cubic metres) of ethanol.

Under the "E85 Green Power" brand, Hungrana markets the environmentally friendly product known as E85, which contains 85% bioethanol, to independent oil companies. Hungrana is the only producer of grain ethanol in Hungary.

AGRANA FRUIT INSIDE:

The fruits of AGRANA are present throughout the entire world. From a global perspective, every third fruit yogurt today contains fruit preparations “Made by AGRANA”, which makes AGRANA the world market leader for fruit preparations designed for the dairy industry. Ongoing growth is ensured thanks to innovative fruit recipes and worldwide production sites. We are as delighted as our customers.


AGRANA
ADDING
VALUE
TO NATURE'S
GIFTS.

FRUIT SEGMENT

SEGMENT KEY FIGURES	2007|08	2006|07[1]	Change
	in €m	in €m	in %
Revenue	852.5	914.6	(6.8)
Operating profit before exceptional items	43.5	45.6	(4.6)
Purchases of property, plant and equipment and intangibles[2]	42.9	47.8	(10.3)
Staff count	4,696	4,724	(0.6)

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

All subsidiaries in the Fruit segment, both in Austria and abroad, are held directly by AGRANA Juice & Fruit 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.

In the 2007|08 financial year AGRANA continued to pursue the growth strategy of the previous years in the Fruit segment. On an adjusted basis that eliminates the effect of the 14-month prior year's extra two months, segment revenue was pushed up by more than 9%.

With the opening of the newly built Brazilian fruit preparations plant in Cabreúva near São Paulo, AGRANA also took another key step forward in a strategically important market.

In addition to the existing development centre in Gleisdorf, Austria, a new US product research and development centre was opened in early December 2007 in Brecksville, Ohio, that creates innovative fruit preparations for the growing North, Central and South American markets.

MARKET ENVIRONMENT

AGRANA is a world-leading manufacturer of fruit preparations for the dairy, bakery and ice-cream industry. Through the steady organic growth, the leadership position in the world market was expanded further.

For the world market as a whole, annual volume growth of more than 5% in yoghurt products is forecast until 2010, with higher regional rates in Eastern Europe (6% p.a.) and especially Asia (17% p.a.) (Source: Global Food Markets, Leatherhead Food International, March 2007). As the world market leader in fruit preparations for the dairy industry, AGRANA's fruit preparations plants also give it a presence in these up-and-coming growth markets. In total, AGRANA produces fruit preparations at 26 sites in 20 countries.

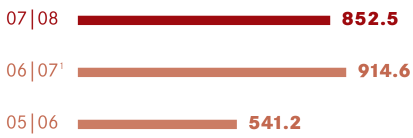
In an important and rapidly growing market – China – AGRANA has been represented since 1999. Since 1994 the Group has had manufacturing operations in Poland, and in the middle of 2005 a fruit preparations plant was opened in Serpuchov near Moscow. Serpuchov's capacity has been expanded several times to keep up with the strongly rising demand. The size of the Russian food market is estimated by BFAI, the German Office for Foreign Trade, at € 9.1 billion. At present the Russian population consumes an average of 2.3 kilograms of yoghurt per capita; consumption in Central and Eastern Europe is already double that amount. Western Europeans consume an average of 16 kilograms of yoghurt per year.

South America, with its population growth, rising prosperity and increasing nutrition consciousness – combined with the Brazilian and multinational dairy industry's brisk demand for fruit preparations – represents a major, rapidly growing market. AGRANA's fruit preparations plant in Argentina was established in 1994. In September 2006 construction began on a new fruit preparations manufacturing site in Brazil's Cabreúva (in the vicinity of São Paulo) on the company grounds of Ricaeli, a local frozen food vendor whose products include frozen fruit and frozen fruit purees for retail distribution and for industrial customers. A total of about € 7 million was invested in the ultra-modern production facility, which was built in only seven months. Ricaeli holds an ownership share of less than 5% of this joint venture. AGRANA leverages Ricaeli's local knowledge – particularly in raw material purchasing – and also benefits from the provision of the required infrastructure by Ricaeli. The first production line, successfully commissioned in May 2007, addresses the growing demand for fruit preparations from the Brazilian dairy industry, in which multinational groups are prominent.

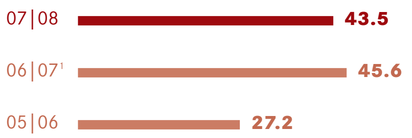
AGRANA is the leading maker of apple and berry juice concentrates in Europe.

Until 2010, the world fruit juice and fruit drink market is forecast to grow at over 6%; within this global scenario, Eastern Europe (6% p.a.) and particularly Asia (21% p.a.) are important growth regions (Source: Global Food Markets, Leatherhead Food International, March 2007). AGRANA as Europe's leading producer of apple and berry juice concentrates has embraced the potential of these markets and maintains a total of 11 production sites worldwide (not counting the second Chinese joint venture in Yongji).

FRUIT SEGMENT
REVENUE
in €m



OPERATING PROFIT BEFORE EXCEPTIONAL ITEMS
in €m



PURCHASES OF PP&E AND INTANGIBLES
in €m

STAFF COUNT

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

The growth rates in Western Europe and North America are predicted to be positive, which, in view of the already high level of fruit juice consumption, spells continuing good sales opportunities. Significant trends in consumer behaviour include a growing demand for smoothies (pureed-fruit drinks with a high fruit content) and not-from-concentrate juices. In developing products for these needs, AGRANA works closely with customers. Other consumer trends are premium fruit juices and the use of so-called “superfruits” (for example, fruits with high antioxidant value).

In Austria, Poland, Hungary, Romania and Ukraine, AGRANA processes apples and red berries for the European concentrate market (the collective term “red berries” includes strawberries, raspberries, black and red currents, sour cherries, elderberries, etc.). Apple juice concentrate made at these AGRANA production locations is largely of the so-called “sour” variety, with a high acid content.

Since 2006 AGRANA also produces apple juice concentrate in China. Together with the Chinese joint venture partner, AGRANA operates a production facility in Xianyang (Shaanxi province), one of the world’s largest apple growing areas. In the 2007|08 campaign the Chinese plant operated at capacity and produced “sweet” apple juice concentrate for export worldwide that is distinguished by a low acid content. Demand for sweet concentrate has increased both in the American market and in Russia. Used primarily as a base for other fruit juice beverages, sweet concentrate is an ingredient in innumerable recipes and mixtures.

INVESTMENT

In the 2007|08 financial year, capital expenditure in the Fruit segment totalled € 42.9 million.

The main investment priorities in Fruit were the completion of the new fruit preparations plant in Brazil, the purchase of new shipping containers and various improvement activities. Construction of a warehouse for finished product in Australia was largely completed. As well, planning began for the expansion of the Russian facility in Serpuchov. By the year 2012|13 its present annual capacity of 40,000 tonnes is to be doubled. Work also started on the wastewater treatment plant at the US location in Tennessee to enhance environmental performance.

In Poland, next to equipment replacement in the juice division, the sterile tank storage was expanded, thus increasing the scope for the production and storage of high-quality, not-from-concentrate juice that is in growing demand in the marketplace. In Anarcs, Hungary, another quality improvement measure was implemented by adapting the tank storage system to serve as a cold storage facility. At the existing joint venture plant in China, money was invested in the facility’s capacity expansion (from 1,200 to 1,800 tonnes of daily throughput) and yield improvement. At the end of November a new wastewater pretreatment plant in Vaslui, Romania, began operation. In the fruit juice concentrates business, at the facility in Lipnik, Poland, an evaporator was installed and existing aroma recovery systems were replaced with technology developed and refined by AGRANA.

AGRANA FRUIT (FRUIT PREPARATIONS)

Raw materials, crop and production

Against a backdrop of scarce availability of raw materials and an ever more fast-paced and global market, AGRANA was able, through worldwide procurement of input materials, in-depth market observation and analysis, and very close contact with producers and suppliers, to completely fill all input requirements for fruit preparations and thus strengthen its competitiveness in global raw material procurement.

In the sourcing of strawberries, the crop failure in Poland set the precedent, and the prices, for the subsequent harvests in the major Chinese regions, as well as in Chile and Argentina in the autumn and winter season. By comparison, the Californian strawberry harvest was normal. Additional price increases were caused by higher wages and energy and transport costs.

An average peach crop in Greece and Spain coincided with significant demand growth especially in the Eastern European countries, resulting in pronounced price rises for European peaches. There was a trend towards lower crop areas in Europe and the Americas. Prices in Europe and the Americas also were the main reason for the price increases in the Chinese market.

The European apricot harvest in Spain, the main producer country, bore the mark of late frosts and involved crop losses of up to 40%. In the other markets, price increases had to be accepted that subsequently also affected the Chinese procurement market.

The European cherry harvest, notably in Poland, the most important production area, was hurt by late frosts in 2007. This effect was cushioned by a combination of inventories from the previous years and high price elasticity. Cherry production in North America amounted to a normal harvest, thus necessitating only small price adjustments triggered by wage hikes and higher energy and transport costs.

The enormous price increases for European wild blueberries in the 2006 crop year caused a significant reduction in demand. A similar effect occurred in the USA for cultivated blueberries.

The first raspberries of the season are harvested in Serbia, the main growing region for the fruit in Europe. This purchasing market generally serves as an indicator for Poland, another European producer country. As the Serbian harvest volume and quality in 2007 were well below expectations, prices rose by nearly twice the prior-year level before the start of the Polish harvest. Despite the year's satisfactory raspberry production in Poland, demand far outstripped supply. This development was reflected in the harvest-season prices in Chile from December 2007 to February 2008, which reached levels of well more than € 2 per kilogram. The raspberry harvest in the USA fell short of projections. Coupled with a decrease in acreage, this resulted in unexpectedly strong price increases. The North American market is thus almost sold out.

A significant demand overhang for pineapple marked the entire 2007|08 financial year due to failed crops in the Philippines and a noticeable rise in demand for the fruit. The mango harvest was normal, with relatively stable prices worldwide. As a result of high fresh market demand, lower quantities of bananas were available for the frozen food industry and the production of aseptic fruit products. This market too thus saw prices rise.

Business performance

In addition to the strategically important growth markets in Central and Eastern Europe, Asia and South America, AGRANA continues to maintain its profitable and leading operational presence in the well-developed, high-volume dairy markets of Western Europe and North America, as well as in South Africa and Australia/Oceania. These markets more than any other demand continuous leadership in innovation and technology in order to be able to keep expanding the market position. In the fourth quarter of 2007|08 AGRANA opened a product research and development centre in Brecksville, Ohio. This new R&D site (the Group's second for fruit preparations next to the one in Gleisdorf, Austria) will develop products specifically for the Americas markets.

Purchasing was reorganised for all fruits, ingredients and additives and combined within AGRANA Fruit Services (AFS), which is now responsible for the raw material supply of all plants in the fruit preparations business. The capacity expansion achieved at the Group's own production facilities, where fresh fruit is, among other ways, preserved in freezing tunnels by quick-freezing, highlights the customer-focused approach of this service unit. These capabilities not only ensure the availability of the necessary raw materials but also provide competitive advantage over rival firms.

The quality control capacity of the procurement organisation was expanded in order to safeguard the appropriate monitoring and auditing of the now centralised and higher volume of materials.

AGRANA attaches great importance to customer satisfaction and painstakingly verifies the quality of the processed fruit. In the last financial year, internal quality management and supplier certification were further improved. As the quality of the final product determines the success of the Company and the relationship with customers, sweeping measures were taken in this area to continue to justify AGRANA's claim to the top position in the world market.

The successful integration of all fruit preparations sites into one business unit generated efficiency gains. The introduction of uniform production standards and the systematic further development of existing quality management reflect the Company's strong sense of responsibility for making products to the highest standards of quality and safety. As well, the implementation of different production methods and the resulting knowledge transfer within the Group enable AGRANA to develop even more effective and efficient, market-centred solutions. Thanks to the worldwide presence and good collaboration within the Fruit segment, production problems can be solved more rapidly together, translating into higher security of supply for customers. The Group's power to innovate, and the early identification of new food trends, are further amplified by the international cooperation of numerous experts.

As part of a study of capacity utilisation in the European fruit preparations plants, strategies were developed to optimise the existing manufacturing facilities at the individual sites. In order to better utilise the available capacity in the high-volume plants and thus realise cost advantages, it was decided to transfer the production volumes from the Czech plant in Kaplice to other Group locations and close the Czech facility in the 2007|08 financial year.

Even with higher raw material prices and a general increase in milk prices, existing customers in important markets had a growing demand for fruit preparations. The prices for fruit preparations rose in the 2007|08 financial year due largely to the gradual transfer of raw material price increases to customers. The increases in AGRANA's input prices and the fact that they were only gradually passed through to the market in 2007|08 had an impact on operating profit.

AGRANA JUICE (FRUIT JUICE CONCENTRATES)

Raw materials, crop and production

Compared to the prior years, the European apple and berry crop in the 2007|08 financial year was relatively poor. While the supply of raw fruit for the production of concentrates was limited in the main European crop regions as a result of frost damage in spring 2007, demand in the world market was intensified by growing consumption of fruit (both fresh and frozen) and the burgeoning economic growth in Eastern Europe. In the 2007|08 financial year this constellation of circumstances led to in some cases substantial increases in raw material prices.

AGRANA operates ten European fruit juice concentrate plants in the foremost growing regions for apples and red fruit. In Poland, Hungary, Romania, Ukraine, Denmark and Austria, AGRANA purchases and locally processes apples and red berries. In addition to fruit juice concentrates, the Company also makes not-from-concentrate juices as well as purees. These are supplied not only to the highly specialised Western European fruit juice industry, but also answer the growing demand for apple and berry juice concentrates in the Central and Eastern European markets.

The European apple crop was decimated by severe frosts during the flowering season in late April to early May. While harvest volumes were cut in half in Poland, the crop in Hungary reached only about 30% of the normal level. To nonetheless ensure high utilisation of the concentrate plants, the materials purchasing strategies were adjusted and procurement extended to regions with better availability of inputs.

Apple processing in the eastern Hungarian plants proceeded satisfactorily despite the smaller national harvest, as apples were also sourced from neighbouring countries (Romania, Serbia, Croatia, Slovakia and Ukraine). For cost reasons, the Hungarian facility in Anarcs remained closed during the last campaign; in Hungary, apple juice concentrate was thus produced only in Vasarosnameny and Hajdusamson.

In Ukraine, on the other hand, growing conditions during the last crop year were optimal. Compared with 2006, the processed volume rose by more than 50%. The harvest began early, in mid-July, and apple juice concentrate was produced at maximum capacity almost continuously until the end of October.

In Romania as well, the 2006 processing volumes were surpassed. Through improved purchasing strategies in the 2007 season, it became possible to buy more apples from Romania, thus reducing quantities imported from Moldavia. By reducing transport distances, this had an additional beneficial effect on the purchasing price of the raw fruit.

In the Austrian plant at Gleisdorf, production of apple juice concentrate began in the middle of August, about three weeks earlier than in the years before. Thanks to the good harvest volume in the Austrian province of Styria and additional imports from western Hungary, Italy and Slovenia, the processing campaign was lengthened to nearly 100 days. In addition, very good weather conditions allowed AGRANA to buy higher-quality raw materials and thus increase product yield.

In the Chinese production operation in Xianyang, winter apples from the record 2006 harvest were processed until the beginning of May. Although China's total apple crop in the 2007|08 campaign, at approximately 23 million tonnes, was about 10% smaller than one year earlier, the planned purchasing quantities were achieved.

Procurement of red berries, which were purchased predominantly in Poland and Denmark and to some extent in Hungary and Ukraine, was highly satisfactory. While these fruits too suffered frost-related crop losses, the planned volumes were to a very great extent attained. Aside from berry juice concentrates, other products manufactured (especially in Denmark and Ukraine) were not-from-concentrate juices and assorted varieties of purees.

Business performance

Fruit production in the 2007|08 financial year in international procurement markets generally fell significantly short of demand. Depending on the fruit and region, the imbalances gave rise to powerful price increases for inputs. Another reason for the sharp price hikes was the recent conspicuous growth in demand for fruit in the rapidly growing economies of China, India and Russia. While the price increases for apple juices were the consequence mainly of the below-average harvests in Europe, the run-up in prices of red juices was driven more by demand.

The new trends in the fruit juice market relate to themes such as health, convenience and flavour. Apple juice concentrate is also used in, for example, the production of fruit wine, a market segment that has followed a positive trend in recent years. There is also growth potential in vegetable juices and in blends of apple juice, red fruit juice, and mineral water.

The price increase compared to the prior year for apple and berry juice concentrates as a result of the drastic surge in raw material prices led to significant delays in draw-down of call-off orders by contracted customers in the fruit juice industry – particularly for apple juice concentrates – and a more difficult market situation than had been seen for many years. The price increases in raw materials for berry concentrates were largely passed through to customers. Revenue from red berry concentrate remained constant, but was not able to make up for the profit reduction resulting from the lower apple juice concentrate sales.

The restructuring completed in the 2006|07 financial year contributes to enhanced performance in the fruit juice concentrates business. A central sales team ensures rapid movement of product to customers. Newly introduced, standardised processes and a unified IT system are improving internal cooperation and simplifying interaction between the individual production sites.

ENVIRONMENT AND SUSTAINABILITY

Ensuring the highest quality of all products sold, in all regions of the world, is a primary strategic objective for AGRANA and the basis of customers' high level of confidence in the company. This can only be achieved by using carefully selected agricultural raw materials and applying state-of-the-art technologies. As a result, there is no risk that the natural environment will be overexploited or that resources within the AGRANA value chain will be exhausted. A responsible approach to the use of energy and raw materials from the point of view of sustainability is not just a particular priority for AGRANA but an obligation – both now and for future generations.

The following examples demonstrate how AGRANA puts these principles into practice.

ENERGY EFFICIENCY AND REDUCING EMISSIONS

AGRANA is leading the way in sustainable and environmentally aware corporate behaviour. Production processes and the usage of raw materials have been, and continue to be, constantly optimised in order to achieve the greatest possible energy efficiency and emission reductions.

For example, since 1990 AGRANA has invested substantial resources in optimising its transport systems and energy supplies as well as in environmentally sensitive production and packaging. By reducing emissions in its production processes, AGRANA has already contributed its share towards achieving the Kyoto target for cuts in CO_2 emissions by 2010.

Sugar beet grown in Austria produces around 21 tonnes of dry weight per hectare. This represents approximately double the amount produced by grain. The cultivation of 40,000 hectares of sugar beet in Austria thus produces 420,000 tonnes more dry weight than if the same area had been used to grow grain, which is reflected in approximately an additional 770,000 tonnes of CO_2 absorbed from the atmosphere by the sugar beet – a significant benefit for the environment.

The application of the electro-ultrafiltration method for soil analysis has resulted in a reduction of up to two-thirds in the use of nitrogen fertiliser over the last 25 years.

Beet and potatoes are mostly transported by rail, which is better for the environment.

The heat required for processing in the Austrian sugar and starch factories is generated by highly efficient cogeneration plants. This high efficiency results in optimal consumption of fossil fuels and the lowest possible specific emissions.

By-products of processing in the sugar and starch plants – “Carbokalk” (dewatered carbonation mud rich in calcium carbonate) and potato water left after starch extraction – are recycled as fertiliser and soil improvement material.

Replacing once-through cooling systems with closed cycles has achieved a sharp reduction in fresh water consumption.

The installation of the “LIMOS” (Lime Optimisation System) computer programme, which determines the optimal requirement for milk of lime needed in beet juice purification, led to a sustainable reduction in the amount of lime consumed in sugar production. This in turn led to further savings of lime and coke.

From June 2008, the bioethanol plant in Pischelsdorf will not only be supplying clean ethanol fuel from renewable resources but will also be making a major contribution to improving Austria’s CO_2 balance.

SUSTAINABLE ENVIRONMENTAL PRACTICES

Food safety, quality assurance, traceability of all industrial processes back to the farmer’s field (including the handling of the raw materials from seed to harvest), as well as extensive certification – all these elements contribute to the documented sustainability of AGRANA’s products and environmental practices.

Sugar segment

AGRANA provides advice to its agricultural suppliers on optimal production methods on an ongoing basis. This partnership with the producers ensures that land used for agricultural purposes is managed in a sustainable and environmentally sensitive manner, and also guarantees optimal yields and the highest quality.

The current and planned construction of beet storage facilities connected to the rail network is making a further contribution to the transportation of beet by rail instead of by road. As a result of this, AGRANA has already achieved an increase of around 50% in the proportion of beet delivered to the Austrian sugar plant in Leopoldsdorf by rail.

The alkalising process was optimised by implementing the “LISA+” (Lime Salt Analyzing) system, thus reducing the use of process chemicals.

Investment in technical improvements for the beet pulp presses generated substantial savings of energy used in the drying process. In addition, a further reduction in energy used for this purpose was achieved through investments in measuring technology.

New marketing strategies have enabled beet fragments to be used for the production of biogas. The newly constructed biogas facility in Kaposvár, Hungary, was brought on stream during the 2007 beet campaign. This power plant generates biogas from sugar beet pulp. The input of beet pulp to the two biogas reactors has already been increased to the point where, at the end of the campaign, an overall daily volume of around 125,000 cubic metres of biogas was being generated from a total of around 1,000 tonnes of beet pulp per day. This was enough to satisfy over 40% of the adjacent sugar plant’s primary energy needs. Furthermore, the new plant’s requirement for heating energy has been fully met by alternative fuels since the end of the campaign.

Starch segment

AGRANA is a leading supplier of organic and guaranteed GM-free starch products. This differentiates AGRANA clearly from its competitors. Particular importance is attached to achieving high levels of energy efficiency in production processes and primary energy usage is kept low by using waste heat. At all locations, existing installations or experimental projects serve to improve energy generation from by-products.

In Romania, the fibres left over from corn starch production have been used as a source of energy since the 2007 campaign. The fibres are thermally recycled in a specially adapted boiler in place of heating oil. The heating energy obtained is used to produce process steam.

The expansion of the Hungarian starch plant is also conceived in such a way as to achieve high levels of energy efficiency and a reduction in primary energy consumption by using waste heat.

In Austria, intensive work is underway on innovative projects for generating energy from co-products of potato and corn starch production. For example, efforts to use potato processing by-products to produce biogas have been successful since the end of 2007, with potato peel waste from puree production being turned into gas.

Fruit segment

In the fruit preparations business unit, many improvements have been introduced with the aim of maintaining high environmental standards. Care was taken at the planning and design stage of a wastewater pretreatment facility in Centerville, Tennessee, to ensure that it will also be able to meet future environmental standards and requirements.
As a general principle, processes at all plants are being optimised with a view to reducing waste products and wastewater. An initiative is also underway to generate biogas in the Group's wastewater facilities. Such a system has already been operating for several years at the Austrian fruit preparations site in Gleisdorf, where a substantial proportion of the gas required to produce steam is provided by biogas.

AGRANA's sourcing department is extremely careful to maintain specific quality standards in the procurement of raw materials. AGRANA buys inputs from certified raw materials suppliers. The Group attaches great importance to the use of sustainable agricultural methods in the production of fruit for AGRANA fruit preparations and to ensuring that quality standards remain high.

The efficient use of energy and water resources and the treatment of wastewater from production processes are central objectives in the fruit juice concentrates business unit, both in the course of regular operations and when investments are made in replacements and improvements.

The commissioning of the wastewater pretreatment facility in Vaslui, Romania, in November 2007 has ensured that this manufacturing plant too complies with the exacting European environmental standards. Pomace, the fruit processing by-product, is either dried and sold for pectin extraction or as animal feed, or is used for thermal applications. The sludge left after the water treatment process is composted and used as fertiliser.

In Hungary, in addition to its production sites, AGRANA operates a company dedicated to the propagation of resistant varieties of apple. Apple cultivars originating from the collection of the Saxon State Ministry of the Environment and Agriculture at Dresden-Pillnitz in Germany are sold in close cooperation with a nursery near Debrecen, Hungary. These special resistant cultivars, or “Re-cultivars”, enable apples to be produced in an integrated process without the use of fungicides. By cultivating and distributing these resistant apple varieties, AGRANA is making an important contribution to the eco-friendly production of apples and apple juice concentrate. During the last eight years, 2,500 hectares have already been planted with such resistant apple stock in Hungary in cooperation with more than 600 farmers. The project is intended not only to enhance the security of supply for the concentrate plants but also to address the market's demand for apple juice concentrate produced under controlled conditions. AGRANA's own team of advisers ensures compliance with the specified production conditions. Together with the farmers, the Group's specialists constantly work to improve the production methods employed. Spurred by the success of the resistant-cultivar project in Hungary, the first areas have also been planted with disease-resistant apples in Poland, Romania and the Ukraine in cooperation with contract growers.

CORPORATE SOCIAL RESPONSIBILITY

Corporate social responsibility (CSR) is not just a fashionable phrase for AGRANA but an attitude practiced in everyday life in the Group's companies. For AGRANA, CSR means achieving harmony between the economic, environmental and social spheres.

At the European level, the European sugar industry's social partners, CEFS and EFFAT, signed a joint Code of Conduct in February 2003 setting out minimum requirements for corporate social responsibility in eight areas. Europe's sugar industry is therefore the first sector in the food and beverage industry to have agreed minimum CSR standards voluntarily and on a broad basis.

The European starch industry declared its support for the efficient use of natural and renewable resources and the promotion of sustainable development in a joint statement (AAC Environmental Policy) in October 2002.

Several different codes are applied in the Fruit segment. In the fruit juice concentrates unit, this is the SGF/IRMA Code of Conduct, which is intended to be the first step towards implementing sustainable and ethical standards in the international fruit juice industry. Since 2006 this business unit has been supporting two Caritas projects in Romania and Ukraine.

The fruit preparations business unit has committed itself to transparency in managing its business activities and in ethically responsible dealings with its employees. AGRANA honours applicable standards and is conscious of its social responsibility. 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. In putting the code into practice, international labour standards are respected, the requirement to treat employees fairly is adhered to and the principle of equal opportunity is taken seriously. The code also encourages a proactive approach to the safety and health of employees in the workplace. Audits are carried out to ensure that these rules are followed both internally and by suppliers.

RESEARCH AND DEVELOPMENT

R&D EXPENDITURE (INTERNAL AND EXTERNAL)
in €m

Continual product innovation in all segments represents an essential component of AGRANA's corporate strategy. The foundation of AGRANA's innovative strength is, first of all, intensive and close cooperation with its customers in order to define their requirements accurately and meet these needs effectively. Secondly, with its comprehensive development expertise and capabilities, AGRANA maintains significant research and development facilities which form the basis for the invention and improvement of products.

AGRANA's research and development operations are mainly concentrated at Zuckerforschung Tulln Ges.m.b.H. (ZFT) in Austria. The spectrum of work undertaken ranges from agricultural R&D, to food, sugar, starch and bioethanol technology, all the way to microbiology and biotechnology.

Research and development in the Starch segment is becoming increasingly important as the link between the requirements of the market and the needs of customers. A continuous process of adapting and optimising the various starch products for specific applications is a precondition for the long-term success of these products in the market. Innovation and market-oriented R&D activity are essential cornerstones of the strategy for developing new areas of application and achieving success in the starch market.

In December 2007, a second Center of Innovation and Excellence for the fruit preparations unit, in addition to Gleisdorf in Austria, was established in the USA, in Brecksville, Ohio. Working closely together with customers and its sister R&D centre in Gleisdorf, this US product research and development centre is devising new products and improving manufacturing processes, product safety and quality assurance.

Internal and external expenditure on R&D in 2007|08 was about € 10.5 million. AGRANA had a total of 187 employees engaged in research and development in the 2007|08 financial year.

SUGAR SEGMENT

Reducing production process costs by optimising the consumption of supplies (as distinct from raw materials) continued to be a central focus of sugar-related research and development activity in 2007|08. In parallel, research was conducted into defining new applications for natural antibacterials and on developing and carrying out specialised analyses.

With the aid of LIMOS, the software programme for calculating the optimum dosage of milk of lime, a reduction of more than one-half in the consumption of lime in Austria was achieved in recent years.

Further development of the automated hardness measurement system successfully introduced in recent campaigns has also enabled us to employ LISA+ in a wider range of application and has created the basis for a system capable of achieving the optimum dosage of alkalising agents. The effect of this is to standardise the conditions under which sugar is produced, especially in the water softening plants and at the sugar crystallisation stage.

In last year's campaign, further improvements were made to the system for the event-controlled dosage of natural antibacterials, based on low-maintenance pH measurement in the tower juice. The measures necessary to enable the system also to be used outside the Austrian AGRANA plants in the next campaign are now in preparation. Other areas of application for antibacterials in addition to the extraction process include their use in the circulation of cooling water in the sugar factories as a successful alternative to chlorine-based products, and in silage (to suppress undesirable kinds of fermentation). Following extensive test series in the laboratory, the first indications of their acceptance in feeding trials have been received. Given positive results, the necessary steps can be taken to develop a marketable product.

In recent years, measures to ensure the quality of the end products have become increasingly important. These include participating in or organising Group-wide round-robin tests and cross-checks, in addition to performing specialised analyses.

In the context of the Group-wide centre of excellence for sugar technology, AGRANA collaborated on developing guidelines for the operation and maintenance of lime kilns as well as for thick juice storage, and conducted research into new areas of application for flocculants.

New possible methods of recycling the by-products from sugar production may emerge from this work. Recent tests show, for example, that Carbokalk, the dewatered carbonation mud from beet juice purification, has a definite positive impact on soil chemistry and fertility, supporting the product's suitability as fertiliser in keeping with the concept of a circular economy.

STARCH SEGMENT

AGRANA has continued to develop the special applications area in the Starch segment thanks to consistent product innovations and its flexible approach. In this context, AGRANA has been successful in placing starch products in existing and newly emerging segments of the market and in providing customers with tailor-made solutions.

Current research subjects in the non-food area include in particular the application of modified starches in the construction sector, the paper industry, the adhesives sector, the textile industry and as additives for cosmetics. In all these cases, industry has an ever-increasing requirement for products based on renewable raw materials.

An important segment of the market for AGRANA is the construction sector, which generates substantial demand for highly developed starch ethers capable of meeting specific requirements. AGRANA successfully introduced newly developed products to the market in the area of traditional building chemicals, such as tile adhesives and plaster systems. In these products, the new starch is not just a thickening agent but also makes a significant contribution to enabling mortar-based systems to meet the latest requirements of the market, such as longer working time combined with a shorter setting time. A patent for this technological breakthrough is pending. There are also other new areas of application for starch ethers, such as in tunnel construction. As well, a new generation of powerful and efficient starch-based thickening agents has been developed for emulsion paints.

AGRANA provides support and assistance to its customers in the paper industry in the form of services incorporating state-of-the-art technical knowledge. Working together with leading industry partners on multifaceted projects, a new opportunity was created for the use of starch as a cobinder in paper coating colours. After extensive testing, starch products were developed which demonstrate better binding power than dextrine, the standard product on the market, with equally good runability. These products will shortly be ready to be marketed.

The adhesives sector has established itself as a strategically important area of research. Starch products with a significantly improved range of properties were developed for use as bag or label adhesives. Variations for use in other applications are currently at the development stage and will shortly be converted into marketable products.

The food industry as well is characterised by high demand for innovative starch products. For these applications, AGRANA benefits from synergies with the Fruit segment, where starch is used as a thickening agent. Organic products, including organic starches, are becoming increasingly significant in Austria and also in the EU. AGRANA has taken a leading role in this specialised segment of the market. Innovative organic starches with an improved texture and special flow characteristics are some of the most important new developments in this area.

For the production of bioethanol, the raw materials used must meet demanding requirements to ensure an appropriate alcohol yield as well as suitability as high-quality animal feed. Testing has demonstrated conclusively that the use of residual-potato-water concentrate results in a substantial acceleration of the fermentation process in bioethanol production. These results were confirmed both for winter wheat and winter triticale.

FRUIT SEGMENT

The establishment of the second Center for Innovation and Excellence for the fruit preparations business unit in Brecksville, USA, represented another strategically important step forward in the sophisticated North American market. Its geographic proximity to the Mexican sales market and the rapidly growing South American markets will create additional opportunities for more focused targeting of those markets.

In cooperation with the development centre in Gleisdorf, Austria, innovative products are being developed for AGRANA's customers with worldwide operations and solutions are being implemented in direct response to the needs of the market. For example, AGRANA was one of the first fruit preparations manufacturers to offer crunchy cereals in a special hydrophobic form, which remain crisp after yoghurt is added and enhance the consumer's enjoyment.

AGRANA continued to take advantage of the major trend towards functional ingredients – ingredients with particular health benefits. For example, fruit preparations are enhanced with natural antioxidants if desired by customers. Many fruits naturally contain antioxidants, which neutralise free radicals that cause cell ageing in the body.

AGRANA applied for several patents in 2007|08 that involve new customer segments. It is now possible, for example, to mix "magic drops" into the yoghurt, which contain a variety of functional substances and generate additional health benefits. These granules are particularly relevant to the market for children's yoghurts, since their pleasant taste and colouring make them attractive additions to existing product ranges. "Clean label" products offer customers special fruit preparations that contain no food additives, aromas or colouring agents and which emphasise the natural character of fruit yoghurt.

In the fruit juice concentrates area, efforts were directed towards optimising the utilisation of fruit aromas generated during processing. Work was also done on improving the colour yield and colour stability of red concentrates. Also, AGRANA set the stage for entering the market for vegetable juice concentrates with the development of production processes for carrots and red beet.

STAFF

In the 2007|08 financial year the AGRANA Group had an average of 8,140 employees, a reduction of 83 compared with the prior year (8,223). Of the total, 1,643 members of staff were employed in Austria (prior year: 1,650) and 6,497 (prior year: 6,573) in the international holdings of the Sugar, Starch and Fruit segments.

Consistent with the international scope of AGRANA's operations, around 80% of the Group's people in 2007|08 were based outside Austria. The average number of employees was divided between the business segments as follows:

- Sugar segment: 2,597 employees (prior year: 2,723)
- Starch segment: 847 employees (prior year: 776)
- Fruit segment: 4,696 employees (prior year: 4,724)

The average staff count in the Sugar segment declined by 126 employees in the 2007|08 financial year as a result of the ongoing implementation of the current restructuring measures. A reduction of around 100 employees was necessary in Romania as a result of product volume limits imposed by the sugar regime. Following the decision to close the Hungarian sugar plant in Petöháza, benefit plans for redundancy transition were negotiated with the staff affected, in consultation with the employee council. The 140 employees will receive appropriate compensation as part of a three-stage benefit plan as well as assistance in finding new employment.

The average number of employees in the Starch segment rose by 71, largely as a result of staff recruitment for the new bioethanol plant in Pischelsdorf.

In the Fruit segment, a higher number of seasonal workers was needed in 2007|08 for the abundant strawberry harvest in Morocco. In addition, the commissioning of the Brazilian fruit preparation plant in Cabreúva and the expansion of production in Russia and South Africa also necessitated increases in staff numbers. With the decision to close the Czech site, AGRANA Fruit Bohemia s.r.o. in Kaplice, as part of the process of optimising plant locations, a benefit plan was drawn up which provided for the 77 employees affected to leave in stages. The comprehensive programme of support includes assistance in applying for new jobs, together with other benefits. AGRANA anticipates that the staff will find equivalent employment in the rapidly developing region in the Kaplice area.

SUCCESSFUL TRANSFORMATION IN CORPORATE CULTURE

In November 2005, AGRANA initiated a comprehensive corporate culture project. Its aim is to bring together the different cultures present within the Group after numerous acquisitions and enormous growth in the past, and to establish uniform principles for joint action and a common understanding to enable the corporate strategy to be implemented across the Group.

The central focus of this process is the creation of a deeper connection with AGRANA itself, as the common point of reference linking the 76 companies (each having its own history) within the AGRANA Group. Values and attitudes are regarded as essential elements for integration and identification with the Group. But the purpose of the project is also to foster in all of the Group's people a sense of ownership of AGRANA's strategy. By enabling employees to become more involved in the strategy process, they are given the opportunity to help shape future developments.

The highlight of the 2007|08 financial year was a Group-wide staff survey, carried out with the aim of identifying specific potential improvements at each location and integrating the measures required into the everyday working environment.

In 2008|09, the focus of attention will be on implementing the unified corporate strategy in the international locations in the Fruit segment. The intention is to integrate the wide and diversified range of cultures present in the Group due to its locations all over the world into one common AGRANA culture.

In 2007|08 the Group's standardised performance incentive scheme was implemented world-wide. About 6% of all employees participate in this scheme.

STAFF DEVELOPMENT A SUCCESS FACTOR

AGRANA promotes the professional development of its employees both internally within the segments and across the Group as a whole. For example, AGRANA supports specific measures for additional training within the individual segments, but also defines principal areas for cross-divisional training in which employees' soft skills are developed in international seminars. In the past year, the focus was on team leadership. In Austria, the main emphasis was on

GROUP'S TOTAL STAFF COUNT

Of which
SUGAR SEGMENT

STARCH SEGMENT

FRUIT SEGMENT

finance. The objectives set for the "Financial Management in the AGRANA Business" seminar were to encourage profitability-oriented ways of thinking and link together different business management contexts. In addition to considering the theoretical aspects of these topics, participants were also able to put the knowledge acquired into practice straightaway with the aid of a business planning game.

AGRANA's global presence requires all participants to be able to function and make themselves understood in this international environment. For that reason, English courses were offered over an extended period of time both at the headquarters in Vienna and at the individual production locations. AGRANA will continue to provide this element of additional training in the coming financial year.

In response to the international makeup of the management team and the resulting cultural, organisational and structural differences in the various countries, AGRANA has arranged international meetings as additional training opportunities for managers, among other initiatives. As part of the internationalisation process, seminars were also arranged that build intercultural skills.

An online employment application tool was implemented on the redesigned AGRANA website in order to improve the procedure for dealing with job applicants. The feedback from applicants has been overwhelmingly positive. The ease of use and the ability to apply directly to the specific locations of interest were particularly appreciated.

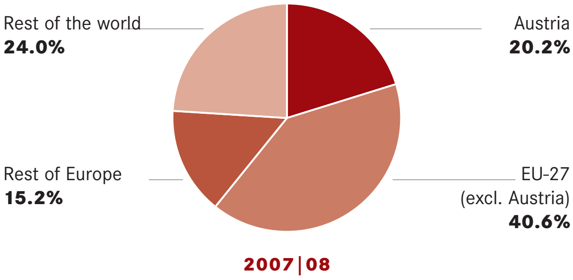
Great importance is also attached to ongoing training within the apprenticeship programme. AGRANA Stärke in the Starch segment has led the way in this respect with the creation of the new apprenticeship occupation of food technician.

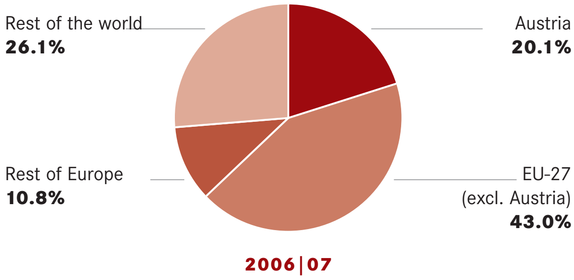
WORK SAFETY AND HEALTH

AGRANA participated for the first time in 2007|08 in the Wien Energie Business Run as part of the "AGRANA-Fit" programme. The importance of health was also stressed in a range of activities in AGRANA's subsidiaries worldwide, from ongoing vaccination programmes to back exercise classes.

A new wellness programme in the USA is aimed at improving staff health over the long term. It seeks to motivate employees to take the initiative in looking after their own health. A new theme to be highlighted by the programme, such as the heart or healthy eating, is chosen monthly. A wellness committee is constantly identifying potential improvements to the programme which could help raise the standard of health among employees, such as health screenings and non-smoking campaigns.

EMPLOYEES BY REGION





RISK MANAGEMENT

AGRANA uses an integrated system for the early identification and monitoring of risks that are specific to the Group. The Group's approach to risk management aims to achieve an appropriate balance of risks and returns. The central focus of these risk management activities is on employing available equity as efficiently as possible in pursuing the group's medium- and long-term strategic goals and growth opportunities.

The Group's risk culture is characterised by risk-aware behaviour, clearly defined responsibilities, independent risk control, and the implementation of internal control systems.

In a three-pronged approach, risk management at the AGRANA Group is based on risk control at the operational level and strategic control of Group companies – both supported by reporting and control systems – and on the Group's internal auditing, which regularly and systematically examines business processes, transactions and systems.

In addition, emerging trends that could adversely affect business performance are identified and analysed early and continually re-evaluated as part of the risk management process.

Risk control

As a centralised, independent control unit, the risk control department (which in terms of organisational structure is part of the controlling department) provides decision support to the Management Board on risk policy. The approval of risk management principles, the setting of limits for all relevant risks, and the procedures for risk oversight are also Management Board business. The risk control department regularly reports to the Management Board, which evaluates the current risk situation, taking into account the Group's risk-bearing capacity and the relevant risk limits.

Risk control is responsible for the Group-wide development and implementation of the methods of risk and return measurement, 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.

Internal auditing

The internal auditing team monitors all operational and business processes at the parent holding company and the subsidiaries, the appropriateness and effectiveness of the measures taken by risk management and by risk control, and the internal control systems.

RISKS FROM BUSINESS ACTIVITIES

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. The relevant risks are described in detail below.

Risks from the sugar regime

Potential effects of international and national trade agreements and market policy are analysed at an early stage and evaluated within the risk management process.

Of particular relevance to AGRANA in this context is the new EU sugar regime, which took effect on 1 July 2006 and is in force until 30 September 2015. The new sugar market regime and its effects are discussed in detail beginning on page 32 ff of this report, in the section on the Sugar segment.

New market opportunities exist in the production of industrial sugar, which can be produced out of quota and sold to bioethanol distillers and the chemical, pharmaceutical and fermentation industries. To be sure, this growing market, which is not tied to reference prices for sugar or minimum prices for beet, will only be accessible to particularly competitive producers.

Renewable energy directive

In an effort to see its climate, energy and agricultural policy objectives put into action, the European Commission is working on a revision of the biofuels directive. As higher biofuel content levels have been mandated in Austria (see details in the section on the Starch segment earlier in this report), more bioethanol will be blended into petrol in the future.

In Brazil, ethanol prices have been largely stable since the beginning of the sugar cane harvest. In Europe – where only small quantities of ethanol were traded – the price trend has also been stable. It is too early to predict, though, how European prices will trend in 2008 amid the higher grain prices. The lifting for 2008 of the set-aside scheme currently covering 10% of land is expected to contribute to a significant easing of the markets' supply shortfall by adding a production potential of 10 to 17 million tonnes of grain.

Procurement risks

AGRANA as a processor of agricultural products is subject to procurement risks that may arise from weather conditions. As a result of climatic events and conditions, the available supply of agricultural raw materials may under some circumstances be smaller than required. Moreover, these raw materials may be subject to price fluctuations that cannot be fully passed through to customers.

These risks relate principally to the Starch and Fruit segments. In bioethanol production, a specific requirement is to achieve, through the contracting for physical deliveries of feedstock from suppliers, the timely availability of the quantities of grain needed to meet existing supply commitments to customers. The rise in commodity prices can be partly offset by higher selling prices for the protein-rich co-products of bioethanol production.

The worldwide presence in the Fruit segment and the familiarity with all procurement markets give AGRANA the ability to avoid or mitigate bottlenecks in security of supply and price volatility. In the Fruit segment, AGRANA has built a centralised purchasing organisation that analyses the raw material markets globally and can thus react judiciously to input shortfalls and quality differences. With a view to year-round security of supply and the divergent harvest cycles in the major crop regions, AGRANA has also concluded long-term contracts with suppliers and customers. This is instrumental in assuring consistent high quality, reliable deliveries and secure production.

As a result of the sugar regime, procurement risks in the Sugar segment are relatively low, as beet farmers' crop planning is geared to maximising utilisation of their delivery quotas. 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.

Market risks and competitive risks

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

The sustained growth, and the requirements, of the new markets in Central and Eastern Europe, Russia and Asia with their rapidly developing fruit juice and dairy industries make it vital to watch the markets at all times. Only by accurate – and continual – market analysis and market development can existing and future growth markets be spotted soon enough and harnessed for the further growth of the AGRANA Group.

Product quality

Making products of excellent quality that benefit customers and consumers is something that AGRANA inherently expects of itself and thus takes for granted as its mission. Complying with all relevant food and beverage legislation is therefore something that AGRANA does 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 monitored throughout the Group.

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 importance. 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.

AGRANA is exposed to the risk of possible changes in the legal setting, particularly in food and environmental legislation. AGRANA 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 risks arising from operating and financing activities, the Group, 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. As part of the implementation of 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. Due to the global orientation of the AGRANA Group, these risks relate mainly 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 price fluctuation on energy and relevant raw materials markets. The Group companies in Romania and Bosnia are subject to currency risk from raw sugar purchases made in US dollars.

For hedging, AGRANA primarily uses forward exchange contracts (also known as currency forwards), with which the value of receivables invoiced in foreign currencies is protected against exchange rate fluctuation. A detailed presentation of these financial risks can be found from page 129 in the notes to the consolidated financial statements.

Aggregate risk

On balance, compared to the prior year, the Group's aggregate risk exposure has remained at a high level: While there was an improvement in the quota surrender situation in connection with the sugar market reform, at the same time world market prices for agricultural commodities showed dramatic volatility.

OPPORTUNITIES FOR THE GROUP'S FUTURE GROWTH

AGRANA's consistent pursuit of a sustainable, value-driven corporate strategy also 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 to the European sugar industry caused by the price reductions will prompt a number of rivals to withdraw from the market, particularly in climatically less favoured regions of Europe. AGRANA commands a superb competitive position and seeks to further expand its market share.

Another major opportunity is that of producing 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. The process of making these commitments more specific and implementing them is underway. 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 remaining 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. The principal focus, however, is on organic and GM-free starches for the food industry. This niche strategy permits differentiation from competitors and opens up further growth potential while leveraging the in-house research and development infrastructure.

The Fruit segment, which was created in the last financial years via acquisitions, is growing at a significant rate. This growth provides a counterbalance to the risks from the changes in the EU sugar market. 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. Going forward, particularly high importance attaches to regions with relatively low market saturation (such as the USA) and with rising household incomes (such as Russia, China and Brazil). Through investment in production sites close to its customers, AGRANA will continue to reinforce its competitive position.

On balance, for the present 2008|09 financial year, the Management Board of AGRANA Beteiligungs-AG sees no risks to AGRANA's status as a going concern.

DISCLOSURES UNDER SECTION 243 A 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.

OUTLOOK FOR 2008|09

In the 2007|08 financial year, AGRANA held its own in a difficult environment. For 2008|09 AGRANA expects continuing growth in revenue above the two-billion-euro mark. Especially further organic growth in the Starch segment is to contribute significantly to results going forward.

In the Sugar segment, the ongoing implementation of the new EU sugar regime is expected to produce a stabilisation in the market. The Starch business maintains its consistent strategic focus on producing specialty products. The expansion of bioethanol capacity in Hungary and the launch of bioethanol production in Austria are expected to generate significant revenue growth. In Fruit, AGRANA will remain on its growth trajectory, mainly by non-acquisitive means.

SUGAR SEGMENT

The implications of the reform to the EU sugar regime will continue to shape business performance in the Sugar segment in the coming years. The 2008|09 financial year is one of transition for AGRANA, with the restructuring levy payable to the restructuring fund for the last time. Expectations are that the market pressure exerted by the inventories accumulated from the overproduction of the last few years will ease with a lower autumn production as a result of reduced quotas. AGRANA will stay the chosen course of defending its market position by offering outstanding service and product quality. The competitive position is to be further strengthened by continuing efficiency improvement and optimisation activities. The measures already initiated and now being implemented will go a long way towards overcoming the difficult fundamental conditions.

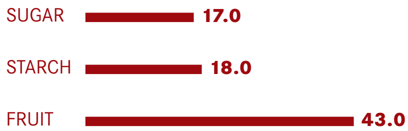
Investment

For the two Austrian plants, investment of about € 4 million is planned in the 2008|09 financial year. The capital expenditure is to be concentrated on expanding the beet receiving facilities in Leopoldsdorf and Tulln, replacement of old pulp presses, further activities to raise quality and enhance worker safety, as well as improvements in the packaging area.

For the plants in Eastern and Southeastern Europe, the planned total investment is about € 13 million. In Kaposvár the loading capacity for shipping of white sugar is being expanded. In the Czech Republic and Slovakia, capital expenditure is focusing on equipment replacement, energy efficiency improvements and the fulfilment of environmental requirements. In Romania, white sugar centrifuges are to be replaced with machinery from the closed Hohenau site and the packaging station in Buzau is to be automated.

Next to production optimisation measures, it is planned to buy a property in Brcko, Bosnia-Herzegovina, for the future construction of a sugar silo. The purchase of a warehouse in Bulgaria will ensure better supply of the market from the distribution centre in Sofia.

PLANNED INVESTMENT IN 2008|09
in €m



STARCH SEGMENT

The new processing capacity at Hungrana and the planned commissioning of the Pischelsdorf bioethanol plant will permit strong revenue growth in the Starch segment.

For the 2008 campaign year the segment is contracting for about 210,000 tonnes of conventional and organic starch potatoes; this includes a 50% increase in the contract volume for organic starch potatoes in response to higher demand. Until the new 2008 crop, most of the starch corn required for the Aschach facility is already contracted for. In light of the suspension of the set-aside scheme and the high commodity prices, the area planted to wheat and corn is expected to expand by 5% to 10% from 2007.

In 2008, in step with the finished capacity expansion, Hungrana will increase its corn contract quantity by about 70%. The purchasing of corn is largely completed until up to the 2008 harvest.

Investment

In the 2008|09 financial year, approximately € 18 million is budgeted for investment in property, plant and equipment and intangibles.

The construction of another drum drying plant for the refining of starch is driven by the strategic focus on high-value-added products. The additional plant, sited at the factory in Gmünd, Austria, is to be commissioned towards the end of this financial year to manufacture further products for the building, paper and textile industries. Besides smaller replacement expenditures, this project is to receive investment of € 8 million. For bioethanol, capital expenditure is budgeted at € 2.5 million.

FRUIT SEGMENT

In the 2008|09 financial year the emphasis in the Fruit segment is on raising the penetration of existing markets and opening up new markets. Taking advantage of the dynamic market growth in the large Asian economies, further sales opportunities both for fruit juice and fruit preparations are being pursued with determination. The rapidly developing Central and Eastern European countries and South America are also receiving particular sales and marketing attention. In the high-revenue countries in Europe and North and Central America, the Fruit segment's aim is to cement and/or grow the market position through new product ideas and concepts. The Group is an active participant in shaping the trend towards wellness drinks with a higher fruit content.

AGRANA has aligned its sourcing strategy with the fast-changing requirements of the world market for agricultural commodities and the currently high demand, and through careful preparation and in-depth market knowledge is well placed to react swiftly to fluctuations in availability and to price increases. Through the integrated global purchasing network, required inputs can be sourced from different markets, thus expanding the raw material base. The tightness of the fruit supply in relation to demand will continue in the present financial year. Assuring the availability of inputs is thus a key priority for AGRANA. The weather anomalies of the past several years have caused sharp fluctuations in crop volumes, and extreme price volatility. The trend in the juice business in the 2008|09 financial year will remain significantly influenced by the high apple juice concentrate costs of the 2007 crop year. The customer demand trend remains muted, as consumers have reacted to the significant product price increases by reducing demand.

Investment

Capital expenditures of approximately € 43 million are planned in the Fruit segment for the 2008|09 financial year. The most important uses for the funds are in expansions of production capacity. The biggest capital project is the enlargement of the facility in Serpuchov, Russia. With the construction of an additional manufacturing plant to serve the Johannesburg region, AGRANA is laying the foundation for strengthening its market position in South Africa. The Brazilian fruit preparations factory brought on-stream last year will double its capacity in the 2008|09 financial year. The construction of a wastewater pretreatment plant in Tennessee in the USA is further raising the facility's environmental standards.

In the fruit juice concentrates activities, the largest investment project is the capacity expansion of the plant in Xianyang, China. At the European sites, investment plans centre on yield increases in manufacturing, improvements in fruit sorting and cleaning, activities to achieve the International Food Standard, and efficient use of energy and water.

CONSOLIDATED FINANCIAL STATEMENTS 2007 | 08

(based on IFRS)

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CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 29 FEBRUARY 2008

		2007|08 in €000	2006|07 in €000
(1)	Revenue	1,892,275	1,915,819
(2)	Changes in inventories of finished and unfinished goods	118,845	(29,851)
(2)	Own work capitalised	4,530	4,301
(3)	Other operating income	62,617	31,620
(4)	Cost of materials	(1,331,016)	(1,181,424)
(5)	Staff costs	(212,953)	(213,979)
(6)	Depreciation, amortisation and impairment losses	(89,153)	(80,600)
(7)	Other operating expenses	(343,635)	(340,105)
(8)	**Operating profit after exceptional items**	**101,510**	**105,781**
(9)	Finance income	16,546	15,227
(10)	Finance expenses	(44,994)	(27,600)
(11)	Share of profit of associates	24	51
	Net financial items	**(28,424)**	**(12,322)**
	Profit before tax	**73,086**	**93,459**
(12)	Income tax expense	(9,246)	(22,362)
	Profit for the period	**63,840**	**71,097**
	Attributable to shareholders of the parent	64,322	68,865
	Minority interests	(482)	2,232
(13)	Earnings per share under IFRS (basic and diluted)	€ 4.53	€ 4.85

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 29 FEBRUARY 2008

		2007|08 in €000	2006|07 in €000
	Profit for the period	63,840	71,097
	Depreciation, amortisation and impairment of non-current assets	90,142	81,338
	Reversal of impairment losses on non-current assets	(834)	(477)
	Changes in non-current provisions	(12,288)	(1,279)
	Share of profit of associates	(24)	(51)
	Other non-cash (income)/expenses	0	(104)
	Operating cash flow before change in working capital	**140,836**	**150,524**
	Gains on disposal of non-current assets	**(298)**	**(1,850)**
	Changes in inventories	(170,234)	20,621
	Changes in receivables, deferred tax assets and current assets	(79,911)	(1,811)
	Changes in current provisions	23,084	(17,553)
	Changes in payables (excluding borrowings)	81,044	(14,660)
	Effect of movements in foreign exchange rates on non-cash items	1,235	1,656
	Change in working capital	**(144,782)**	**(11,747)**
(14)	**Net cash from/(used in) operating activities**	**(4,244)**	**136,927**
	Proceeds from disposal of non-current assets	16,116	7,744
	Purchases of property, plant and equipment and intangible assets	(204,656)	(145,882)
	Proceeds from disposal of current securities	24,829	5,262
	Purchases of non-current financial assets	(3,443)	(5,181)
	Purchases of businesses	(2,301)	(28,965)
(15)	**Net cash from/(used in) investing activities**	**(169,455)**	**(167,022)**
	Capital increase by a subsidiary through minority interests	5,395	10,040
	Changes in non-current borrowings	(24,414)	78,028
	Changes in current borrowings	175,669	25,327
	Dividends paid	(29,298)	(30,166)
(16)	**Net cash from/(used in) financing activities**	**127,352**	**83,229**
	Net increase/(decrease) in cash and cash equivalents	**(46,347)**	**53,134**
	Effect of movements in foreign exchange rates on cash and cash equivalents	889	(1,728)
	Cash and cash equivalents at beginning of period	132,218	80,812
	Cash and cash equivalents at end of period	**86,760**	**132,218**

CONSOLIDATED BALANCE SHEET AT 29 FEBRUARY 2008

	Note		29 Feb 2008 in €000	28 Feb 2007 in €000
ASSETS		**A. Non-current assets**		
	(17)	Intangible assets	252,939	254,516
	(18)	Property, plant and equipment	653,316	545,005
	(19)	Investments in associates	600	576
	(20)	Securities	18,657	27,434
	(20)	Investments in non-consolidated subsidiaries and outside companies, and loan receivables	92,852	105,802
	(21)	Receivables and other assets	42,101	5,705
	(22)	Deferred tax assets	16,710	9,230
			1,077,175	**948,268**
		B. Current assets		
	(23)	Inventories	680,271	510,037
	(21)	Trade receivables and other assets	346,050	305,488
		Current tax assets	9,370	8,615
	(24)	Securities	4,314	27,060
		Cash and cash equivalents	86,760	132,218
			1,126,765	**983,418**
		Total assets	**2,203,940**	**1,931,686**
EQUITY AND LIABILITIES	(25)	**A. Equity**		
		Share capital	103,210	103,210
		Share premium and other capital reserve	411,362	411,362
		Retained earnings	379,187	356,582
		Equity attributable to equity holders of the parent	893,759	871,154
		Minority interests	28,306	24,345
			922,065	**895,499**
		B. Non-current liabilities		
	(26a)	Retirement and termination benefit obligations	46,233	49,011
	(26b)	Other provisions	18,784	28,294
	(27)	Borrowings	307,286	331,700
	(28)	Other payables	2,033	2,078
	(29)	Deferred tax liabilities	38,549	40,226
			412,885	**451,309**
		C. Current liabilities		
	(26b)	Other provisions	42,097	19,013
	(27)	Borrowings	370,116	194,447
	(28)	Trade and other payables	452,616	367,342
		Current tax liabilities	4,161	4,076
			868,990	**584,878**
		Total equity and liabilities	**2,203,940**	**1,931,686**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 29 FEBRUARY 2008

	Share capital	Share premium and other capital reserve	Retained earnings: Revaluation reserve	Retained earnings: Other retained earnings	Retained earnings: Currency translation reserve	Retained earnings: Profit for the period	Minority interests	Total
2007|08	in €000	in €000	in €000	in €000	in €000	in €000	in €000	in €000
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)**
Profit for the period	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				
2006|07								
At 1 March 2006	103,210	411,362	46,727	249,481	(1,331)	62,745	13,611	885,805
Loss on available-for-sale financial assets	0	0	(30,221)	0	0	0	0	(30,221)
Cash flow hedge	0	0	(753)	0	0	0	0	(753)
Currency translation loss	0	0	0	0	(8,386)	0	(94)	(8,480)
Net income/(expense) recognised directly in equity	**0**	**0**	**(30,974)**	**0**	**(8,386)**	**0**	**(94)**	**(39,454)**
Profit for the period	0	0	0	0	0	68,865	2,232	71,097
Total recognised income and expense	**0**	**0**	**(30,974)**	**0**	**(8,386)**	**68,865**	**2,138**	**31,643**
Dividends paid	0	0	0	0	0	(29,695)	(471)	(30,166)
Transfer to reserves	0	0	0	33,050	0	(33,050)	0	0
Other changes	0	0	0	(850)	0	0	9,067	8,217
At 28 February 2007	**103,210**	**411,362**	**15,753**	**281,681**	**(9,717)**	**68,865**	**24,345**	**895,499**
				356,582				

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF THE AGRANA GROUP

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 and Romania, 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, notably in Austria, Denmark, Poland, Romania, Hungary and China) and Fruit (producing fruit preparations worldwide).

Segmentation by business activity

2007|08	Sugar in €000	Starch in €000	Fruit in €000	Consoli-dation in €000	Group in €000
Revenue	772,028	339,988	852,520	(72,261)	1,892,275
Inter-segment revenue	(20,332)	(51,885)	(44)	72,261	0
External 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**
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 profit 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

[1] Excluding goodwill.

Prior year	Sugar in €000	Starch in €000	Fruit in €000	Consoli-dation in €000	Group in €000
Revenue	804,574	253,429	914,619	(56,803)	1,915,819
Inter-segment revenue	(19,908)	(36,891)	(4)	56,803	0
External revenue	**784,666**	**216,538**	**914,615**	**0**	**1,915,819**
EBITDA	57,658	41,336	88,499	0	187,493
Depreciation, amortisation and impairment of property, plant and equipment and intangibles[1]	(24,743)	(12,825)	(42,937)	0	(80,505)
Operating profit before exceptional items	**32,915**	**28,511**	**45,562**	**0**	**106,988**
Exceptional items	0	(1,207)	0	0	(1,207)
Operating profit after exceptional items	32,915	27,304	45,562	0	105,781
Share of profit of associates	51	0	0	0	51
Carrying amount of associates	576	0	0	0	576
Segment assets	559,124	250,609	796,522	0	1,606,255
Segment liabilities	305,205	48,851	111,681	0	465,737
Purchases of property, plant and equipment and intangibles[1]	30,337	79,232	47,788	0	157,357
Purchases of non-current financial assets	2,784	142	2,629	0	5,555
Total capital expenditure	33,121	79,374	50,417	0	162,912
Staff count	2,723	776	4,724	0	8,223

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

Exceptional items represented income from the voluntary return of sugar quota in the course of the reform of the sugar regime; costs incurred during the construction stage of the Austrian bioethanol plant; and the costs associated with the closing of a fruit preparations plant.

[1] Excluding goodwill.

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, equity interests in other Group companies, securities and loan receivables. Current and deferred tax assets/liabilities are also eliminated.

	29 Feb 2008 in €000	28 Feb 2007 in €000
Total assets	2,203,940	1,931,686
Less non-current financial assets	(112,109)	(133,812)
Less securities, cash and cash equivalents	(91,074)	(159,278)
Less tax assets and other assets	(37,433)	(32,341)
Segment assets	**1,963,324**	**1,606,255**
Provisions and other liabilities	1,281,875	1,036,187
Less borrowings	(677,402)	(526,148)
Less deferred and current tax liabilities	(42,710)	(44,302)
Segment liabilities	**561,763**	**465,737**

Segmentation by region

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

	2007|08 in €000	2006|07 in €000
Revenue		
Austria	688,503	642,475
Rest of EU	842,287	890,408
EU-27	1,530,790	1,532,883
Rest of Europe (Russia, Serbia, Turkey, Ukraine)	91,337	85,208
Other foreign countries	270,148	297,728
Total	**1,892,275**	**1,915,819**
Segment assets		
Austria	628,237	725,186
Rest of EU	1,055,407	649,260
EU-27	1,683,644	1,374,446
Rest of Europe (Russia, Serbia, Turkey, Ukraine, Bosnia)	115,678	86,132
Other foreign countries	164,002	145,677
Total	**1,963,324**	**1,606,255**

	2007|08 in €000	2006|07 in €000
Purchases of property, plant and equipment and intangibles[1]		
Austria	89,458	70,000
Rest of EU	82,334	63,044
EU-27	171,792	133,044
Rest of Europe (Russia, Serbia, Turkey, Ukraine, Bosnia)	20,320	4,561
Other foreign countries	15,622	19,752
Total	**207,734**	**157,357**

BASIS OF PRESENTATION

AGRANA Beteiligungs-AG ("the Company") has its registered office at Donau-City-Strasse 9, 1220 Vienna. 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 2007|08 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. Rounding errors may occur in totals of rounded amounts and percentages as a result of automated calculation.

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). Two standards which became effective as of the 2007|08 financial year – IFRS 7 (Financial Instruments: Disclosures) and the revised IAS 1 (Presentation of Financial Statements: Capital Disclosures) – led to additional disclosures on financial assets and liabilities and on components of equity. The first-time application of IFRS 8 (Operating Segments) from the 2009|10 financial year will not lead to significant changes in segmental reporting. Three interpretations that are effective from the financial year under review relate to circumstances that do not apply to the AGRANA Group: IFRIC 7 (Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies), IFRIC 8 (Scope of IFRS 2) and IFRIC 11 (IFRS 2: Group and Treasury Share Transactions). The first-time application of IFRIC 9 (Reassessment of Embedded Derivatives) had no effect on amounts reported. IFRIC 12 (Service Concession Arrangements), which is effective from the 2008|09 financial year, and IFRIC 13 (Customer Loyalty Programmes), which becomes effective for the 2009|10 financial year, relate to circumstances that do not apply to the AGRANA Group. In preparing the consolidated financial statements, the principles of clarity,

[1] Excluding goodwill.

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.

BASIS OF CONSOLIDATION

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, 62 (prior year: 63) companies besides the parent were fully consolidated in the Group financial statements and 5 (prior year: 4) 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 139.

The number of companies included in the consolidated financial statements changed as follows in the 2007|08 financial year:

	Full consolidation	Proportionate consolidation	Equity method
At 1 March 2007	63	4	1
First-time inclusion	1	1	0
Reorganisation	(2)	0	0
Deconsolidation	0	0	0
At 29 February 2008	**62**	**5**	**1**

First-time inclusion

- AGRANA Bulgaria AD, Sofia, Bulgaria
  Activity: Sugar distribution | Established: March 2007 | Equity interest: 51%
- STUDEN-AGRANA Rafinerija secera d.o.o., Brcko, Bosnia-Herzegovina
  Activity: Sugar refining | Established: March 2007 | Equity interest: 50%

Reorganisation

At the beginning of the financial year under review, the Polish juice plants were merged into one legal entity. This reduced the number of Group companies by two.

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):

	2007|08 in €000
Non-current assets	3,587
Inventories	0
Receivables and other assets	376
Cash, cash equivalents and securities	1,089
Current assets	1,465
Non-current liabilities	0
Current liabilities	(2,593)
Net assets	**2,459**
Minority interests	17
Goodwill	50
Cash used in purchase of businesses	**2,526**
Cash of acquired companies	(1,089)
Net cash used in purchase of businesses	**1,437**
Revenue	22,642
Profit for the period	(876)

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 Szabadegyhaza, Hungary, (50%-owned by AGRANA Stärke GmbH in Vienna); AGRANA-STUDEN Beteiligungs GmbH in Vienna; Xianyang Andre Juice Co. Ltd, China; and, since the 2007|08 financial year, STUDEN-AGRANA Rafinerija secera d.o.o. in Brcko, Bosnia-Herzegovina.

	29 Feb 2008 in €000	28 Feb 2007 in €000
Non-current assets	113,248	47,414
Inventories	33,414	17,498
Receivables and other assets	22,022	16,586
Cash, cash equivalents and securities	979	867
Current assets	56,415	34,951
Total assets	**169,663**	**82,365**
Equity	60,076	42,346
Non-current liabilities	21,139	1,005
Current liabilities	88,448	39,014
Total equity and liabilities	**169,663**	**82,365**
Revenue	107,595	72,823
Profit for the period	7,566	16,290

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.

In the comparative 2006|07 financial year (the prior year), the year end of the Fruit segment companies' annual or interim financial statements was changed from the end of December to the end of February. As a result, the annual financial statements of the Fruit segment companies incorporated in the consolidated income statement for the 2006|07 financial year represent a period of 14 months, that is, from January 2006 to February 2007. This fact should be considered when comparing the current 2007|08 consolidated financial statements to the prior-year data.

The standardisation of the reporting date had the following effects on revenue and profit after tax in 2006|07:

	12 months	14 months	Difference
	in €000	in €000	in €000
Revenue	780,615	914,619	134,004
Profit after tax	14,621	13,483	(1,138)

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 profit 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.

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 are translated at annual average rates of exchange. 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	
				1/3/2007 –	1/3/2006 –
Country	Currency	29/2/2008	28/2/2007	29/2/2008	28/2/2007
		in €	in €	in €	in €
Romania	RON	3.73	3.40	3.39	3.49
Slovakia	SKK	32.53	34.44	33.56	36.74
Czech Republic	CZK	25.23	28.30	27.37	28.25
Hungary	HUF	264.15	254.70	252.24	264.55

▮ The financial statements of the Fruit segment companies, which in the prior year changed their year end from the end of December to the end of February, were translated at the following rates:

		Rate at reporting date		Average rate for year	
				1/3/2007 –	1/1/2006 –
Country	Currency	29/2/2008	28/2/2007	29/2/2008	28/2/2007
		in €	in €	in €	in €
Argentina	ARS	4.79	4.10	4.37	3.89
Australia	AUD	1.62	1.68	1.63	1.67
Brazil	BRL	2.55	2.81	2.63	2.73
Bulgaria	BGN	1.96	1.96	1.96	1.96
China	CNY	10.79	10.23	10.50	10.03
Denmark	DKK	7.45	7.45	7.45	7.46
Fiji	FJD	2.25	2.21	2.21	2.18
South Korea	KRW	1,425.07	1,244.15	1,301.43	1,201.49

		Rate at reporting date		Average rate for year	
				1/3/2007 –	1/1/2006 –
Country	Currency	29/2/2008	28/2/2007	29/2/2008	28/2/2007
		in €	in €	in €	in €
Morocco	MAD	11.42	11.15	11.26	11.05
Mexico	MXN	16.24	14.75	15.25	13.78
Poland	PLN	3.53	3.92	3.73	3.90
Romania	RON	3.73	3.40	3.39	3.50
Russia	RUB	36.45	34.53	35.30	34.15
Serbia	CSD	83.70	80.00	80.35	83.50
South Africa	ZAR	11.73	9.58	9.90	8.64
Czech Republic	CZK	25.23	28.30	27.37	28.29
Turkey	TRY	1.82	1.87	1.77	1.81
USA	USD	1.52	1.32	1.40	1.26
Ukraine	UAH	7.66	6.67	7.06	6.37
Hungary	HUF	264.15	254.70	252.24	262.64

ACCOUNTING POLICIES

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 5 and 15 years. All intangible assets other than goodwill have a determinable useful life.

▮ Goodwill is not amortised, but 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.

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.

Investments in associates

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

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 finance cost or expense (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.

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.

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.

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) 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.

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: 4.50%).

▮ 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.

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.

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.

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 expenses, 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.

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.

- The impairment review of the bioethanol plant in Austria involved the assumption of decreasing raw material costs for wheat and corn, which is subject to a degree of uncertainty in view of the latest developments in commodity markets.

Changes in accounting methods

- In the year under review there were no material changes in accounting methods. In accordance with IAS 1, adjustments were made to the presentation of payables and provisions.

NOTES TO THE CONSOLIDATED INCOME STATEMENT

(1) Revenue

	2007|08 in €000	2006|07 in €000
By nature of activity		
Revenue from sale of finished goods	1,734,713	1,769,549
Revenue from sale of goods purchased for resale	150,166	136,897
Service revenue	7,396	9,373
Total	**1,892,275**	**1,915,819**

The regional analysis of revenue is presented in the Segment reporting section above (page 78 and the following).

(2) Change in inventories and own work capitalised

	2007|08 in €000	2006|07 in €000
Change in inventories of finished and unfinished goods	118,845	(29,851)
Own work capitalised	4,530	4,301

The increase of € 118,845 thousand in inventories of finished and unfinished goods occurred mainly in the Sugar segment, at € 45,399 thousand, and in the Fruit segment (particularly the juice activities), at € 63,286 thousand.

(3) Other operating income

	2007|08	2006|07
Income from:	in €000	in €000
Disposal of non-current assets other than financial assets	832	2,961
Services rendered to third parties	2,357	8,237
Insurance benefits and payments for damages	2,182	1,427
Leases	1,620	1,752
Marketing services	2,165	2,840
Beet and pulp cleaning, transport and handling	1,316	623
Surrender of quota	38,193	0
Raw material procurement	1,057	1,255
Other items	12,895	12,525
Total	**62,617**	**31,620**

(4) Material costs

	2007|08	2006|07
Cost of:	in €000	in €000
Raw materials	824,879	760,036
Goods purchased for resale	305,240	229,344
Consumables	154,361	148,594
Purchased services	46,536	43,450
Total	**1,331,016**	**1,181,424**

(5) Staff costs

	2007|08	2006|07
	in €000	in €000
Wages and salaries	166,005	164,747
Social security taxes	41,197	41,630
Expenses for retirement benefits	2,009	2,864
Expenses for termination benefits	3,742	4,738
Total	**212,953**	**213,979**

Additions to the provisions for retirement, termination and long-service benefit obligations are reported in staff costs, without their interest component. Net interest expense of € 3,244 thousand (prior year: € 3,190 thousand) arising from these items is included in net financial items.

Average number of employees during the financial year

	2007|08	2006|07
By employee category		
Wage-earning staff	5,886	6,137
Salaried staff	2,181	2,013
Apprentices	73	73
Total	**8,140**	**8,223**
By region		
Austria	1,643	1,650
Rest of EU	3,305	3,539
EU total	4,948	5,189
Rest of Europe (Bosnia, Russia, Serbia, Turkey, Ukraine)	1,237	889
Other foreign countries	1,955	2,145
Total	**8,140**	**8,223**

(6) Depreciation, amortisation and impairment losses

	2007|08			2006|07		
	Total in €000	Amortisation, depreciation in €000	Impairment losses in €000	Total in €000	Amortisation, depreciation in €000	Wert-minderungen in €000
Intangible assets	7,904	7,904	0	7,701	7,701	0
Property, plant and equipment	66,051	66,051	0	73,280	69,848	3,432
Reversal of impairment losses recognised in operating profit	(834)	0	(834)	(476)	0	(476)
Depreciation, amortisation and impairment recognised in operating profit	**73,121**	**73,955**	**(834)**	**80,505**	**77,549**	**2,956**
Exceptional items	16,032	728	15,304	95	95	0
Depreciation, amortisation and impairment recognised in operating profit after exceptional items	**89,153**	**74,683**	**14,470**	**80,600**	**77,644**	**2,956**
Non-current financial assets	154	0	154	263	0	263
Impairment recognised in net financial items	**154**	**0**	**154**	**263**	**0**	**263**
Total	**89,307**	**74,683**	**14,624**	**80,863**	**77,644**	**3,219**

The impairment losses included in exceptional items relate to the write-down of sugar quota and the impending closures of the fruit preparations plant in the Czech Republic (Kaplice) and of sugar production at a plant in Hungary (Petőháza). The prior year's impairment losses related to the Sugar segment, primarily the closed plant in Austria (Hohenau).

(7) Other operating expenses

	2007|08	2006|07
	in €000	in €000
Operating and administrative expenses	82,449	90,118
Selling and freight costs	81,489	88,962
Advertising expenses	11,641	10,971
Sugar regime restructuring levy	116,137	88,453
Production levy and additional levy	9,534	2,175
Other taxes	7,543	7,831
Losses on disposal of non-current assets	3,921	1,118
Research and development expenses (external)	1,753	4,361
Operating expenses arising from third-party inputs	2,688	3,684
Hedging transactions	0	6,865
Currency translation losses	1,635	2,910
Rent and lease expenses	6,053	5,791
Other	18,792	26,866
Total	**343,635**	**340,105**

Sugar manufacturers that have been allocated quota pay a time-limited restructuring levy per tonne of quota. In the 2007|08 financial year this levy amounted to € 173.80 per tonne (prior year: € 126.40 per tonne).

Internal and external R&D costs totalled € 10,543 thousand (prior year: € 12,158 thousand).

(8) Operating profit after exceptional items

	2007|08	2006|07
	in €000	in €000
Operating profit before exceptional items	111,411	106,988
Exceptional items	(9,901)	(1,207)
Total	**101,510**	**105,781**

Exceptional items had the following effects on items of the income statement in the 2007|08 financial year:

	Sugar in €000	Starch in €000	Fruit in €000
Revenue	0	29,386	0
Change in inventories of finished and unfinished goods	0	351	0
Own work capitalised	0	659	0
Other operating income	25,814	387	0
Cost of materials	0	(31,283)	0
Staff costs	(5,049)	(2,719)	0
Amortisation and depreciation	0	(728)	0
Impairment losses	(14,305)	0	(999)
Other operating expenses	(5,021)	(2,816)	(3,578)
Total	**1,439**	**(6,763)**	**(4,577)**

The exceptional items in the Sugar segment relate to the effects of the amended sugar regime reform, which led to the impairment of the capitalised sugar quota in Austria, Hungary and Slovakia, and the closing of a sugar factory in Hungary.

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. After the successful pilot operation in the year under review, which produced about 15,000 cubic metres of bioethanol, followed by a temporary shut-down, the renewed commissioning is planned for May 2008.

In the Fruit segment, a provision was established for the closure of the Czech fruit preparations facility and the termination of US pension plans.

(9) Finance income

	2007|08 in €000	2006|07 in €000
Interest income	6,688	8,173
Other finance income	9,858	7,054
Of which currency translation gains	[0]	[1,266]
Of which income from investments in other companies	[3,211]	[3,374]
Of which income from subsidiaries	[1,000]	[1,699]
Of which gains on disposal of securities	[5,098]	[295]
Of which recognition of negative goodwill	[0]	[104]
Total	**16,546**	**15,227**

(10) Finance expenses

	2007|08 in €000	2006|07 in €000
Interest expenses	33,706	26,337
Other finance expenses	11,288	1,263
Of which currency translation losses	[8,485]	[0]
Of which losses from derivatives	[2,525]	[307]
Of which impairment losses from current securities	[135]	[286]
Total	**44,994**	**27,600**

Interest expenses include the interest component of allocations to the provisions for retirement, termination and long-service benefits. This interest component amounted to € 3,244 thousand (prior year: € 3,190 thousand).

(11) Share of profit of associates

	2007|08 in €000	2006|07 in €000
Share of profit	24	51

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

(12) Income tax expense

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

	2007|08 in €000	2006|07 in €000
Current tax expense	15,489	17,896
Of which Austrian	[1,122]	[3,474]
Of which foreign	[14,367]	[14,422]
Deferred taxes	(6,243)	4,466
Of which Austrian	[325]	[(113)]
Of which foreign	[(6,568)]	[4,579]
Total	**9,246**	**22,362**
Of which Austrian	[1,447]	[3,361]
Of which foreign	[7,799]	[19,001]

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

	2007|08 in €000	2006|07 in €000
(Decrease)/increase in deferred tax assets in the consolidated balance sheet	7,480	(5,260)
Decrease/(increase) in deferred tax liabilities in the consolidated balance sheet	1,677	10,047
Total change in deferred taxes	**9,157**	**4,787**
Of which from addition to scope of consolidation not recognised in income statement	[0]	[(176)]
Of which from other changes not recognised in income statement (fair value changes, translation differences)	[2,914]	[9,429]
Of which from changes recognised in income statement	[6,243]	[(4,466)]

Reconciliation of profit before tax to income tax expense

	2007|08 in €000	2006|07 in €000
Profit before tax	73,086	93,459
Standard Austrian tax rate	25%	25%
Nominal tax charge at standard Austrian rate	**18,272**	**23,365**
Tax effect of:		
Different tax rates applied on foreign income	837	(3,320)
Tax-exempt income and tax deductions	(6,171)	(4,159)
Non-tax-deductible expenses and additional tax debits	710	4,447
Non-recurring tax expenses	(336)	2,029
Non-temporary differences resulting from consolidation	(4,066)	0
Income tax expense	**9,246**	**22,362**
Effective tax rate	**12.7%**	**23.9%**

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

The tax effects from tax-exempt income and from tax deductions include a tax reduction for the biogas plant in Hungary of € 3,322 thousand.

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.

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.

(13) Earnings per share

		2007|08	2006|07
Profit for the period attributable to equity holders of the parent (AGRANA Beteiligungs-AG)	in €000	64,322	68,865
Average number of shares outstanding		14,202,040	14,202,040
Earnings per share based on IFRS (basic and diluted)	in €	4.53	4.85
Dividend per share	in €	1.95[1]	1.95

[1] Proposal to AGM.

Subject to the Annual General Meeting’s approval of the proposed allocation of profit for the 2006|07 financial year, AGRANA Beteiligungs-AG will pay a dividend of € 27,694 thousand (prior year: € 27,694 thousand).

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.

(14) Cash flows from operating activities

Operating cash flow before change in working capital was € 140,836 thousand (prior year: € 150,524 thousand), which represented 7.4% of revenue (prior year: 7.9%). After the movement in working capital, net cash used in operating activities was € 4,244 thousand (prior year: net cash from operating activities of € 136,927 thousand).

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

	2007|08 in €000	2006|07 in €000
Interest received	6,244	8,154
Interest paid	27,583	17,040
Tax paid	16,159	25,903
Dividends received	4,211	5,073

(15) Cash flows from investing activities

- € 169,455 thousand (prior year: € 167,022 thousand) was required to fund the investing activities.
- Purchases of property, plant and equipment and intangibles, net of government grants, rose to € 204,656 thousand (prior year: € 145,882 thousand).
- Proceeds from disposal of non-current assets were € 16,116 thousand (prior year: € 7,744 thousand).
- Purchases of non-current financial assets used cash in the amount of € 3,443 thousand (prior year: € 5,181 thousand).
- In the year under review, purchases of businesses related to the establishment of the Bosnian sugar company, Studen-Agrana Rafinerija Secera d.o.o., and subsequent costs from prior-period acquisitions in the Fruit segment. Purchases of businesses reflected a cash outflow of € 3,390 thousand and a related cash inflow of € 1,089 thousand.

(16) Cash flows from financing activities

- In the 2007|08 financial year, borrowings increased by € 151,255 thousand (prior year: by € 103,355 thousand).
- The 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 (prior year: € 10,040 thousand).
- Dividends paid consisted mainly of the cash dividend distributed to the shareholders of AGRANA Beteiligungs-AG.

NOTES TO THE CONSOLIDATED BALANCE SHEET

(17) Intangible assets

2007|08 financial year	Goodwill in €000	Sugar quota in €000	Concessions, licences and similar rights in €000	Total in €000
Cost				
At 1 March 2007	213,495	14,527	63,674	291,696
Currency translation differences	0	167	(420)	(253)
Changes in scope of consolidation	50	0	0	50
Additions	1,062	2,870	11,445	15,377
Reclassifications	0	0	1,637	1,637
Disposals	0	0	(2,050)	(2,050)
At 29 February 2008	**214,607**	**17,564**	**74,286**	**306,457**
Accumulated amortisation and impairment				
At 1 March 2007	0	1,847	35,333	37,180
Currency translation differences	0	61	(414)	(353)
Changes in scope of consolidation	0	0	0	0
Additions	0	11,757	5,404	17,161
Reclassifications	0	0	1,545	1,545
Disposals	0	0	(2,015)	(2,015)
Reversal of impairment	0	0	0	0
At 29 February 2008	**0**	**13,665**	**39,853**	**53,518**
Carrying amount at 29 February 2008	**214,607**	**3,899**	**34,433**	**252,939**

2006|07 financial year	Goodwill in €000	Sugar quota in €000	Concessions, licences and similar rights in €000	Total in €000
Cost				
At 1 March 2006	199,505	0	61,799	261,304
Currency translation differences	0	0	(664)	(664)
Changes in scope of consolidation	5,673	0	0	5,673
Additions	8,317	14,527	2,503	25,347
Reclassifications	0	0	425	425
Disposals	0	0	(389)	(389)
At 28 February 2007	**213,495**	**14,527**	**63,674**	**291,696**
Accumulated amortisation and impairment				
At 1 March 2006	0	0	30,452	30,452
Currency translation differences	0	0	(337)	(337)
Changes in scope of consolidation	0	0	0	0
Additions	0	1,847	5,854	7,701
Reclassifications	0	0	(247)	(247)
Disposals	0	0	(389)	(389)
Reversal of impairment	0	0	0	0
At 28 February 2007	**0**	**1,847**	**35,333**	**37,180**
Carrying amount at 28 February 2007	**213,495**	**12,680**	**28,341**	**254,516**

▮ 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 of the former Atys Group, software, patents and similar rights, as well as non-current prepayments made. As a result of the changes in the EU sugar regime, an impairment loss was recognised in the 2007|08 financial year on the additional sugar quota acquired in the prior year (except for the Czech Republic).

▮ Of the total carrying amount of goodwill, the Sugar segment accounted for € 19,574 thousand (prior year: € 19,501 thousand), the Starch segment for € 2,090 thousand (prior year: € 2,090 thousand) and the Fruit segment for € 192,943 thousand (prior year: € 191,904 thousand). The movements were caused mainly by subsequent costs from prior-period acquisitions.

- 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: 1.0%). The weighted average cost of capital (WACC) derived from the AGRANA Group's capital costs is calculated at between 8.4% and 9.7% (prior year: 7.8% to 9.1%) 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 2007|08 financial year.

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

(18) Property, plant and equipment

2007|08 financial year	Land, leasehold rights and buildings in €000	Technical plant and machinery in €000	Other plant, furniture and equipment in €000	Assets under construction in €000	Total in €000
Cost					
At 1 March 2007	436,618	840,201	157,280	77,988	1,512,087
Currency translation differences	(5,267)	(8,672)	(1,690)	(417)	(16,046)
Changes in scope of consolidation	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 differences	(2,798)	(3,484)	(1,014)	(6)	(7,302)
Changes in scope of consolidation	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**

2006|07 financial year	Land, leasehold rights and buildings in €000	Technical plant and machinery in €000	Other plant, furniture and equipment in €000	Assets under construction in €000	Total in €000
Cost					
At 1 March 2006	423,743	822,364	156,813	32,772	1,435,692
Currency translation differences	(2,344)	(8,517)	(1,803)	(450)	(13,114)
Changes in scope of consolidation	1,219	2,742	147	725	4,833
Additions	11,689	38,129	12,031	78,477	140,326
Reclassifications	6,996	17,165	(1,592)	(22,994)	(425)
Disposals	(3,723)	(30,103)	(8,266)	(642)	(42,734)
Government grants	(962)	(1,579)	(50)	(9,900)	(12,491)
At 28 February 2007	**436,618**	**840,201**	**157,280**	**77,988**	**1,512,087**
Accumulated depreciation and impairment					
At March 2006	209,456	609,509	117,068	376	936,409
Currency translation differences	(45)	(3,589)	(1,179)	9	(4,804)
Changes in scope of consolidation	49	211	24	0	284
Additions	17,241	44,128	12,017	(12)	73,374
Reclassifications	249	1,815	(1,829)	12	247
Disposals	(3,140)	(27,222)	(7,677)	87	(37,952)
Reversal of impairment	(146)	(303)	(27)	0	(476)
At 28 February 2007	**223,664**	**624,549**	**118,397**	**472**	**967,082**
Carrying amount at 28 February 2007	**212,954**	**215,652**	**38,883**	**77,516**	**545,005**

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

	2007|08 in €000	2006|07 in €000
Sugar segment	41,948	30,337
Starch segment	122,861	79,232
Fruit segment	42,925	47,788
Total	**207,734**	**157,357**

▮ The increase in the Sugar segment resulted primarily from a joint venture to establish and operate a raw sugar refinery in Bosnia-Herzegovina. The increase in the Starch segment related mainly to investment in the bioethanol plants in Pischelsdorf, Austria, and Szabadegyhaza, Hungary.

▮ 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:

	2007|08 in €000	2006|07 in €000
Cost	1,657	8,014
Accumulated depreciation and impairment	521	3,170
Carrying amount	**1,136**	**4,844**

▮ 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:

	2007|08 in €000	2006|07 in €000
In the next year	4,296	6,568
In years 2 to 5	7,607	9,780
In more than 5 years	3,165	3,532

▮ Expenses for operating leases, licence and rental agreements were € 7,953 thousand (prior year: € 8,044 thousand).

(19) Investments in associates

	2007|08 in €000	2006|07 in €000
At 1 March	576	525
Additions	0	0
Share of profit	24	51
Changes in scope of consolidation	0	0
At 29/28 February	**600**	**576**

(20) Securities, investments in non-consolidated subsidiaries and outside companies, and loan receivables

2007|08 financial year	Investments[1] and loan receivables in €000	Securities (non-current) in €000	Total in €000
Cost			
At 1 March 2007	106,265	29,408	135,673
Currency translation differences	(20)	18	(2)
Changes in scope of consolidation	0	0	0
Additions	207	3,236	3,443
Reclassifications	(2)	2	0
Disposals	(3,576)	(7,293)	(10,869)
Fair value changes (IAS 39)	(9,500)	(4,696)	(14,196)
At 29 February 2008	**93,374**	**20,675**	**114,049**
Accumulated impairment			
At 1 March 2007	463	1,974	2,437
Currency translation differences	33	3	36
Changes in scope of consolidation	0	0	0
Additions	26	127	153
Reclassifications	0	0	0
Disposals	0	(86)	(86)
Reversal of impairment	0	0	0
At 29 February 2008	**522**	**2,018**	**2,540**
Carrying amount at 29 February 2008	**92,852**	**18,657**	**111,509**

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

2006|07 financial year			
Cost			
At 1 March 2006	144,749	27,439	172,188
Currency translation differences	(29)	(12)	(41)
Changes in scope of consolidation	0	6	6
Additions	3,635	1,920	5,555
Reclassifications	0	0	0
Disposals	(90)	(1,289)	(1,379)
Fair value changes (IAS 39)	(42,000)	1,344	(40,656)
At 28 February 2007	**106,265**	**29,408**	**135,673**

	Investments[1] and loan receivables in €000	Securities (non-current) in €000	Total in €000
Accumulated impairment			
At 1 March 2006	506	1,932	2,438
Currency translation differences	0	0	0
Changes in scope of consolidation	0	6	6
Additions	1	262	263
Reclassifications	0	0	0
Disposals	(44)	(224)	(268)
Reversal of impairment	0	(2)	(2)
At 28 February 2007	**463**	**1,974**	**2,437**
Carrying amount at 28 February 2007	**105,802**	**27,434**	**133,236**

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

(21) Receivables and other assets

	29 Feb 2008 in €000	28 Feb 2007 in €000
Trade receivables	248,747	211,555
Of which due after more than 1 year	[108]	[71]
Amounts owed by affiliated companies	3,142	8,114
Amounts owed by associates	3,758	1,205
Amounts owed by other related companies	556	1,785
VAT credits and other tax credits	46,844	37,728
Of which due after more than 1 year	[7]	[0]
Reimbursement receivable under the sugar regime	6,071	6,463
Receivable for sale of quota	35,723	0
Of which due after more than 1 year	[35,723]	[0]
Receivable from beet growers for purchase of quota	0	7,835
Receivable under government grants	8,007	10,450
Prepayments and accrued income	3,869	3,392
Positive market value of commodity derivatives (cash flow hedges)	2,279	0
Receivable for legacy soil reclamation	2,127	2,589
Of which due after more than 1 year	[1,942]	[2,589]
Sum carried forward	361,123	291,116

	29 Feb 2008	28 Feb 2007
	in €000	in €000
Sum carried forward	361,123	291,116
Insurance and damage payments	1,128	0
Security deposits	1,182	1,044
Other assets	24,718	19,033
Of which due after more than 1 year	[4,321]	[3,045]
Total	**388,151**	**311,193**
Of which due after more than 1 year	[42,101]	[5,705]

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:

	29 Feb 2008	28 Feb 2007
	in €000	in €000
Trade receivables		
Carrying amount (gross)	261,853	221,759
Provision for impairment of trade receivables	(13,106)	(10,204)
Carrying amount (net)	**248,747**	**211,555**

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

	2007|08	2006|07
	in €000	in €000
Provision at 1 March	10,204	10,391
Currency translation adjustments/other changes	(182)	0
Added	6,745	230
Used	(847)	(61)
Released	(2,814)	(356)
Provision at 29/28 February	**13,106**	**10,204**

The release of part of the provision resulted in interest income of € 56 thousand.

The table below provides information on the credit risks in respect of trade receivables. A total of € 248,747 thousand (prior year: € 211,555 thousand) of trade receivables was not impaired. The maturity profile of these unimpaired trade receivables was as follows:

	2007|08 in €000	2006|07 in €000
Trade receivables not past due and with no impairment provided	172,363	140,787
Trade receivables past due and with no impairment provided:		
Up to 30 days	53,848	27,713
31 to 90 days	4,976	29,580
More than 90 days	4,454	3,271
Subtotal	**235,641**	**201,351**
Trade receivables with impairment provided	13,106	10,204
Carrying amount	**248,747**	**211,555**

(22) Deferred tax assets

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

	29 Feb 2008	28 Feb 2007
Deferred tax assets:	in €000	in €000
Retirement, termination and long-service benefit obligations	1,782	2,552
Non-current financial assets	6,803	0
Inventories and receivables	0	210
Other provisions and liabilities	5,731	3,364
Carryforwards of unused tax losses	11,419	8,152
Total deferred tax assets	**25,735**	**14,278**
Deferred tax assets offset against deferred tax liabilities relating to the same tax authority	(9,025)	(5,048)
Net deferred tax assets	**16,710**	**9,230**

Deferred tax liabilities are detailed in note 29.

(23) Inventories

	29 Feb 2008 in €000	28 Feb 2007 in €000
Raw materials and consumables	146,216	107,881
Finished and unfinished goods	484,552	354,856
Goods purchased for resale	49,503	45,196
Prepayments	0	2,104
Total	**680,271**	**510,037**

A write-down of € 9,117 thousand was recognised on inventories (prior year: reversal of write-down of € 249 thousand).

(24) Securities

Securities in current assets had a carrying amount of € 4,314 thousand (prior year: € 27,060 thousand) and consisted mainly of floating-rate debt securities held as a liquidity reserve.

(25) 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 77.

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:

	29 Feb 2008	28 Feb 2007
	in €000	in €000
Total equity	922,065	895,499
Total assets	2,203,940	1,931,686
Equity ratio	**41.8%**	**46.4%**

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.

(26) Provisions

	29 Feb 2008	28 Feb 2007
	in €000	in €000
Provisions for:		
Retirement benefits	30,176	32,746
Termination benefits	16,057	16,265
Other	60,881	47,307
Total	**107,114**	**96,318**

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:

	29 Feb 2008	28 Feb 2007
	in %	in %
Expected rate of wage and salary increases	2.50	2.50
Expected rate of pension increases	2.00	2.00
Discount rate	5.50	4.50
Expected rate of return on plan assets	Europe: 5.50 USA: 9.20	Europe: 4.50 USA: 8.50

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:

	29/2/2008	28/2/2007	28/2/2006	28/2/2005	29/2/2004
	in €000	in €000	in €000	in €000	in €000
Retirement benefits	35,090	44,378	47,491	41,004	38,201
Termination benefits	17,564	18,906	17,403	18,777	15,005

Historical information on the retirement benefit obligation

	29/2/2008	28/2/2007	28/2/2006	28/2/2005	29/2/2004
	in €000	in €000	in €000	in €000	in €000
Present value of obligation	35,090	44,378	47,491	41,004	38,201
Plan assets	3,550	7,156	6,327	1,946	1,578
Unfunded obligation	31,540	37,222	41,164	39,058	36,623

The provisions showed the following movements:

2007|08 financial year	Retirement benefits in €000	Termination benefits in €000
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 gain	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)
Other changes	0	0
Provision in balance sheet at 29 February 2008	**30,176**	**16,057**
Unrecognised actuarial gain	1,364	1,507
Fair value of plan assets	3,550	0
Present value of obligation at 29 February 2008	**35,090**	**17,564**

2006|07 financial year		
Provision in balance sheet at 1 March 2006	**36,394**	**15,531**
Current service cost	740	966
Interest cost	2,210	799
Expected income from plan assets	(477)	0
Actuarial gain	828	189
Total amount recognised in income statement	3,301	1,954
Changes in scope of consolidation	0	(33)
Benefits paid	(3,683)	(1,756)
Contributions to plan assets	(851)	0
Currency translation differences	(97)	0
Reclassifications	(1,323)	587
Other changes	(995)	(18)
Provision in balance sheet at 28 February 2007	**32,746**	**16,265**
Unrecognized actuarial gain	4,476	2,641
Fair value of plan assets	7,156	0
Present value of obligation at 28 February 2007	**44,378**	**18,906**

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.

The movement in plan assets was as follows:

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

The distribution of plan assets related to the termination of the plan in the USA and the disbursement of these plan assets to the employees.

b) Other provisions	Reclamation in €000	Staff costs including long-service awards in €000	Uncertain liabilities in €000	Total in €000
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 the total other provisions, € 18,784 thousand (prior year: € 28,295 thousand) were classified as non-current liabilities and € 42,097 thousand (prior year: € 19,012 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 now 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.

(27) Borrowings

		Of which due in				Of which due in		
	29 Feb 2008	Up to 1 year	1 to 5 years	More than 5 years	28 Feb 2007	Up to 1 year	1 to 5 years	More than 5 years
	in €000	in €000	in €000	in €000	in €000	in €000	in €000	in €000
Bonds	20,000	0	20,000	0	20,000	0	20,000	0
Bank loans and overdrafts	657,182	369,963	283,167	4,052	505,235	193,796	306,583	4,856
Lease liabilities	220	154	66	0	912	651	261	0
Borrowings	**677,402**	**370,117**	**303,233**	**4,052**	**526,147**	**194,447**	**326,844**	**4,856**
Securities (non-current assets)	(18,657)				(27,434)			
Securities (current assets)	(4,314)				(27,060)			
Cash and cash equivalents	(86,760)				(132,218)			
Net debt	**567,671**				**339,435**			

Details of bank loans and overdrafts can be found in notes 31 to 33.

Bank loans and overdrafts were secured as follows at the balance sheet date:

	29 Feb 2008 in €000	28 Feb 2007 in €000
Mortgage liens	4,521	13,913
Inventory lien	18,653	0
Other liens	26,741	10,184
Total	**49,915**	**24,097**

(28) Trade and other payables

	29 Feb 2008	Of which due in			28 Feb 2007	Of which due in		
		Up to 1 year	1 to 5 years	More than 5 years		Up to 1 year	1 to 5 years	More than 5 years
	in €000	in €000	in €000	in €000	in €000	in €000	in €000	in €000
Trade payables	204,465	204,465	0	0	191,875	191,873	2	0
Amounts owed to affiliated companies	59,054	59,054	0	0	6,250	6,250	0	0
Deferred income	4,462	4,462	0	0	6,825	6,825	0	0
Other payables	186,668	184,635	2,033	0	164,470	162,394	1,424	652
Of which:								
Sugar regime restructuring levy	[105,358]	[105,358]	[0]	[0]	[89,248]	[89,248]	[0]	[0]
Purchase of additional sugar quota	[0]	[0]	[0]	[0]	[17,268]	[17,268]	[0]	[0]
Production levy	[6,573]	[6,573]	[0]	[0]	[0]	[0]	[0]	[0]
Other tax	[19,132]	[19,132]	[0]	[0]	[5,339]	[5,326]	[13]	[0]
Social security	[5,653]	[5,653]	[0]	[0]	[4,844]	[4,844]	[0]	[0]
Total	**454,649**	**452,616**	**2,033**	**0**	**369,420**	**367,342**	**1,426**	**652**

Trade payables include obligations to beet growers of € 62,422 thousand (prior year: € 75,581 thousand).

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

(29) Deferred tax liabilities

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

	29 Feb 2008 in €000	28 Feb 2007 in €000
Deferred tax liabilities		
Non-current assets	18,659	22,477
Inventories and receivables	18,849	15,055
Untaxed reserves in separate financial statements	9,185	7,656
Other provisions and liabilities	881	86
Total deferred tax liabilities	**47,574**	**45,274**
Deferred tax assets offset against deferred tax liabilities relating to the same tax authority	(9,025)	(5,048)
Net deferred tax liabilities	**38,549**	**40,226**

Deferred tax assets are detailed in note 22.

(30) Contingent liabilities and other financial liabilities

	29 Feb 2008 in €000	28 Feb 2007 in €000
Guarantees	5,364	6,059
Warranties, cooperative liabilities	2,475	2,139
Parent guarantees	148	460
Contingent liabilities	**7,987**	**8,658**
Present value of lease payments due within 5 years	11,903	16,348
Order commitments (purchases of property, plant and equipment)	9,212	73,275
Other financial liabilities	**21,115**	**89,623**
Total	**29,102**	**98,281**

NOTES ON FINANCIAL INSTRUMENTS

(31) 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).

Bank loans and overdrafts amounted to € 657,182 thousand (prior year: € 505,235 thousand) and carried interest at an average rate of 4.32% (prior year: 3.72%). 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 € 229,585 thousand (prior year: € 229,119 thousand). The market values of bank loans and overdrafts are equivalent to their carrying amounts. At the balance sheet date, € 4,521 thousand (prior year: € 13,913 thousand) of bank loans and overdrafts were secured by mortgage liens and € 45,394 thousand (prior year: € 10,184 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 € 132,218 thousand to € 86,760 thousand. In addition, there were securities in the amount of € 4,314 thousand (prior year: € 27,060 thousand) in current assets; these were categorised as held-for-trading.

	Average effective interest rate 2007|08 in %	2006|07 in %	29 Feb 2008 in €000	Of which due in: Up to 1 year in €000	1 to 5 years in €000	More than 5 years in €000
Fixed rate						
EUR	2.43	2.49	229,295	2,711	222,532	4,052
PLN	0.00	4.00	0	0	0	0
CSD	6.88	0.00	290	105	185	0
	2.44	**2.49**	**229,585**	**2,816**	**222,717**	**4,052**
Variable rate						
EUR	4.70	4.32	265,378	205,626	59,752	0
CZK	4.06	0.00	5,531	5,531	0	0
DKK	5.25	4.29	4,159	4,159	0	0
GBP	0.00	7.49	0	0	0	0
HUF	7.51	8.11	60,913	60,913	0	0
CNY	6.72	0.00	6,953	6,953	0	0
PLN	5.88	3.71	66,150	66,150	0	0
RON	0.00	9.40	0	0	0	0
SKK	4.14	4.96	4,270	4,270	0	0
USD	5.38	5.88	14,233	13,539	695	0
Other	0.00	0.00	9	6	3	0
	5.33	**4.75**	**427,597**	**367,147**	**60,450**	**0**
Total	**4.32**	**3.72**	**657,182**	**369,963**	**283,167**	**4,052**

(32) 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.

28 Feb 2007	Of which due in Up to 1 year	 1 to 5 years	 More than 5 years
in €000	in €000	in €000	in €000
228,950	7,941	216,443	4,566
169	85	84	0
0	0	0	0
229,119	**8,026**	**216,527**	**4,566**
172,563	110,692	61,581	290
0	0	0	0
4,161	0	4,161	0
313	313	0	0
17,002	17,002	0	0
0	0	0	0
34,412	34,412	0	0
435	435	0	0
2,353	2,353	0	0
44,859	20,556	24,303	0
18	7	11	0
276,116	**185,770**	**90,056**	**290**
505,235	**193,796**	**306,583**	**4,856**

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 and currency options). 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	
	29/2/2008	28/2/2007	29/2/2008	28/2/2007
	in €000	in €000	in €000	in €000
Purchase of USD	20,501	6,360	(534)	(40)
Sale of USD	28,083	0	293	0
Purchase of AUD	4,675	3,335	48	(4)
Purchase of CZK	5,493	5,675	86	(7)
Purchase of HUF	27,000	0	(666)	0
Sale of HUF	0	22,132	0	(245)
Other	0	571	(37)	0
Currency derivatives	85,752	38,073	(810)	(296)
Interest rate derivatives	61,000	31,000	(1,513)	(353)
Commodity derivatives (hedge accounting)	14,923	0	2,279	0
Total	**161,675**	**69,073**	**(44)**	**(649)**

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 29 February 2008 was an asset of € 2,279 thousand (prior year: liability of € 753 thousand).

To some extent, 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. The value changes of the derivative positions to which cash flow hedge accounting is not applied are recognised in profit or loss.

(33) 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.

	Measurement category under IAS 39	29 Feb 2008 Carrying amount in €000	29 Feb 2008 Fair value in €000	28 Feb 2007 Carrying amount in €000	28 Feb 2007 Fair value in €000
Financial assets					
Securities (non-current)	Available-for-sale financial assets	**18,657**	**18,657**	**27,434**	**27,434**
Investments in non-consolidated subsidiaries and outside companies	Available-for-sale financial assets	90,816	90,816	101,321	101,321
Investments in non-consolidated subsidiaries and outside companies	Available-for-sale financial assets (at cost)	1,618	1,618	4,150	4,150
Non-current loan receivables	Loans and receivables	418	418	331	331
Investments in non-consolidated subsidiaries and outside companies, and loan receivables (non-current assets)		**92,852**	**92,852**	**105,802**	**105,802**
Trade receivables	Loans and receivables	248,707	248,707	211,555	211,555
Other financial assets[1]	Loans and receivables	87,651	87,651	66,687	66,687
Derivative financial assets	Derivatives at fair value through equity	2,278	2,278	71	71
Derivative financial assets	Derivatives at fair value through profit or loss	190	190	87	87
Trade receivables and other assets		**338,826**	**338,826**	**278,400**	**278,400**

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

	Measurement category under IAS 39	29 Feb 2008 Carrying amount in €000	29 Feb 2008 Fair value in €000	28 Feb 2007 Carrying amount in €000	28 Feb 2007 Fair value in €000
Securities (current)	Available-for-sale financial assets	0	0	27,060	27,060
Securities (current)	Financial assets at fair value through profit or loss (held for trading)	4,314	4,314	0	0
Securities (current)		**4,314**	**4,314**	**27,060**	**27,060**
Cash and cash equivalents	Loans and receivables	**86,760**	**86,760**	**132,218**	**132,218**
Total		**541,409**	**541,409**	**570,914**	**570,914**
Financial liabilities					
Bonds	Liabilities at (amortised) cost	20,000	20,000	20,000	20,000
Bank loans and overdrafts	Liabilities at (amortised) cost	657,182	657,182	505,235	505,235
Finance leases	–	220	220	912	912
Borrowings		**677,402**	**677,402**	**526,147**	**526,147**
Trade payables	Liabilities at (amortised) cost	204,465	204,465	191,875	191,875
Payable from sugar regime restructuring levy	Liabilities at (amortised) cost	105,358	105,358	89,248	89,248
Payable from purchase of additional sugar quota	Liabilities at (amortised) cost	0	0	17,268	17,268

	Measurement category under IAS 39	29 Feb 2008 Carrying amount in €000	29 Feb 2008 Fair value in €000	28 Feb 2007 Carrying amount in €000	28 Feb 2007 Fair value in €000
Other payables[1]	Liabilities at (amortised) cost	113,009	113,009	53,484	53,484
Payables from derivative financial instruments	Derivatives at fair value through profit or loss	2,424	2,424	400	400
Trade and other payables		**425,256**	**425,256**	**352,275**	**352,275**
Total		**1,102,658**	**1,102,658**	**878,422**	**878,422**

	29 Feb 2008 Carrying amount in €000	29 Feb 2008 Fair value in €000	28 Feb 2007 Carrying amount in €000	28 Feb 2007 Fair value in €000
Total by measurement category under IAS 39				
Available-for-sale financial assets	109,473	109,473	155,815	155,815
Available-for-sale financial assets (at cost)	1,618	1,618	4,150	4,150
Financial assets at fair value through profit or loss (held for trading)	4,314	4,314	0	0
Loans and receivables	423,536	423,536	410,791	410,791
Liabilities at amortised cost	(1,100,014)	(1,100,014)	(877,110)	(877,110)
Derivatives at fair value through equity	2,279	2,279	71	71
Derivatives at fair value through profit or loss	(2,234)	(2,234)	(313)	(313)

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

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 (at fair value through profit or loss) 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:

	2007|08 in €000	2006|07 in €000
Net interest income/(expense)		
Liabilities at amortised cost	(24,250)	(15,296)
Loans and receivables	705	647
Net gain/(loss)		
Available-for-sale financial assets	8,947	4,812
Financial assets at fair value through profit or loss (held for trading)	216	7
Loans and receivables	(717)	(626)
Liabilities at amortised cost	(10,120)	(2,038)
Derivatives at fair value through profit or loss	(2,519)	(7,510)

The net result from financial instruments under IFRS 7 comprises dividends and results from the measurement of financial instruments.

(34) 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 note 21.

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 29 February 2008. All cash outflows are undiscounted.

		Contractual payment outflows						
	Carrying amount	Total	Up to 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years
29 February 2008	in €000	in €000	in €000	in €000	in €000	in €000	in €000	in €000
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]	112,980	112,980	110,976	2,004	0	0	0	0
Of which from interest rate derivatives	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Of which from currency derivatives	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Of which from commodity derivatives	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
	422,803	**422,803**	**420,799**	**2,004**	**0**	**0**	**0**	**0**

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

			Contractual payment outflows					
28 February 2007	Carrying amount in €000	Total in €000	Up to 1 year in €000	1 to 2 years in €000	2 to 3 years in €000	3 to 4 years in €000	4 to 5 years in €000	More than 5 years in €000
Borrowings								
Bonds	20,000	22,437	961	988	20,488	0	0	0
Bank loans and overdrafts	505,235	522,529	199,350	82,399	99,345	108,074	20,840	12,521
Obligations under finance leases	912	912	651	261	0	0	0	0
	526,147	**545,878**	**200,962**	**83,648**	**119,833**	**108,074**	**20,840**	**12,521**
Trade and other payables								
Trade payables	191,875	191,875	191,875	0	0	0	0	0
Payable from sugar regime restructuring levy	89,248	89,248	89,248	0	0	0	0	0
Payable from purchase of additional sugar quota	17,268	17,268	17,268	0	0	0	0	0
Other payables[1]	53,484	53,484	51,406	2,078	0	0	0	0
Of which from interest rate derivatives	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Of which from currency derivatives	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Of which from commodity derivatives	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
	351,875	**351,875**	**349,797**	**2,078**	**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.

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.

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

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.

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 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 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 € 119,880 thousand against exchange rate fluctuation. Principally this related to hedges of Hungarian forint exposure of € 20,448 thousand (HUF 5,069,560 thousand), US dollar exposure of € 47,806 thousand (USD 67,885 thousand), Czech koruna exposure of € 3,586 thousand (CZK 101,399 thousand) and Romanian leu exposure of € 48,040 thousand (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 2007|08 financial year against the currencies named below, the Group’s profit and equity would have been lower by € 6,585 thousand (in the prior year, it would have been € 2,728 thousand lower). The potential effects of the other currency relations in the AGRANA Group were immaterial both individually and in the aggregate.

	29 Feb 2008	28 Feb 2007
Simulation +10%	in €000	in €000
EUR/RON	(3,821)	(3,199)
EUR/HUF	(2,984)	489
EUR/PLN	2,079	731
EUR/UAH	(1,114)	(406)
EUR/RUB	(745)	(343)
Total	**(6,585)**	**(2,728)**

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 are 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 measured at amortised cost are subject to interest rate risks as defined by IFRS 7.

If market interest rates at 29 February 2008 had been 100 basis points higher or lower, profit would respectively have been lower or higher by € 4.276 thousand. The hypothetical effect on profit arises from non-derivative, floating-rate debt of € 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. In view of the commodity price trend, active risk management is requiring greater hedging of purchasing prices.

EVENTS AFTER THE BALANCE SHEET DATE

The following events after the reporting date had no effect on these consolidated financial statements.

Using the second opportunity to return sugar quota to the restructuring fund, on the same terms by the end of March 2008, AGRANA surrendered further sugar quota in Slovakia. The original Slovak national quota was reduced by 50%, thus enabling Slovak farmers to receive additional compensation payments from the European Union. This measure serves to assure the raw material supply and the continuing economic viability of the Group's Slovak sugar production facility in Sered.

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 grounds of the sugar mill in Hungary's Petőháza to Dürnkrut in Austria. A redundancy benefit plan for the 50 employees was negotiated. At the Dürnkrut site in Austria, 16 new jobs will be created.

AGRANA signed an agreement with Yantai North Andre Juice Company Ltd. to acquire 50% of another Chinese apple juice concentrate plant, in Yongji. Together with this joint venture partner, AGRANA produces sweet apple juice concentrate in Shanxi province, with a production capacity of up to 20,000 tonnes of concentrate. Chinese apple juice concentrate is classified as sweet because it lacks the higher acidity level that typifies European concentrate.

The transaction closed subject to the approval of competition authorities. The concentrate plant in Yongji began production in July 2007, with a processing capacity of 140,000 tonnes of apples per year. AGRANA and its joint venture partner plan to double the production capacity by 2009. With this second joint venture, AGRANA has taken another important step into the world's largest apple growing area and further expands its market position.

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 reg. GmbH, Vienna, and its subsidiaries.

At the balance sheet date, current borrowings in respect of the related companies named above stood at € 98,812 thousand (prior year: € 48,361 thousand). These borrowings were on normal commercial terms. There were current trade receivables of € 312 thousand (prior year: € 3,671 thousand) from sales of goods. In respect of joint venture partners there were other liabilities of € 3,018 thousand (prior year: € 1,543 thousand), and amounts owed by these partners totalled € 1,419 thousand (prior year: € 2,512 thousand).

Remuneration paid to members of the Management Board of AGRANA Beteiligungs-AG totalled € 1,520 thousand (prior year: € 1,472 thousand), consisting of total fixed base salaries of € 1,019 thousand (prior year: € 975 thousand) and a total performance-based component of € 501 thousand (prior year: € 497 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 5 July 2007 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 € 1,332 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 137.

On 2 May 2008 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, 2 May 2008

The Management Board
Johann Marihart Walter Grausam Thomas Kölbl

THE COMPANY'S BOARDS

SUPERVISORY BOARD

Chairman

Christian Konrad, Vienna, independent;
from 19 Dec 1990; term ends at 25th AGM (in 2012)
- Chairman of the Supervisory Board of UNIQA Versicherungen AG, Vienna
- Member of the Supervisory Board of DO & CO Restaurants & Catering AG, Vienna
- Member of the Supervisory Board of BAYWA AG, Munich
- Vice-Chairman of the Supervisory Board of Südzucker AG Mannheim/Ochsenfurt, Mannheim

First Vice-Chairman

Rudolf Müller, Ochsenfurt, independent;
from 30 March 1995; term ends at 25th AGM (in 2012)
- Member of the Supervisory Board of K+S Aktiengesellschaft, Kassel

Second Vice-Chairman

Erwin Hameseder, Mühldorf;
from 23 March 1994; term ends at 25th AGM (in 2012)
- Member of the Supervisory Board of Flughafen Wien AG, Vienna
- Vice-Chairman of the Supervisory Board of VK Mühlen AG, Hamburg
- Member of the Supervisory Board of Südzucker AG Mannheim/Ochsenfurt, Mannheim
- Vice-Chairman of the Supervisory Board of STRABAG SE, Villach
- Member of the Supervisory Board of UNIQA Versicherungen AG, Vienna

Members

Ludwig Eidmann, Groß-Umstadt, independent;
from 2 July 2004; term ends at 25th AGM (in 2012)
- Member of the Supervisory Board of Südzucker AG Mannheim/Ochsenfurt, Mannheim

Hans-Jörg Gebhard, Eppingen, independent;
from 9 July 1997; term ends at 25th AGM (in 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;
from 14 July 2006; term ends at 25th AGM (in 2012)
- Member of the Supervisory Board of Mannheimer AG Holding, Mannheim

Ernst Karpfinger, Baumgarten/March, independent;
from 14 July 2006; term ends at 25th AGM (in 2012)

Christian Teufl, Vienna;
from 10 July 2003; term ends at 25th AGM (in 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

Nomination and Remuneration Committee

Christian Konrad
Rudolf Müller
Erwin Hameseder

Strategy Committee

Christian Konrad
Rudolf Müller
Erwin Hameseder
Hans-Jörg Gebhard
Thomas Buder
Erich Weissenböck

Audit Committee

Erwin Hameseder
Theo Spettmann
Franz Ennser

MANAGEMENT BOARD

Chairman (Chief Executive Officer)

Johann Marihart
Limberg

Members

Walter Grausam
Vienna

Thomas Kölbl
Mannheim

SUBSIDIARIES AND BUSINESS INTERESTS AT 29 FEBRUARY 2008

(Interests of at least 20% of share capital)

Name of company	City/town	Country	Equity interest Direct in %	Indirect in %
I. Subsidiaries				
Fully consolidated companies				
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.	Kaplice	Czech Republic	–	100.00%
AGRANA Fruit Brasil Indústria, Comércio, Importacao e Exportacao Ltda.	São Paulo	Brazil	–	98.02%
AGRANA Fruit Brasil Participacoes Ltda.	São Paulo	Brazil	–	99.99%
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 TOF	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 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 TOF	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 GmbH	Gleisdorf	Austria	–	100.00%

Name of company	City/town	Country	Equity interest Direct in %	 Indirect in %
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 & 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	Hof	Germany	–	100.00%
Dirafrost FFI	Herk-de-Stad	Belgium	–	100.00%
Dirafrost France S.A.	St. Genis Laval	France	–	100.00%
Diramar SARL	Laouamra	Morocco	–	100.00%
Elsö Hazai Cukorgyárto és Forgalmazó Kft.	Budapest	Hungary	–	99.19%
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.	Petöháza	Hungary	–	100.00%
INSTANTINA Nahrungsmittel Entwicklungs- und Produktionsgesellschaft m.b.H.	Vienna	Austria	66.67%	–
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.	Grdovici	Serbia	–	100.00%

Name of company	City/town	Country	Equity interest Direct in %	Indirect in %
Companies accounted for by the equity method				
Österreichische Rübensamenzucht Gesellschaft m.b.H.	Vienna	Austria	–	86.00%
Non-consolidated subsidiaries				
AGRANA Skrob s.r.o.	Hrusovany	Czech Republic	–	100.00%
Reporting date: 31 Dec 2007 | Equity: € 8.4 thousand | Profit/(loss) for the period: € 15.2 thousand				
Diragri SARL	Laouamra	Morocco	–	100.00%
Reporting date: 31 Dec 2007 | Equity: € 7.7 thousand | Profit/(loss) for the period: € (0.4 thousand)				
DIVA 2 GmbH	Hamburg	Germany	–	100.00%
Reporting date: 31 Dec 2006 | Equity: € 22.2 thousand | Profit/(loss) for the period: € (1.2 thousand)				
Dr. Hauser Gesellschaft m.b.H.	Garmisch-Partenkirchen	Germany	–	100.00%
Reporting date: 28 Feb 2006 | Equity: € 33.5 thousand | Profit/(loss) for the period: € (25.7 thousand)				
Hottlet Sugar Trading N.V.	Berchem/Antwerpen	Belgium	25.10%	–
Reporting date: 28 Feb 2007 | Equity: € 3,832.4 thousand | Profit/(loss) for the period: € 2,350.9 thousand				
PERCA s.r.o.	Brno	Czech Republic	–	100.00%
Reporting date: 31 Dec 2007 | Equity: € 203.3 thousand | Profit/(loss) for the period: € 39.8 thousand				
PFD-Processed Fruit Distribution Ltd.	Nicosia	Cyprus	–	100.00%
Reporting date: 31 Dec 2007 | Equity: € 144.7 thousand | Profit/(loss) for the period: € 131.6 thousand				
S.C. Caracrimex S.A.	Carei	Romania	–	99.26%
Reporting date: 31 Dec 2007 | Equity: € (3.9 thousand) | Profit/(loss) for the period: € 0.0 thousand				
Schoko-Schwind Kft.	Kecskemét	Hungary	–	100.00%
Reporting date: 1 Dec 2007 | Equity: € 611.6 thousand | Profit/(loss) for the period: € 49.6 thousand				
Zuckerforschung Tulln Ges.m.b.H.	Vienna	Austria	100.00%	–
Reporting date: 31 Dec 2007 | Equity: € 2,348.6 thousand | Profit/(loss) for the period: € 748.7 thousand				

II. Joint ventures

Name of company	City/town	Country	Direct in %	Indirect in %
Companies accounted for by proportionate consolidation				
AGRANA-STUDEN Beteiligungs 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.	Brcko	Bosnia-Herzegovina	–	50.00%
Xianyang Andre Juice Co., Ltd.	Xianyang City	China	–	50.00%

INDEPENDENT AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

[TRANSLATION]

Report on the consolidated financial statements

We have audited the consolidated financial statements of AGRANA Beteiligungs-AG, Vienna, which comprise the balance sheet as at 29 February 2008 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.

Auditor's 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 2008 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, 2 May 2008

KPMG Austria GmbH
Wirtschaftsprüfungs- und
Steuerberatungsgesellschaft

Wilhelm Kovsca Reiner Kaps
(Austrian Chartered Accountants)

LOGOS
Wirtschaftsprüfungs- und
Steuerberatungsges.m.b.H.

Alexandra Wurm
(Austrian Chartered Accountant)

PERFORMANCE INDICATORS

Abbreviation if any	Indicator Definition	2007|08 in €000	2006|07 in €000
	Borrowings Bank loans and overdrafts + bond liabilities + lease liabilities	677.402	526.147
CE	**Capital employed** (PP&E + intangibles including goodwill) + working capital	1,366,092	1,246,087
Dividend yield	Dividend per share / closing share price	2.7%	2.6%
EBIT	**Operating profit before exceptional items** Earnings before interest, tax and exceptional items	111,411	106,988
EBITDA	**Earnings before interest, tax, depreciation and amortisation** (Income statement items 8 + 6) EBIT + depreciation and amortisation	184,532	187,493
EBITDA margin	EBITDA x 100 / revenue	9.8%	9.8%
EPS	**Earnings per share** Profit for the period / number of shares outstanding	€ 4.53	€ 4.85
	Equity ratio Equity / total assets	41.8%	46.4%
EVS	**Equity value per share** Equity attributable to equity holders of the parent / number of shares outstanding	€ 62.9	€ 61.3
FCF	**Free cash flow** Cash flow from operating activities + cash flow from investing activities	(173,699)	(30,095)
Gearing	Net debt / total equity x 100	61.6%	37.9%
	Intangible assets including goodwill	252,939	254,516
P/E	**Price/earnings ratio** Closing share price at financial year end / earnings per share	15.9	15.7
PP&E	**Property, plant and equipment**	653,316	545,005
	Net debt Borrowings less (cash + cheques + other bank deposits + current securities + non-current securities)	567,671	339,435
Operating margin	EBIT x 100 / revenue	5.9%	5.6%
ROCE	**Return on capital employed** EBIT / capital employed	8.2%	8.6%
ROS	**Return on sales** Profit before tax x 100 / revenue	3.9%	4.9%
WC	**Working capital** Inventories + trade receivables + other assets – current provisions – current prepayments received – trade payables – other payables	571,125	446,566

PARENT COMPANY FINANCIAL STATEMENTS 2007|08

(based on Austrian Commercial Code (UGB))

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on the parent company financial statements

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PARENT COMPANY BALANCE SHEET AT 29 FEBRUARY 2008

		29 Feb 2008 in €000	28 Feb 2007 in €000
ASSETS	**A. Non-current assets**		
	I. Intangible assets	795	929
	II. Property, plant and equipment	1,074	1,229
	III. Non-current financial assets	441,492	434,002
		443,361	**436,160**
	B. Current assets		
	I. Receivables and other assets	135,441	125,641
	II. Securities	0	10,156
	III. Cash and bank balances	7	3
		135,448	**135,800**
	Total assets	**578,809**	**571,960**
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	27,783	27,765
	Of which brought forward from prior year: € 71 thousand (prior year: € 40 thousand)		
		563,911	**563,893**
	B. Untaxed reserves	**0**	**0**
	C. Provisions		
	I. Retirement, termination and long-service benefit obligations	1,689	1,607
	II. Provisions for tax and other liabilities	3,433	2,529
		5,122	**4,136**
	D. Payables		
	I. Borrowings	0	0
	II. Other payables	9,776	3,931
		9,776	**3,931**
	Total equity and liabilities	**578,809**	**571,960**
	Contingent liabilities	567,128	437,680

PARENT COMPANY INCOME STATEMENT FOR THE YEAR ENDED 29 FEBRUARY 2008

	2007|08 in €000	2006|07 in €000
1. Revenue	151	191
2. Other operating income	19,823	20,723
3. Cost of materials and other purchased inputs	0	(21)
4. Staff costs	(13,267)	(11,382)
5. Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	(1,221)	(736)
6. Other operating expenses	(15,153)	(12,246)
7. Operating profit (subtotal of items 1 to 6)	**(9,667)**	**(3,471)**
8. Income from investments in subsidiaries and other companies Of which from subsidiaries: € 28,450 thousand (prior year: € 23,236 thousand)	31,661	26,610
9. Income from other non-current securities	102	192
10. Other interest and similar income Of which from subsidiaries: € 3,814 thousand (prior year: € 5,172 thousand)	5,034	6,300
11. Income from disposal of non-current financial assets	3,993	0
12. Expenses from non-current financial assets and from current securities	(2)	(157)
13. Interest and similar expenses	(2,386)	(83)
14. Net financial items (subtotal of items 8 to 13)	**38,402**	**32,862**
15. Profit before tax (subtotal of items 1 to 13)	**28,735**	**29,391**
16. Income tax expense	(1,023)	(1,666)
17. Profit for the period	**27,712**	**27,725**
18. Transfer from untaxed reserves	0	0
19. Transfer to retained earnings	0	0
20. Profit brought forward from prior year	71	40
21. Net profit available for distribution	**27,783**	**27,765**

INDEPENDENT AUDITORS' REPORT ON THE PARENT COMPANY FINANCIAL STATEMENTS

[TRANSLATION]

We have audited the financial statements, including the underlying accounting records, of AGRANA Beteiligungs-Aktiengesellschaft, Vienna, at 29 February 2008 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, 29 April 2008

KPMG Austria GmbH
Wirtschaftsprüfungs- und
Steuerberatungsgesellschaft

Wilhelm Kovsca   Reiner Kaps
(Austrian Chartered Accountants)

LOGOS
Wirtschaftsprüfungs- und
Steuerberatungsges.m.b.H.

Alexandra Wurm
(Austrian Chartered Accountant)

PROPOSED ALLOCATION OF PROFIT

	2007|08 in €
The financial year to 29 February 2008 closed with the following net profit available for distribution:	**27,783,288**
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	89,310
	27,783,288

SUPERVISORY BOARD'S REPORT

During the 2007|08 financial year the Supervisory Board, in a total of five meetings and through regular reports from the Management Board and detailed written information, kept abreast of the Company's business and financial position, course of business, business performance, financial situation, investment plans and exceptional business transactions as well as corporate strategy, and discussed these matters with the Management Board. The intensive deliberations in the meetings of the Supervisory Board and committees centred especially on the Company's strategies, future growth opportunities, and acquisition-related activities, including acquisition financing. The Nomination and Remuneration Committee considered the personnel matters relating to the Management Board members.

The terms of appointment of all Supervisory Board members elected by the Annual General Meeting (AGM) expired at the end of the AGM on 5 July 2007. Ludwig Eidmann, Hans-Jörg Gebhard, Erwin Hameseder, Ernst Karpfinger, Christian Konrad, Rudolf Müller, Theo Spettmann and Christian Teufl were elected by the AGM for a term ending at the AGM that decides on the discharge from liability for the 2011|12 financial year.

The parent company financial statements, consolidated financial statements and management report/Group management report for the 2007|08 financial year presented by the Management Board, as well as the accounting records, were audited by the independent auditors appointed by the Annual General Meeting – KPMG Austria GmbH, Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Vienna, and LOGOS Wirtschaftsprüfungs- und Steuerberatungsges.m.b.H., Vienna – and received an unqualified audit opinion. The Supervisory Board endorses the results of this audit.

The Supervisory Board's Audit Committee reviewed the financial statements and reported to the Supervisory Board in the presence of the auditors. The Supervisory Board reviewed the parent company financial statements, consolidated financial statements and management report/Group management report for the 2007|08 financial year as well as the Management Board's proposal for the allocation of profit.

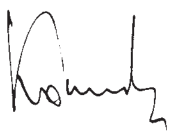
The final results of all of these reviews did not give rise to objections.

The Supervisory Board has approved the parent company financial statements and consolidated financial statements prepared by the Management Board for the 2007|08 financial year, which are thus adopted for the purposes of section 125 (2) of the Austrian Stock Corporation Act. The Supervisory Board approves the management report/Group management report on the 2007|08 fiscal year and endorses the proposed appropriation of profit.

The Supervisory Board would like to express its appreciation and thanks to the Management Board and to all staff of the Company and the AGRANA Group for the work they have accomplished.

Vienna, May 2008

The Chairman of the Supervisory Board



Christian Konrad

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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 macroeconomic conditions and in market policy, such as the EU sugar regime; consumer behaviour; and public policy regarding 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

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