Consolidated financial statements 2015|16

Consolidated income statement

for the year ended 29 February 2016

Note	€000	2015|16	2014|15
(1)	Revenue	2,477,647	2,493,512
(2)	Changes in inventories of finished and unfinished goods	25,183	(76,133)
(2)	Own work capitalised	1,523	1,375
(3)	Other operating income	44,087	38,342[1]
(4)	Cost of materials	(1,783,723)	(1,703,680)
(5)	Staff costs	(285,696)	(282,054)
(6)	Depreciation, amortisation and impairment losses	(85,381)	(80,065)
(7)	Other operating expenses	(289,208)	(294,950)[1]
(8)	Share of results of equity-accounted joint ventures	24,523	25,372
(9)	**Operating profit [EBIT]**	**128,955**	**121,719**
(10)	Finance income	43,789	68,720[1]
(11)	Finance expense	(68,308)	(73,960)[1]
	Net financial items	**(24,519)**	**(5,240)**
	Profit before tax	**104,436**	**116,479**
(12)	Income tax expense	(23,508)	(31,901)
	Profit for the period	**80,928**	**84,578**
	Attributable to shareholders of the parent	82,723	80,896
	Attributable to non-controlling interests	(1,795)	3,682
(13)	Earnings per share under IFRS (basic and diluted)	€ 5.82	€ 5.70

[1] The prior-year data have been restated under IAS 8. Further information is provided on page 106.

Consolidated statement of comprehensive income

for the year ended 29 February 2016

€000	2015|16	2014|15
Profit for the period	**80,928**	**84,578**
Other comprehensive (expense)/income:		
Currency translation differences	(14,655)	(9,513)
Available-for-sale financial assets (IAS 39) after deferred taxes	(1,163)	323
Cash flow hedges (IAS 39) after deferred taxes	(2,515)	(19)
Effects from equity-accounted joint ventures	(2,103)	2,287
(Expense) to be recognised in the income statement in the future	(20,436)	(6,922)
Change in actuarial gains and losses on defined benefit pension obligations and similar liabilities (IAS 19) after deferred taxes	2,820	(14,697)
Effects from equity-accounted joint ventures	3	(6)
Income/(expense) that will not be recognised in the income statement in the future	2,823	(14,703)
Other comprehensive (expense)	**(17,613)**	**(21,625)**
Total comprehensive income for the period	**63,315**	**62,953**
Attributable to shareholders of the parent	66,869	58,711
Attributable to non-controlling interests	(3,554)	4,242

Consolidated cash flow statement

for the year ended 29 February 2016

Note	€000	2015/16	2014/15[1]
	Profit for the period	80,928	84,578
	Depreciation, amortisation and impairment of non-current assets	86,211	80,763
	Reversal of impairment losses on non-current assets	(821)	(698)
	Losses on disposal of non-current assets	1,075	63
	Changes in non-current provisions	3,106	(1,684)
	Share of results of equity-accounted joint ventures	(24,523)	(25,372)
	Dividends and dividend prepayments received from equity-accounted joint ventures	33,000	22,900
	Dividends received from non-consolidated subsidiaries	763	(763)
	Other non-cash expenses and income	46,175	48,279
	Operating cash flow before changes in working capital	**225,914**	**208,066**
	Changes in inventories	(42,107)	49,865
	Changes in receivables and current assets	(712)	(715)
	Changes in current provisions	(14,583)	(23)
	Changes in payables (excluding borrowings)	(16,289)	2,914
	Changes in working capital	**(73,691)**	**52,041**
	Interest received	7,684	7,559
	Interest paid	(16,687)	(18,207)
	Tax paid	(41,307)	(22,316)
(14)	**Net cash from operating activities**	**101,913**	**227,143**
	Dividends received	10	6
	Proceeds from disposal of non-current assets	3,103	1,621
	Purchases of property, plant and equipment and intangible assets, net of government grants	(107,720)	(86,982)
	Proceeds from disposal of securities	1	1,244
	Proceeds from disposal of participation capital	85,000	0
	Purchases of non-current financial assets	(318)	(40)
(15)	**Net cash (used in) investing activities**	**(19,924)**	**(84,151)**
	Issue of Schuldscheindarlehen, or bonded loan	0	90,000
	Repayment of Schuldscheindarlehen, or bonded loan	0	(74,000)
	Repayment of current borrowings to affiliated companies in the Südzucker group	(85,000)	0
	Outflows from bank overdrafts and cash advances	(21,098)	(8,373)
	Purchase of non-controlling interest	(2,558)	(33,327)
	Dividends paid	(54,957)	(55,445)
(16)	**Net cash (used in) financing activities**	**(163,613)**	**(81,145)**
	Net (decrease)/increase in cash and cash equivalents	**(81,624)**	**61,847**
	Effect of movements in foreign exchange rates on cash and cash equivalents	(2,819)	(3,885)
	Cash and cash equivalents at beginning of period	193,818	135,856
	Cash and cash equivalents at end of period	**109,375**	**193,818**

[1] The prior-year data have been restated under IAS 8. Further information is provided on page 106.

Consolidated balance sheet

at 29 February 2016

Note	€000	29 Feb 2016	28 Feb 2015
	ASSETS		
	A. Non-current assets		
(17)	Intangible assets	241,961	241,475
(18)	Property, plant and equipment	679,592	661,537
(19)	Equity-accounted joint ventures	60,906	84,384
(19)	Securities	18,622	104,879
(19)	Investments in non-consolidated subsidiaries and outside companies	1,091	1,114
(20)	Receivables and other assets	10,602	21,070
(21)	Deferred tax assets	14,873	22,184
		1,027,647	**1,136,643**
	B. Current assets		
(22)	Inventories	654,172	625,313
(20)	Trade receivables and other assets	439,521	439,793
	Current tax assets	10,774	11,274
	Securities	45	46
	Cash and cash equivalents	109,375	193,818
		1,213,887	**1,270,244**
(23)	**C. Non-current assets held for sale**	**1,631**	**0**
	Total assets	**2,243,165**	**2,406,887**
	EQUITY AND LIABILITIES		
(24)	**A. Equity**		
	Share capital	103,210	103,210
	Share premium and other capital reserves	411,362	411,362
	Retained earnings	629,709	614,687
	Equity attributable to shareholders of the parent	**1,144,281**	**1,129,259**
	Non-controlling interests	55,843	65,161
		1,200,124	**1,194,420**
	B. Non-current liabilities		
(25a)	Retirement and termination benefit obligations	67,146	71,885
(25b)	Other provisions	19,999	14,879
(26)	Borrowings	286,028	319,672
(27)	Other payables	1,024	1,204
(28)	Deferred tax liabilities	4,481	10,424
		378,678	**418,064**
	C. Current liabilities		
(25b)	Other provisions	28,426	41,757
(26)	Borrowings	247,820	309,354
(27)	Trade and other payables	375,058	411,193
	Tax liabilities	13,059	32,099
		664,363	**794,403**
	Total equity and liabilities	**2,243,165**	**2,406,887**

Consolidated statement of changes in equity

for the year ended 29 February 2016

	Attributable to the shareholders					
			Retained			
€000	**Share capital**	**Share premium and other capital reserves**	**Available-for-sale reserve**	**Cash flow hedge reserve**	**Reserve for actuarial gains and losses**	**Effects from equity-accounted joint ventures**
2015|16						
At 1 March 2015	**103,210**	**411,362**	**4,294**	**215**	**(29,945)**	**(23,775)**
Fair value movements under IAS 39	0	0	(1,529)	(3,353)	0	0
Changes in actuarial gains and losses on defined benefit pension obligations and similar liabilities	0	0	0	0	3,161	3
Tax effects	0	0	366	838	(386)	(1)
Currency translation loss	0	0	0	0	0	(2,104)
Other comprehensive (expense)/income for the period	**0**	**0**	**(1,163)**	**(2,515)**	**2,775**	**(2,102)**
Profit for the period	0	0	0	0	0	0
Total comprehensive (expense)/income for the period	**0**	**0**	**(1,163)**	**(2,515)**	**2,775**	**(2,102)**
Dividends paid	0	0	0	0	0	0
Transfer to reserves	0	0	0	0	0	0
Changes in equity interests and in scope of consolidation	0	0	0	0	0	0
Other changes	0	0	0	0	0	0
At 29 February 2016	**103,210**	**411,362**	**3,131**	**(2,300)**	**(27,170)**	**(25,877)**
						629,709
2014|15						
At 1 March 2014	**103,210**	**411,362**	**3,971**	**234**	**(15,463)**	**(25,935)**
Fair value movements under IAS 39	0	0	1,022	(31)	0	0
Changes in actuarial gains and losses on defined benefit pension obligations and similar liabilities	0	0	0	0	(16,966)	(7)
Tax effects	0	0	(699)	12	2,484	241
Currency translation loss	0	0	0	0	0	1,926
Other comprehensive (expense)/income for the period	**0**	**0**	**323**	**(19)**	**(14,482)**	**2,160**
Profit for the period	0	0	0	0	0	0
Total comprehensive (expense)/income for the period	**0**	**0**	**323**	**(19)**	**(14,482)**	**2,160**
Dividends paid	0	0	0	0	0	0
Transfer to reserves	0	0	0	0	0	0
Changes in equity interests and in scope of consolidation	0	0	0	0	0	0
Other changes	0	0	0	0	0	0
At 28 February 2015	**103,210**	**411,362**	**4,294**	**215**	**(29,945)**	**(23,775)**
						614,687

of AGRANA Beteiligungs-AG earnings Other retained earnings	Currency translation reserve	Profit for the period	Equity attributable to share-holders of the parent	Non-controlling interests	Total
650,983	**(67,981)**	**80,896**	**1,129,259**	**65,161**	**1,194,420**
0	0	0	(4,882)	0	(4,882)
0	0	0	3,164	61	3,225
0	0	0	817	(15)	802
0	(12,849)	0	(14,953)	(1,805)	(16,758)
0	**(12,849)**	**0**	**(15,854)**	**(1,759)**	**(17,613)**
0	0	82,723	82,723	(1,795)	80,928
0	**(12,849)**	**82,723**	**66,869**	**(3,554)**	**63,315**
0	0	(51,127)	(51,127)	(3,830)	(54,957)
29,769	0	(29,769)	0	0	0
(724)	0	0	(724)	(1,934)	(2,658)
4	0	0	4	0	4
680,032	**(80,830)**	**82,723**	**1,144,281**	**55,843**	**1,200,124**
600,013	**(57,814)**	**105,155**	**1,124,733**	**66,255**	**1,190,988**
0	0	0	991	0	991
0	0	0	(16,973)	(288)	(17,261)
0	0	0	2,038	152	2,190
0	(10,167)	0	(8,241)	696	(7,545)
0	**(10,167)**	**0**	**(22,185)**	**560**	**(21,625)**
0	0	80,896	80,896	3,682	84,578
0	**(10,167)**	**80,896**	**58,711**	**4,242**	**62,953**
0	0	(51,127)	(51,127)	(4,318)	(55,445)
54,028	0	(54,028)	0	0	0
(2,548)	0	0	(2,548)	(979)	(3,527)
(510)	0	0	(510)	(39)	(549)
650,983	**(67,981)**	**80,896**	**1,129,259**	**65,161**	**1,194,420**

Notes to the consolidated financial statements

AGRANA Beteiligungs-AG ("the Company") is the parent company of the AGRANA Group and has its registered office at Friedrich-Wilhelm-Raiffeisen-Platz 1, 1020 Vienna, Austria. The Company together with its subsidiaries constitutes an international group engaged mainly in the worldwide industrial processing of agricultural raw materials.

The consolidated financial statements of the AGRANA Group for 2015|16 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.

1. Segment information

The segment reporting, which conforms with IFRS 8, distinguishes between three business segments – Sugar, Starch and Fruit – and thus follows the AGRANA Group's internal reporting structure.

The AGRANA Group has the three reportable segments Sugar, Starch and Fruit, which correspond to its strategic businesses. Each of the segments offers a different product portfolio and is managed separately in view of the different production technologies, raw material procurement and sales strategies. AGRANA Beteiligungs-Aktiengesellschaft ("AGRANA Beteiligungs-AG"), the Group's holding company, is considered part of the Sugar segment.

For each segment, internal monthly reporting is provided to the Group's chief operating decision maker (CODM). The members of the Management Board of AGRANA Beteiligungs-AG constitute the CODM. Information on the results of the reportable segments is given below. Segment profitability is evaluated primarily on the basis of operating profit before exceptional items, which is a key performance indicator in every internal management report.

1.1. Segmentation by business activity

€000	**Sugar**	**Starch**	**Fruit**	**Consolidation**	**Group**
2015|16					
Total revenue	739,912	728,730	1,084,085	(75,080)	2,477,647
Inter-segment revenue	(67,268)	(7,164)	(648)	75,080	0
Revenue	**672,644**	**721,566**	**1,083,437**	**0**	**2,477,647**
EBITDA	25,397	64,884	101,676	0	191,957
Depreciation, amortisation and impairment of property, plant and equipment and intangibles[1]	(22,633)	(22,038)	(39,800)	0	(84,471)
Operating profit before exceptional items and results of equity-accounted joint ventures	**2,764**	**42,846**	**61,876**	**0**	**107,486**
Exceptional items	0	0	(3,054)	0	(3,054)
Share of results of equity-accounted joint ventures	1,542	22,981	0	0	24,523
Operating profit [EBIT]	**4,306**	**65,827**	**58,822**	**0**	**128,955**
Segment assets	1,619,559	474,811	1,094,648	(945,853)	2,243,165
Segment equity	906,208	318,089	312,633	(336,806)	1,200,124
Segment liabilities	713,351	156,722	782,015	(609,047)	1,043,041
Purchases of property, plant and equipment and intangibles[1]	46,102	28,151	41,730	0	115,983
Purchases of non-current financial assets	0	10	308	0	318
Total capital expenditure	46,102	28,161	42,038	0	116,301
Carrying amount of equity-accounted joint ventures	5,303	55,603	0	0	60,906
Number of employees (average full-time equivalents)	2,185	870	5,455	0	8,510

[1] Excluding goodwill.

€000	Sugar	Starch	Fruit	Consoli-dation	Group
2014|15					
Total revenue	812,265	708,233	1,062,510	(89,496)	2,493,512
Inter-segment revenue	(81,127)	(8,102)	(267)	89,496	0
Revenue	**731,138**	**700,131**	**1,062,243**	**0**	**2,493,512**
EBITDA	29,355	49,005	103,556	0	181,916
Depreciation, amortisation and impairment of property, plant and equipment and intangibles[1]	(19,656)	(21,967)	(38,276)	0	(79,899)
Operating profit before exceptional items and results of equity-accounted joint ventures	**9,699**	**27,038**	**65,280**	**0**	**102,017**
Exceptional items	1,002	0	(6,672)	0	(5,670)
Share of results of equity-accounted joint ventures	(1,721)	27,093	0	0	25,372
Operating profit [EBIT]	**8,980**	**54,131**	**58,608**	**0**	**121,719**
Segment assets	1,722,879	467,881	1,080,921	(864,794)	2,406,887
Segment equity	919,359	300,979	310,889	(336,807)	1,194,420
Segment liabilities	803,520	166,902	770,032	(527,987)	1,212,467
Purchases of property, plant and equipment and intangibles[1]	34,476	13,743	42,990	0	91,209
Purchases of non-current financial assets	4	0	36	0	40
Total capital expenditure	34,480	13,743	43,026	0	91,249
Carrying amount of equity-accounted joint ventures	3,754	80,630	0	0	84,384
Number of employees (average full-time equivalents)[2]	2,297	848	5,405	0	8,550

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

Exceptional items consisted of expenses for the closure of a production site in Belgium and a farm in Morocco, as well as for a strategy-and-organisation project in the Fruit segment.

The items “segment assets” and “segment liabilities” match the allocation used in internal reporting. The inter-segment consolidation consisted of liability and dividend consolidation of € 609,047 thousand (prior year: € 527,987 thousand) and capital consolidation of € 336,806 thousand (prior year: € 336,807 thousand).

1.2. Segmentation by region

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

Revenue €000	**2015|16**	**2014|15**
Austria	1,248,869	1,333,776
Hungary	89,218	86,107
Romania	178,510	173,030
Rest of EU	412,566	408,113
EU-28	1,929,163	2,001,026
Rest of Europe (Bosnia-Herzegovina, Russia, Serbia, Turkey, Ukraine)	90,496	91,863
Other foreign countries	457,988	400,623
Total	**2,477,647**	**2,493,512**

[1] Excluding goodwill.
[2] The prior-year data have been restated under IAS 8. Further information is provided on page 106.

The revenue generated by the Eastern European companies was € 539,571 thousand (prior year: € 541,033 thousand), or about 21.8% (prior year: 21.7%) of total revenue. The countries defined as Eastern Europe are Bosnia-Herzegovina, Bulgaria, Czech Republic, Hungary, Poland, Romania, Russia, Serbia, Slovakia, Turkey and Ukraine.

Purchases of property, plant and equipment and intangibles[1] €000	**2015|16**	**2014|15**
Austria	65,630	32,999
Hungary	12,650	17,673
Romania	3,577	4,408
Rest of EU	15,987	13,651
EU-28	97,844	68,731
Rest of Europe (Bosnia-Herzegovina, Russia, Serbia, Turkey, Ukraine)	2,751	3,255
Other foreign countries	15,388	19,223
Total	**115,983**	**91,209**

Carrying amount of property, plant and equipment and intangible assets[1] €000	**2015|16**	**2014|15**
Austria	344,563	315,217
Hungary	68,806	63,690
Romania	39,009	39,760
Rest of EU	113,090	121,481
EU-28	565,468	540,148
Rest of Europe (Bosnia-Herzegovina, Russia, Serbia, Turkey, Ukraine)	17,831	19,723
Other foreign countries	112,052	116,965
Total	**695,351**	**676,836**

Standard / Interpretation		**Issued by the IASB**	**Expected to be effective for AGRANA from financial year**	**Adopted by the EU**
IAS 1	Presentation of Financial Statements (Amended)	18 Dec 2014	2016|17	18 Dec 2015
IAS 7	Statement of Cash Flows (Amended)	29 Jan 2016	2017|18	Not to date
IAS 12	Income Taxes (Amended)	19 Jan 2016	2017|18	Not to date
IAS 16	Property, Plant and Equipment (Amended)	12 May 2014 and 30 Jun 2014	2016|17	23 Nov 2015 and 2 Dec 2015
IAS 27 (2011)	Separate Financial Statements (Amended)	12 Aug 2014	2016|17	18 Dec 2015

[1] Excluding goodwill.

2. Basis of preparation

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

In the presentation of the income statement, the nature of expense method was used. The separate financial statements of the fully consolidated companies represented in the consolidated financial statements are based on uniform accounting policies.

All IFRS issued by the International Accounting Standards Board (IASB) that were effective at the time of preparation of these consolidated financial statements and applied by AGRANA Beteiligungs-AG have been adopted by the European Commission for application in the EU.

The following standards and interpretations either have been adopted by the European Union and will become effective for the 2015|16 financial year or later, or have been issued by the IASB but not yet adopted by the EU. In the latter case, the effective year given in the table represents the expected time of adoption. AGRANA has not early-adopted any of the new or changed standards cited below. The information provided on the content of the standards depends on whether and to what extent they are relevant to AGRANA. Where accounting rules becoming effective in subsequent periods do not apply to AGRANA's situation, no information on their content is given.

Content and expected impacts on AGRANA
The amendments clarify that information should not be obscured by aggregation and that materiality considerations apply to all parts of the financial statements, even when individual standards require specific disclosures. The relevance of the items in the balance sheet and statement of comprehensive income determines their disaggregation or aggregation. In other comprehensive income, all effects from companies accounted for using the equity method are presented in a separate category regardless of whether or not they will subsequently be reclassified to the income statement. The amendments are part of the Disclosure Initiative, which is intended to improve disclosure requirements. Application of the amendments is expected to have impacts on the presentation of the financial statements and on disclosures in the notes.
The intent of the amendment is to expand disclosures of the components of changes in liabilities arising from financing activities, as through a reconciliation.
The amendment is not relevant to AGRANA.
No impacts on the presentation of the financial position, results of operations and cash flows are expected.
The amendment has no impact, as it relates to separate financial statements.

Standard / Interpretation		Issued by the IASB	Expected to be effective for AGRANA from financial year	Adopted by the EU
IAS 28 (2011)	Investments in Associates and Joint Ventures (Amended)	11 Sep 2014 and 18 Dec 2014	2016|17	Not to date
IAS 38	Intangible Assets (Amended)	12 May 2014	2016|17	2 Dec 2015
IAS 41	Agriculture (Amended)	30 Jun 2014	2016|17	23 Nov 2015
IFRS 9 (2014)	Financial Instruments	24 Jul 2014	2018|19	Not to date
IFRS 10	Consolidated Financial Statements (Amended)	11 Sep 2014 and 18 Dec 2014	2016|17	Not to date
IFRS 11	Joint Arrangements (Amended)	6 May 2014	2016|17	24 Nov 2015
IFRS 12	Disclosure of Interests in Other Entities (Amended)	18 Dec 2014	2016|17	Not to date
IFRS 14	Regulatory Deferral Accounts	30 Jan 2014	2016|17	No
IFRS 15	Revenue from Contracts with Customers	28 May 2014	2018|19	Not to date
IFRS 16	Leases	13 Jan 2016	2019|20	Not to date
Various	Annual Improvements to IFRSs 2012–2014 Cycle	25 Sep 2014	2016|17	15 Dec 2015

Content and expected impacts on AGRANA

No impacts on the presentation of the financial position, results of operations and cash flows are expected.

No impacts on the presentation of the financial position, results of operations and cash flows are expected.

No material impacts on the presentation of the financial position, results of operations and cash flows are expected.

The IASB has issued the final version of IFRS 9, bringing together the results of the classification and measurement, impairment and hedge accounting phases of the project to replace IAS 39 (Financial Instruments: Recognition and Measurement). This new version of the standard adds a new model of expected losses for measuring impairment, and limited changes to the classification and measurement requirements for financial assets. The impairment model is based on the concept of providing for expected losses at the inception of a contract, with the exception of purchased or originated credit-impaired financial assets, where expected credit losses are incorporated into the effective interest rate determined at initial recognition. The classification and measurement model for financial assets and for certain debt instruments is expanded by adding a new category, "fair value through other comprehensive income" (FVTOCI). As well, additional guidance is provided on how to apply the business model and contractual cash flow characteristics test. The standard supersedes all previous versions of IFRS 9. For the securities holdings the new classification will also result in changes in measurement method. For derivatives there is expected to be an expansion in hedge accounting. Expanded disclosures are also expected.

No impacts on the presentation of the financial position, results of operations and cash flows are expected.

The amendment may have impacts on the accounting for future acquisitions of equity interests.

The amendment is not relevant to AGRANA.

The standard is not relevant to AGRANA. In view of the extremely limited group of users, the European Commission has not endorsed this interim standard for adoption into EU law.

IFRS 15 establishes the principles that an entity shall apply to report about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer. Specifically, it also establishes criteria for determining whether different performance obligations under a contract are distinct. AGRANA does not expect the application of the standard to have an impact on the timing of revenue recognition, but expects it to require expanded disclosures.

IFRS 16 establishes new rules for the recognition, measurement and presentation of leases. The standard provides only a single accounting model for the lessee, requiring the right of use to be recognised as the asset, and the obligation to be recognised as a liability, in the balance sheet. Capitalisation is optional only for underlying assets with a low value and for short-term leases with a term of less than twelve months. AGRANA is evaluating the extent to which IFRS 16 applies to existing rental agreements and how the right-of-use asset and the corresponding liability are to be measured for individual contracts and categories of contracts. Once this process is completed, the impacts on the financial position can be estimated. AGRANA only acts as a lessor to a very limited extent. As the dual accounting model of operating leases and finance leases remains in place for lessors, no accounting changes are expected for AGRANA as a lessor.

No material impacts on the presentation of the financial position, results of operations and cash flows are expected.

Restatements in accordance with IAS 8
From the beginning of the 2015|16 financial year, the presentation of the statement of comprehensive income was expanded by adding the line item "effects from equity-accounted joint ventures" within other comprehensive income. The new item represents the effects – recognised directly in equity – from equity-accounted joint ventures in the form of IAS 39 fair value movements, currency translation differences, and changes in actuarial gains and losses on defined benefit pension obligations and similar liabilities. Previously, these effects were included in the separate line items for IAS 39 fair value movements and currency translation differences and for changes in actuarial gains and losses on defined benefit pension obligations and similar liabilities. The consolidated statement of changes in equity was adjusted by the addition of a separate column containing the corresponding amounts, to be recognised directly in equity, of the IAS 39 fair value movements, translation differences and changes in actuarial gains and losses on defined benefit pension obligations and similar liabilities of equity-accounted joint ventures.

Changes in comparative information
In the 2015|16 financial year, currency translation gains or losses were for the first time presented on a gross basis in operating profit (EBIT) and in net financial items. For the 2014|15 comparative period this adjustment led to an increase in other operating income and other operating expenses of € 5,055 thousand and an increase in finance income and expense of € 41,204 thousand, compared to the published amounts.

As a result of an expansion of the treasury management system and an associated adaptation of recording processes, gains and losses on derivatives are since 2015|16 presented on a gross basis. For the 2014|15 comparative period, relative to the published amounts, this led to an increase of € 11,935 thousand in gains on derivatives and an increase of € 32,583 thousand in losses on derivatives, as well as a reduction of € 5,130 thousand in currency translation gains within net financial items and a reduction of € 25,778 thousand in translation losses in net financial items.

The presentation of employee numbers was changed from a headcount basis (average for the year) to full-time equivalents (average for the year).

In the cash flow statement, the interest, taxes and dividends representing cash flows are now presented separately and the foreign currency effects are allocated to the items to which they relate; the prior-year data have therefore been adjusted.

3. 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, results of operations and cash flows is immaterial. Control exists when AGRANA Beteiligungs-AG has the power to participate in positive and negative variable returns of a company (an investee) and has the ability to affect these returns and direct the investee's relevant activities through its power over the investee. This is usually given when AGRANA Beteiligungs-AG owns more than one-half of the voting rights of the investee.

Companies managed jointly with another entity, where control is exercised jointly and the investors have joint rights to the net assets of the investee, are joint ventures and are included in the consolidated financial statements using the equity method of accounting.

At the balance sheet date, 58 companies (prior year: 63) besides the parent were fully consolidated in the Group financial statements and 12 companies (prior year: 11) were included using the equity method.

An overview of the fully consolidated entities, equity-accounted joint ventures and other business interests is given beginning from page 159.

The number of companies that were fully or proportionately consolidated changed as follows in the 2015|16 financial year:

	Full consolidation	Equity method
At 1 March 2015	63	11
Initial consolidation	1	1
Merger	(4)	0
Deconsolidation or derecognition	(2)	0
At 29 February 2016	**58**	**12**

The 2015|16 financial year saw the initial consolidation of AGRANA Research & Innovation Center GmbH, Vienna, which until then had been a non-consolidated subsidiary because of its minor significance. A positive effect of € 3.6 million on initial consolidation – the difference between the acquired net assets and the acquisition cost – was recognised in other operating income. Additionally, AGRANA-STUDEN Albania sh.p.k, Tirana, Albania, was included in the accounts for the first time, using the equity method.

The effects at the date of initial consolidation of AGRANA Research & Innovation Center GmbH, Vienna, were as follows:

€000	**2015|16**
Non-current assets	2,363
Current assets	4,998
Total assets	**7,361**
Equity	4,353
Non-current liabilities	1,888
Current liabilities	1,120
Current liabilities	**7,361**

The balance sheet amounts include € 4,781 thousand of amounts due from affiliated companies.

Two companies were deconsolidated: AGRANA URZICENI S.R.L., Bucharest, Romania, and AGRANA LIESTI S.R.L., Bucharest, Romania. The derecognition of the net assets of the two companies did not have a material impact on the consolidated balance sheet, and the result from the deconsolidation had no material effect on the consolidated income statement and statement of comprehensive income.

Joint ventures

The information below represents the aggregated financial position and performance of the joint ventures. The joint ventures are listed on page 161.

€000	STUDEN group	HUNGRANA group	Total
29 February 2016			
Non-current assets	37,213	107,445	144,658
Inventories	33,879	35,146	69,025
Receivables and other assets	28,155	40,427	68,582
Cash, cash equivalents and securities	4,292	2,215	6,507
Current assets	66,326	77,788	144,114
Total assets	**103,539**	**185,233**	**288,772**

€000	STUDEN group	HUNGRANA group	Total
Equity	11,510	110,237	121,747
Borrowings	166	7,488	7,654
Other liabilities	253	5,944	6,197
Non-current liabilities	419	13,432	13,851
Borrowings	45,085	34,383	79,468
Other liabilities	46,525	27,181	73,706
Current liabilities	91,610	61,564	153,174
Total equity and liabilities	**103,539**	**185,233**	**288,772**
Revenue	189,093	318,377	507,470
Depreciation, amortisation and impairment losses	(2,854)	(12,607)	(15,461)
Other (expense), net	(183,197)	(248,141)	(431,338)
Operating profit [EBIT]	**3,042**	**57,629**	**60,671**
Interest income	707	49	756
Interest expense	(1,607)	(667)	(2,274)
Other finance income/(expense)	848	546	1,394
Profit/(loss) before tax	**2,990**	**57,557**	**60,547**
Income tax benefit/(expense)	94	(11,595)	(11,501)
Profit/(loss) for the period	**3,084**	**45,962**	**49,046**
Income or expense, net, recognised directly in equity	15	(4,216)	(4,201)
Total comprehensive income for the period	**3,099**	**41,746**	**44,845**
28 February 2015			
Non-current assets	39,716	106,727	146,443
Inventories	25,087	24,671	49,758
Receivables and other assets	29,505	62,532	92,037
Cash, cash equivalents and securities	4,888	21,815	26,703
Current assets	59,480	109,018	168,498
Total assets	**99,196**	**215,745**	**314,941**
Equity	8,412	160,292	168,704
Borrowings	157	10,497	10,654
Other liabilities	326	6,668	6,994
Non-current liabilities	483	17,165	17,648
Borrowings	40,505	10,666	51,171
Other liabilities	49,796	27,622	77,418
Current liabilities	90,301	38,288	128,589
Total equity and liabilities	**99,196**	**215,745**	**314,941**
Revenue	189,442	315,800	505,242
Depreciation, amortisation and impairment losses	(3,134)	(12,180)	(15,314)
Other (expense), net	(188,220)	(235,942)	(424,162)
Operating profit [EBIT]	**(1,912)**	**67,678**	**65,766**
Interest income	116	55	171
Interest expense	(1,634)	(556)	(2,190)
Other finance income/(expense)	(412)	(794)	(1,206)
Profit/(loss) before tax	**(3,842)**	**66,383**	**62,541**
Income tax benefit/(expense)	399	(12,196)	(11,797)
Profit/(loss) for the period	**(3,443)**	**54,187**	**50,744**
Income or expense, net, recognised directly in equity	312	3,599	3,911
Total comprehensive income/(expense) for the period	**(3,131)**	**57,786**	**54,655**

The calculation of the carrying amounts of the investments in equity-accounted joint ventures is tabulated below:

€000	STUDEN group	HUNGRANA group	Total
29 February 2016			
Equity	11,510	110,237	121,747
Of which attributable to AGRANA	5,755	55,119	60,874
Goodwill	0	484	484
Impairment loss on goodwill at time of transition	(452)	0	(452)
Investments in equity-accounted joint ventures (carrying amount)	**5,303**	**55,603**	**60,906**
Dividend attributable to AGRANA	0	45,900	45,900
28 February 2015			
Equity	8,412	160,292	168,704
Of which attributable to AGRANA	4,206	80,146	84,352
Goodwill	0	484	484
Impairment loss on goodwill at time of transition	(452)	0	(452)
Investments in equity-accounted joint ventures (carrying amount)	**3,754**	**80,630**	**84,384**
Dividend attributable to AGRANA	0	0	0

Non-controlling interests

Of the non-controlling interests of € 55,843 thousand (prior year: € 65,161 thousand), most represented the co-owners of the AUSTRIA JUICE group, at € 39,952 thousand (prior year: € 47,895 thousand). AGRANA's total interests in the AUSTRIA JUICE group amounted to 50.01%. Therefore, 49.99% of the equity of the AUSTRIA JUICE group must be reported as a non-controlling interest in AGRANA's consolidated financial statements.

The following table presents the financial position and performance of the AUSTRIA JUICE group:

AUSTRIA JUICE group €000	29 Feb 2016	28 Feb 2015
Non-current assets	131,452	138,535
Current assets	228,422	200,569
Total assets	**359,874**	**339,104**
Non-current liabilities	6,668	8,575
Current liabilities	266,007	227,439
Total liabilities	**272,675**	**236,014**
Net assets	**87,199**	**103,090**
Revenue	212,082	257,137
Operating profit [EBIT]	443	15,331
Profit before tax	(4,234)	11,760
Income tax expense	(1,746)	(1,850)
(Loss)/profit for the period	(5,980)	9,910
(Expense) recognised directly in equity	(2,917)	(461)
Total comprehensive (expense)/income for the period	(8,897)	9,449
Net cash from operating activities	57,729	5,627
Net cash (used in) investing activities	(7,242)	(11,869)
Net cash (used in)/from financing activities	(51,810)	23,375
Net (decrease)/increase in cash and cash equivalents	**(1,323)**	**17,133**

The table below shows the interests of the non-controlling shareholders in the AUSTRIA JUICE group:

AUSTRIA JUICE group €000	**29 Feb 2016**	**28 Feb 2015**
Non-controlling interests in:		
Profit for the period	(2,990)	4,954
Dividends	3,499	3,499
Carrying amount of net assets	43,591	51,535
Goodwill	(3,639)	(3,640)
Net assets	**39,952**	**47,895**

3.1. 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.

4. Consolidation methods

- Acquisitions of companies that are fully consolidated are accounted for using the acquisition method in accordance with IFRS 3. Where a business combination entails the possible recognition of intangible assets not previously recognised in the separate financial statements of the acquired company, such as customer relationships, these are recognised only when the requirements under IAS 38 for capitalisation are met. For acquisitions of a majority interest rather than a 100% stake in a company, IFRS 3 provides an accounting policy choice as to how to measure the resulting non-controlling interests. The non-controlling interests may be measured either at their proportionate share of the fair value of the net assets of the acquiree (partial goodwill method) or at their proportionate share of goodwill (full goodwill method). This choice is available individually for each business combination. The full goodwill method has not been applied in the AGRANA Group to date.

- The investments in joint ventures are accounted for using the equity method and are included in the consolidated financial statements from the time of acquisition, provided that the requirements for the application of IFRS 11 (Joint Arrangements) are met. Profits or losses resulting from transactions of the AGRANA Group with a joint venture are eliminated to the extent of the Group's interest in the joint venture.

- Intragroup revenues, expenses and income and all receivables and payables or provisions between the consolidated companies are eliminated. In assets that arise from intragroup flows of products or services and are included in non-current assets or in inventories, intragroup balances are eliminated.

5. 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 the ECB reference rates of exchange or other published reference rates at the balance sheet date (i.e., at period-end rates). Foreign currency transactions are translated into the functional currency at the exchange rates prevailing at the transaction date. Expenses and income are translated at annual average rates of exchange (the mean of the daily rates of the ECB or national banks), with the exception of the currency translation gains and losses from the measurement of receivables and liabilities related to Group financing.

- 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 in other comprehensive income. Specifically, they are presented in the statement of other comprehensive income as currency translation differences related to consolidation.

■ Foreign currency-denominated gains and losses on the measurement of foreign currency financing liabilities are translated at exchange rates at the balance sheet date if the average rate is deemed unsuitable as a result of sustained exchange rate volatility.

■ In translating the financial statements of foreign Group companies, the following exchange rates were applied:

€	Currency	Rate at reporting date 29 Feb 2016	Rate at reporting date 28 Feb 2015	Average rate for year 2015/16	Average rate for year 2014/15
Albania	ALL	138.24	–	139.43	–
Argentina	ARS	17.18	9.77	11.22	10.72
Australia	AUD	1.53	1.44	1.49	1.46
Bosnia-Herzegovina	BAM	1.96	1.96	1.96	1.96
Brazil	BRL	4.34	3.26	3.90	3.10
Bulgaria	BGN	1.96	1.96	1.96	1.96
Czech Republic	CZK	27.06	27.44	27.17	27.58
China	CNY	7.14	7.05	6.98	8.00
Croatia	HRK	7.63	7.69	7.61	7.64
Denmark	DKK	7.46	7.47	7.46	7.45
Egypt	EGP	8.54	8.61	8.54	9.27
Fiji	FJD	2.35	2.29	2.34	2.47
Hungary	HUF	311.26	303.03	310.04	309.59
Macedonia	MKD	61.70	61.51	61.64	61.60
Mexico	MXN	19.80	16.87	18.11	17.48
Morocco	MAD	10.78	10.80	10.82	11.10
Poland	PLN	4.36	4.15	4.21	4.19
Romania	RON	4.48	4.44	4.45	4.44
Russia	RUB	82.64	69.20	69.79	55.51
Serbia	CSD	123.50	120.33	120.85	118.30
South Africa	ZAR	17.46	13.07	14.87	14.14
South Korea	KRW	1,347.54	1,236.16	1,267.46	1,365.73
Turkey	TRY	3.23	2.83	3.11	2.86
Ukraine	UAH	29.78	31.42	24.98	17.70
USA	USD	1.09	1.12	1.10	1.29

6. Accounting policies

6.1. Intangible assets and property, plant and equipment

■ Purchased intangible assets (other than goodwill) are capitalised at cost and amortised on a straight-line basis over their expected useful lives of between 5 and 15 years. Almost all intangible assets other than goodwill have a determinable useful life. Those intangible assets having an indefinite useful life are not material for the Group.

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

■ 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. Items of property, plant and equipment are valued at cost of purchase and/or conversion, less straight-line or campaign-based depreciation and impairment losses. Besides materials and labour costs, prorated overheads are capitalised in the conversion costs of internally generated assets. Borrowing costs directly attributable to the production of an asset that are incurred during the production period are capitalised in accordance with IAS 23. All other borrowing costs are recognised as an expense in the period during which they are incurred. Maintenance costs are expensed as incurred, unless they result in an expansion or significant 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 (i) its fair value at the inception of the rental period or lease and (ii) 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	15 to 50 years
Plant and machinery	10 to 15 years
Office furniture and equipment	3 to 10 years

6.2. Government assistance

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

■ Government assistance to support capital expenditure is recognised as deferred income from the time of the binding award and deducted from the cost of the intangible assets and property, plant and equipment on a straight-line basis over the useful life of the allocated asset through profit and loss. Details are provided from page 128.

6.3. Financial instruments

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

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

Financial liabilities
- Bank loans and overdrafts, and other loans from non-Group entities
- Borrowings from affiliated companies in the Südzucker group
- Finance lease obligations
- Trade payables
- Financial other payables

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

■ Investments in non-consolidated subsidiaries and outside companies, as well as securities, are classified to the available-for-sale category and are initially measured at fair value in the case of securities, and at cost in the case of investments in non-consolidated subsidiaries and outside companies, including any transaction costs. Subsequent measurement is at fair value. Changes in value are recognised outside profit or loss (after income tax) in a separate reserve item in equity. Only after the cumulative changes in fair value are realised by selling the asset are they recognised in the income statement. Available-for-sale non-material investments in non-consolidated subsidiaries and outside companies are measured at cost.

■ Financial assets are recognised at the settlement date.

■ Cash and cash equivalents include cash on hand and bank deposits having a remaining term to maturity of up to three months at the time of investment. Cash and cash equivalents in foreign currency are measured at the exchange rates at the balance sheet date.

Derivative financial instruments

■ Derivative financial instruments are used to hedge risks from changes in interest rates, exchange rates and commodity prices. Derivatives are carried as an asset or liability and, irrespective of their purpose, are measured at fair value. Changes in their fair value are recognised through profit or loss in other operating income/expenses (for commodity derivatives and currency derivatives related to purchase and sales transactions) or in net financial items (for interest rate derivatives and currency derivatives related to financings), unless the derivatives are used to hedge an underlying transaction (cash flow hedges). Where the conditions for cash flow hedge accounting under IAS 39 are met, the unrealised effective changes in fair value are recognised directly in equity. They are reclassified from equity to profit or loss in the period in which the underlying hedged transaction affects profit or loss. Ineffective portions of the valuation gains or losses on cash flow hedges are recognised in the income statement immediately. Derivatives are classified as held for trading, except for derivatives in a hedging relationship with a hedged item that qualify for cash flow hedge accounting. More information on derivative financial instruments is provided on page 141.

Receivables

■ Receivables are initially recognised at fair value and subsequently measured at amortised cost. Non-interest-bearing receivables with a remaining maturity of more than one year are recognised at their present value using the effective interest method. For default risks or other risks contained in receivables, sufficient impairment provisions are individually allowed. Receivables that are individually immaterial, and receivables with similar default risk, are grouped together and impairment is recognised on the basis of historical experience. The face amounts of the receivables net of necessary impairment provisions represent the fair values. Irrecoverable receivables are derecognised on an individual case-by-case basis. If the reasons for an impairment provision cease to apply, the impairment loss is reversed, to no more than the asset's historical cost.

■ Foreign currency receivables are measured at the exchange rates at the balance sheet date.

Payables

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

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

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

6.4. 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 as a result of prolonged storage or reduced saleability, a write-down is recognised.

6.5. 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 given calendar year and are intangible assets for the purposes of IAS 38 that, except as noted below, are to be classified as current assets. They are assigned a cost of zero. From the point when emissions exceed allocated allowances (one allowance represents one tonne of carbon dioxide), a provision for CO_2 emissions must be established for actual additional emissions and recognised in the income statement. The provision is calculated by taking into account the cost incurred for purchased emission allowances or any excess of their market value at the measurement date over their cost. CO_2 emission allowances that have already been purchased for use in a subsequent trading period are recorded in non-current assets.

6.6. 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 annually at 31 August 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 an 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 largely independent cash inflows can be determined, value in use is determined for the next-larger unit (the cash generating unit) to which the asset belongs and for which largely independent cash inflows can be determined.

■ Where an impairment loss later decreases or is eliminated, the amount of the reversal of the impairment loss (except in the case of goodwill and equity-like securities classified as "available-for-sale") 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.

6.7. Employee benefit obligations

■ The AGRANA Group maintains both defined contribution and defined benefit plans for pensions and termination benefits. Under the defined contribution pension and termination benefit arrangements, AGRANA has no further obligation after paying the agreed premium. Contributions to defined contribution plans are recognised as an expense when they fall due, and are reported in staff costs. Contributions paid to government plans are treated in the same manner as those paid to defined contribution plans. As the Group has no payment obligations beyond making the contributions, no provision is maintained.

■ The provisions for defined benefit pension, 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.

■ Service cost is recognised in staff costs. Besides the current service cost for the benefits newly earned by staff every year, it may also include past service cost arising from plan curtailments or changes, which is recognised immediately in profit or loss for the period. The net interest cost for the financial year is calculated by applying the discount rate determined at the beginning of the year to the net pension obligation determined at that time, taking into account the expected payment outflows. Net interest is recognised in finance expense.

■ Actuarial gains and losses arising from changes in actuarial assumptions or from differences between previous actuarial assumptions and observed outcomes are recognised directly in equity in the period in which they occur, along with their effect on deferred taxes (with the exception of obligations for long-service awards). Correspondingly, the full amount of the obligation is recognised in the balance sheet. The changes in actuarial gains and losses recognised in the respective period are presented separately on the face of the statement of comprehensive income. Actuarial gains and losses previously recognised directly in equity cannot be reclassified to profit or loss in subsequent periods. The recognition in other comprehensive income also includes the differences between (i) the interest income on plan assets based on the discount rate and included in net interest and (ii) the actual return on plan assets determined at the end of the period.

■ The calculation is based on extrapolated future trends in salaries, retirement benefits and employee turnover, as well as a discount rate of predominantly 1.8% for the year under review (prior year: 1.4%).

■ A portion of pension obligations was transferred to pension funds. The retirement benefit contributions to be paid are calculated so 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 Group also holds benefit insurance policies to secure its ability to meet obligations under pension and termination benefit plans. The individual assets allocated to the pension plan are netted against the present value of the pension obligation to arrive at the net obligation. The individual assets allocated to the pension plan are netted against the present value of the pension obligation to arrive at the net obligation. Likewise, the qualifying insurance policies are treated as plan assets in reducing the present value of the respective pension and termination benefit obligation.

6.8. 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 whether 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.

■ Provisions for reclamation comprise obligations for reclamation of properties, emptying and rehabilitation of landfills, remediation or restoration of building structures, legacy soil reclamation and removal of waste residues.

■ "Provisions for staff costs including long-service awards" also include provisions for phased retirement, provisions for redundancy benefit plans under restructuring projects, provisions for bonuses and awards, and other personnel-related provisions. Under IAS 19, long-service awards are classified as long-term employee benefits. These are determined by the projected unit credit method. Actuarial gains and losses are reported in the current period in staff costs. Long-service awards are one-time payments dependent on level of salary or wage and length of service and are stipulated under local company agreements or of collective agreements. Obligations for the payment of such service anniversary bonuses exist especially in Austria and Germany. In Austria, provisions for phased retirement must be created as a result of labour laws regarding obligations to employees. The legislation concerning phased retirement makes it easier for companies to employ older staff members working reduced hours with substantial financial security until full retirement. Provisions for redundancy benefit plans under restructurings are created only if a formal, detailed restructuring plan has been prepared and communicated.

■ Provisions for uncertain liabilities include, among other items, provisions for litigation risks, onerous contracts, costs of beet receiving, loading and storage, and other uncertain liabilities. A provision for onerous (loss-making) contracts is recognised if the expected economic benefit from a contract is less than the unavoidable cost of fulfilling the contract.

6.9. 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 exist 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, to the extent that deferred tax assets are likely to be realised.

■ When income and expenses are recognised directly in equity, the respective deferred tax assets and liabilities are also taken directly to equity. The assessment of the recoverability of deferred tax assets arising from temporary differences and from tax loss carryforwards takes into account company-specific forecasts of, for instance, the future earnings situation in the respective Group company. Deferred tax assets are recognised only if the associated tax benefits are expected to be realisable over a five-year planning horizon. This is the case if sufficient profits can be earned or if there is sufficient taxable income from the reversal of temporary differences previously recognised as liabilities.

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

■ The income tax reported represents the tax levied in the individual countries on taxable income, and the movement in deferred taxes.

6.10. Recognition of revenue and costs

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

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

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

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

6.11. 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 act 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:

- The impairment testing of goodwill (carrying amount at 29 February 2016: € 226,202 thousand), other intangible assets (carrying amount at 29 February 2016: € 15,759 thousand) and property, plant and equipment (carrying amount at 29 February 2016: € 679,592 thousand) is based on forward-looking assumptions. The determination of the recoverable amounts for the purpose of the impairment review involves several assumptions, such as regarding future net cash flows and the discount rate. The net cash flows are the amounts in the most current cash flow forecast for the cash generating units (CGUs) for the next five years (most current at the time of the regular impairment test date of 31 August). Shortly before the balance sheet date, a new cash flow forecast was presented to the Supervisory Board, which did not contain potential triggering events that would indicate an impairment.

- It was determined through a simulation that a hypothetical reduction of 5% in sustainable cash flows would not lead to an impairment of goodwill.

- The discount rate before tax varies by industry, company risk level and specific market environment; in the financial year it ranged from 6.11% to 10.48% (prior year: 6.30% to 10.36%).

- An increase of 0.5 percentage points in the weighted average cost of capital (WACC) would not lead to impairment. Financial instruments for which no active market exists are reviewed for impairment by using alternative discounting-based valuation methods. The inputs used for the determination of fair value are based in part on assumptions concerning the future.

- The measurement of existing retirement and termination benefit obligations (carrying amount at 29 February 2016: € 67,146 thousand) involves assumptions regarding discount rate, age at retirement, life expectancy, employee turnover and future increases in pay and benefits.

- The sensitivity analysis below is based on varying one assumption at a time with the other assumptions remaining unchanged from the original calculation. Potential correlation effects between assumptions are thus not taken into account. The changes in assumptions would have the following effects on the present values of the obligations stated in note 25a:

	Pension benefits		**Termination benefits**	
€000	**29 Feb 2016**	**28 Feb 2015**	**29 Feb 2016**	**28 Feb 2015**
Changes in actuarial assumptions				
Discount rate				
+ 0.5 percentage points	(2,572)	(2,663)	(1,720)	(1,842)
− 0.5 percentage points	2,829	2,939	1,865	2,003
Wage and salary increase				
+ 0.25 percentage points	92	86	905	969
− 0.25 percentage points	(91)	(84)	(872)	(932)
Pension increase				
+ 0.25 percentage points	1,205	1,271	–	–
− 0.25 percentage points	(1,157)	(1,219)	–	–
Life expectancy				
Increase by 1 year	4,069	4,194	–	–
Decrease by 1 year	(4,202)	(4,329)	–	–

– The recognition of deferred tax assets (carrying amount at 29 February 2016: € 14,873 thousand) is based on the assumption that sufficient taxable profit will be earned over the five-year planning horizon to realise them.

– The off-balance sheet obligations from financial guarantees and from other contingent liabilities, and any reductions in these obligations, are regularly reviewed as to whether they require recognition in the balance sheet.

– In determining the amount of other provisions (carrying amount at 29 February 2016: € 48,425 thousand), management exercises judgement as to whether AGRANA is likely to incur an outflow of resources from the obligation concerned and whether the amount of the obligation can be estimated reliably.

■ The HUNGRANA group and the STUDEN group were classified as joint ventures in accordance with IFRS 11 and the agreements existing at the time. The AGRANA Group holds 50% of the share capital of the joint ventures.

■ The AGRANA Group holds 50.01% of the share capital of AUSTRIA JUICE GmbH and is subsidiaries. As a result of the underlying contracts and arrangements, AGRANA exercises control over these companies and fully consolidates them in the Group accounts.

7. Notes to the consolidated income statement

Note (1)

7.1. Revenue

€000	2015|16	2014|15
By nature of activity		
Revenue from sale of finished goods	2,220,995	2,275,633
Revenue from sale of goods purchased for resale	246,094	202,104
Service revenue	10,558	15,775
Total	**2,477,647**	**2,493,512**

The regional analysis of revenue is presented in the Segment reporting section (beginning on page 101).

The Group's top ten customers accounted for 27% (prior year: 26%) of consolidated revenue. One AGRANA customer accounted for 12% (prior year: less than 10%) of consolidated revenue. No other customer represented more than 10% of revenue.

Note (2)

7.2. Change in inventories and own work capitalised

€000	2015|16	2014|15
Changes in inventories of finished and unfinished goods	25,183	(76,133)
Own work capitalised	1,523	1,375

The net increase of € 25,183 thousand in inventories of finished and unfinished goods (prior year: decrease of € 76,133 thousand) reflected mainly the Sugar segment, at a decrease of € 14,965 thousand (prior year: decrease of € 36,643 thousand), and the Fruit segment (particularly the juice activities), with an increase of € 39,520 thousand (prior year: decrease of € 37,420 thousand).

Note (3)

7.3. Other operating income

€000	2015|16	2014|15[1]
Income from:		
Currency translation gains	11,356	11,450
Insurance benefits and payments for damages	4,596	1,426
Derivatives	3,882	3,481
Non-recurring gain on initial consolidation	3,590	0
Services rendered to third parties	1,773	2,614
Beet and pulp cleaning, transport and handling	1,068	1,437
Rent and leases	1,010	1,255
Disposal of non-current assets other than financial assets	438	1,136
Exceptional income	65	1,002
Other items	16,309	14,541
Total	**44,087**	**38,342**

Within other operating income, “other items” represent, for instance, revenue from the pass-through of costs for consumables, raw materials and benefits in kind.

Note (4)

7.4. Cost of materials

€000	2015|16	2014|15
Costs of		
Raw materials	1,120,260	1,017,420
Consumables and goods purchased for resale	603,728	621,512
Purchased services	59,735	64,748
Total	**1,783,723**	**1,703,680**

Note (5)

7.5. Staff costs

€000	2015|16	2014|15
Wages and salaries	223,196	222,275
Social security contributions, retirement benefit expenses and other staff costs	62,500	59,779
Total	**285,696**	**282,054**

The expense for the unwinding of discount on the pension and termination benefits newly accrued in prior years, less the return on plan assets, is included within net financial items. The interest component, at € 1,010 thousand (prior year: € 1,962 thousand) is included in net financial items. The current and past service costs are included in staff costs.

In the 2015|16 financial year an expense of € 16,170 thousand (prior year: € 15,839 thousand) was recognised for contributions to government pension plans.

€ 949 thousand of contributions to a defined contribution termination benefit fund were recognised in the income statement for the year (prior year: € 920 thousand).

Wages and salaries included € 1,587 thousand of exceptional items (prior year: € 5,151 thousand).

[1] The prior-year data have been restated under IAS 8. Further information is provided on page 106.

Average number of employees during the financial year (average full-time equivalents)

	2015|16	2014|15[1]
By employee category		
Wage-earning staff	6,078	6,128
Salaried staff	2,345	2,341
Apprentices	87	81
Total	**8,510**	**8,550**

	2015|16	2014|15[1]
By region		
Austria	2,061	2,076
Hungary	432	469
Romania	645	669
Rest of EU	1,574	1,609
EU-28	4,712	4,823
Rest of Europe (Bosnia-Herzegovina, Russia, Serbia, Turkey, Ukraine)	1,313	1,290
Other foreign countries	2,485	2,437
Total	**8,510**	**8,550**

The average number of employees of joint ventures in full-time equivalents over the year was as follows (reported at company totals, not proportionately):

	2015|16	2014|15[1]
By employee category		
Wage-earning staff	289	313
Salaried staff	179	184
Total	**468**	**497**

Note (6)

7.6. Depreciation, amortisation and impairment

€000	Total	Amortisation, depreciation	Impairment losses	Reversal of impairment losses
2015|16				
Intangible assets	7,282	7,282	0	0
Property, plant and equipment	77,189	77,501	509	(821)
Recognised in operating profit before exceptional items and results of equity-accounted joint ventures	**84,471**	**84,783**	**509**	**(821)**
Exceptional items	910	0	910	0
Recognised in operating profit [EBIT]	**85,381**	**84,783**	**1,419**	**(821)**
Financial assets	8	8	0	0
Recognised in net financial items	**8**	**8**	**0**	**0**
Total	**85,389**	**84,791**	**1,419**	**(821)**
2014|15				
Intangible assets	6,247	6,247	0	0
Property, plant and equipment	73,652	74,340	10	(698)
Recognised in operating profit before exceptional items and results of equity-accounted joint ventures	**79,899**	**80,587**	**10**	**(698)**
Exceptional items	166	0	166	0
Recognised in operating profit [EBIT]	**80,065**	**80,587**	**176**	**(698)**
Total	**80,065**	**80,587**	**176**	**(698)**

[1] The prior-year data have been restated under IAS 8. Further information is provided on page 106.

Impairment losses and reversals of impairment losses, by segment, were as follows:

€000	Impairment losses	Reversal of impairment losses
2015|16		
Sugar segment	509	(17)
Starch segment	0	(804)
Fruit segment	910	0
Group	**1,419**	**(821)**
2014|15		
Sugar segment	10	(10)
Starch segment	0	(688)
Fruit segment	166	0
Group	**176**	**(698)**

The impairment losses in the Sugar segment related principally to expenses for derecognition of assets resulting from their technical non-realisation. The impairment losses in the Fruit segment related to the costs for the closure of a production site in Belgium and a farm in Morocco, which are presented in exceptional items. The reversal of impairment losses in the Starch segment related to a drum drying plant in Austria which had been written down in the 2009|10 financial year to its value in use. A discount rate of 6.16% was used at the balance sheet date to determine the value in use.

Note (7)

7.7. Other operating expenses

€000	2015|16	2014|15[1]
Selling and freight costs	136,159	135,423
Operating and administrative expenses	91,958	94,235
Currency translation losses	10,860	5,055
Rent and lease expenses	8,476	7,397
Advertising expenses	8,338	8,044
Other taxes	6,657	6,879
Production levy	3,774	3,770
Derivatives	2,594	4,296
Losses on disposal of non-current assets	2,040	2,297
Lease expenses	1,489	1,686
Damage payments	924	1,504
Research and development expenses (external)	917	4,498
Exceptional items	622	1,049
Other items	14,400	18,817
Total	**289,208**	**294,950**

Internal and external R&D costs totalled € 14,911 thousand (prior year: € 14,520 thousand). The reduction in external research and development expenses resulted from the initial consolidation of AGRANA Research & Innovation Center GmbH, Vienna.

Within other operating expenses, “other items” included, for instance, provisions and other purchased services.

The costs incurred in the financial year for external auditor KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft were € 468 thousand (prior year: € 666 thousand). Of this total, € 447 thousand (prior year: € 454 thousand) related to the audit of the consolidated financial statements (including the audit of the separate financial statements of individual subsidiaries), € 8 thousand (prior year: € 18 thousand) was for other assurance services, and € 13 thousand (prior year: € 194 thousand) represented other non-audit services.

[1] The prior-year data have been restated under IAS 8. Further information is provided on page 106.

Note (8)

7.8. Share of results of equity-accounted joint ventures

The share of results of equity-accounted joint ventures of € 24,523 thousand (prior year: € 25,372 thousand) included the Group's share of the profits or losses of the joint ventures in the HUNGRANA group and the STUDEN group.

Note (9)

7.9. Operating profit (EBIT)

€000	2015|16	2014|15
Operating profit before exceptional items and results of equity-accounted joint ventures	107,486	102,017
Exceptional items	(3,054)	(5,670)
Share of results of equity-accounted joint ventures	24,523	25,372
Total	**128,955**	**121,719**

Exceptional items – separately presented only in the section "Segment information" – consisted of expenses for the closure of a production site in Belgium and a farm in Morocco, as well as expenses for a strategy-and-organisation project in the Fruit segment. The related amounts recognised in the consolidated income statement were € 65 thousand (prior year: € 1,002 thousand) within other operating income, € 1,587 thousand (prior year: € 5,151 thousand) within staff costs, € 910 thousand (prior year: € 166 thousand) within depreciation, amortisation and impairment losses, and € 622 thousand (prior year: € 1,049 thousand) within other operating expenses.

Note (10)

7.10. Finance income

€000	2015|16	2014|15[1]
Interest income	9,724	9,905
Currency translation gains	12,271	44,790
Income from non-consolidated subsidiaries and outside companies	37	769
Gains on derivatives	21,373	12,609
Miscellaneous finance income	384	647
Total	**43,789**	**68,720**

Interest income by segment was as follows:

€000	2015|16	2014|15
Sugar segment	8,099	8,412
Starch segment	111	72
Fruit segment	1,514	1,421
Group	**9,724**	**9,905**

Note (11)

7.11. Finance expense

€000	2015|16	2014|15[1]
Interest expense	17,668	17,061
Net interest on provisions for pensions and termination benefits	1,010	1,962
Currency translation losses	24,515	15,427
Expenses from non-consolidated subsidiaries and outside companies	9	0
Losses from derivatives	22,074	35,283
Miscellaneous finance expense	3,032	4,227
Total	**68,308**	**73,960**

[1] The prior-year data have been restated under IAS 8. Further information is provided on page 106.

Interest expense by segment was as follows:

€000	2015|16	2014|15
Sugar segment	15,818	14,465
Starch segment	23	61
Fruit segment	1,827	2,535
Group	**17,668**	**17,061**

Interest expense includes the interest component of € 98 thousand (prior year: € 179 thousand) from the discounting of the non-current obligation for long-service awards.

Net currency translation differences on financing activities amounted to a loss of € 12,244 thousand (prior year: gain of € 29,363 thousand). This was composed of a realised loss of € 1,211 thousand (prior year: realised gain of € 20,554 thousand) and an unrealised loss of € 11,033 thousand (prior year: unrealised gain of € 8,809 thousand). The net loss was attributable largely to movements in exchange rates for the currencies of Ukraine, Brazil, Mexico and Russia.

Note (12)

7.12. Income tax expense

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

€000	2015|16	2014|15
Current tax expense	22,698	25,055
Of which Austrian	4,422	6,723
Of which foreign	18,276	18,332
Deferred tax expense/(income)	810	6,846
Of which Austrian	2,991	(3,468)
Of which foreign	(2,181)	10,314
Total tax expense	**23,508**	**31,901**
Of which Austrian	7,413	3,255
Of which foreign	16,095	28,646

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

€000	2015|16	2014|15
(Decrease) in deferred tax assets in the consolidated balance sheet	(7,311)	(8,082)
Decrease in deferred tax liabilities in the consolidated balance sheet	5,943	2,178
Total change in deferred taxes before changes in scope of consolidation	**(1,368)**	**(5,904)**
Of which recognised in OCI[1] (remeasurement, cash flow hedges and IAS 19)	802	2,190
Of which currency translation, and other	(1,360)	(1,248)
Of which recognised in the income statement	(810)	(6,846)

[1] Other comprehensive income.

Reconciliation of profit before tax to income tax expense

€000	2015|16	2014|15
Profit before tax	104,436	116,479
Standard Austrian tax rate	25%	25%
Nominal tax expense at standard Austrian rate	**26,109**	**29,120**
Tax effect of:		
Different tax rates applied on foreign income	(122)	(326)
Tax-exempt income and tax deductions, including results of equity-accounted joint ventures	(6,756)	(7,858)
Non-tax-deductible expenses and additional tax debits	2,180	2,426
Effects of unrecognized tax loss carryforwards in respect of the financial year	2,197	4,693
Effects of impairment of deferred taxes	97	6,130
Non-recurring tax expenses	(197)	496
Non-temporary differences resulting from consolidation	0	(2,780)
Income tax expense	**23,508**	**31,901**
Effective tax rate	**22.5%**	**27.4%**

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

The Tax Reform Act of 2005 introduced a new concept for the taxation of company groups. In accordance with the provisions of this Act, 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 m.b.H., AGRANA Internationale Verwaltungs- und Asset-Management GmbH, AGRANA Group-Services GmbH, INSTANTINA Nahrungsmittel Entwicklungs- und Produktionsgesellschaft m.b.H. and AUSTRIA JUICE GmbH.

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. € 16,075 thousand (prior year: € 14,305 thousand) of potential tax assets were not recognised. These related to cumulative unused tax loss carryforwards of € 72,412 thousand (prior year: € 66,306 thousand). Of the unused tax loss carryforwards, € 25,568 thousand (prior year: € 18,606 thousand) can be carried forward indefinitely, € 20,851 thousand (prior year: € 0) expire in two to four years, € 17,020 thousand (prior year: € 38,734 thousand) expire in five to seven years and € 8,973 thousand (prior year: € 8,966 thousand) expire in the 2017 calendar year.

At the balance sheet date the deferred tax assets and liabilities recognised directly in equity amounted to a net asset of € 7,198 thousand (prior year: € 6,396 thousand).

For temporary differences on investments in subsidiaries, deferred tax liabilities of € 191,574 thousand (prior year: € 193,502 thousand) were not recognised, as these gains are intended to be reinvested for an indefinite period and these temporary differences are thus not likely to reverse in the foreseeable future.

Note (13) **7.13. Earnings per share**

		2015|16	2014|15
Profit for the period attributable to shareholders of the parent (AGRANA Beteiligungs-AG)	€000	82,723	80,896
Average number of shares outstanding		14,202,040	14,202,040
Earnings per share under IFRS (basic and diluted)	€	**5.82**	**5.70**
Dividend per share	€	**4.00[1]**	**3.60**

Subject to the Annual General Meeting's approval of the proposed allocation of profit for the 2015|16 financial year, AGRANA Beteiligungs-AG will pay a dividend of € 56,808 thousand (prior year: € 51,127 thousand).

8. 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.

As a result of currency legislation, there are restrictions on access to cash and cash equivalents of subsidiaries in the amount of € 18,237 thousand (prior year: € 17,006 thousand) in China and Ukraine.

Cash and cash equivalents do not include current bank borrowings or securities classified as current assets.

The currency translation effects, except those on cash and cash equivalents, are already eliminated in the respective balance sheet items.

Note (14) **8.1. Cash flows from operating activities**

Operating cash flow before changes in working capital was € 225,914 thousand (prior year: € 208,066 thousand), or 9.12% of revenue (prior year: 8.34%). The non-cash expenses/income consisted mainly of the unrealised foreign currency losses of € 11,033 thousand (prior year: unrealised translation gains of € –8,809 thousand) reflected in net financial items, non-cash income taxes of € 23,508 thousand (prior year: € 31,901 thousand), non-cash interest of € 8,376 thousand (prior year: € 10,182 thousand), a non-cash change of € 1,146 thousand (prior year: € 1,368 thousand) in impairment on receivables, and non-cash inventory write-downs of € 5,471 thousand (prior year: € 13,851 thousand). After changes in working capital and after cash flows from interest and taxes, net cash from operating activities was € 101,913 thousand (prior year: € 227,143 thousand).

Note (15) **8.2. Cash flows from investing activities**

Net cash used in investing activities decreased by € 64,227 thousand from € 84,151 thousand to € 19,924 thousand. This reflected the fact that an increase in outflows from purchases in property, plant and equipment and intangible assets to € 107,720 thousand (prior year: € 86,982 thousand) was more than offset by the disposal of the participation capital of RAIFFEISEN-HOLDING NIEDERÖSTERREICH-WIEN regGenmbH in the amount of € 85,000 thousand which AGRANA Beteiligungs-AG had subscribed.

Proceeds from the disposal of non-current assets amounted to € 3,103 thousand (prior year: € 1,621 thousand).

Note (16) **8.3. Cash flows from financing activities**

Borrowings (net of unrealised currency translation losses) fell by € 21,098 thousand in the 2015|16 financial year (prior year: reduction of € 8,373 thousand).

[1] Proposal to the Annual General Meeting.

As a result of the redemption of the participation capital by RAIFFEISEN-HOLDING NIEDERÖSTERREICH-WIEN regGenmbH, AGRANA was able to repay current borrowings of € 85,000 thousand to affiliated companies in the Südzucker group.

Purchases on non-controlling interests consisted of the acquisition by AGRANA Zucker GmbH, Vienna, of the remaining 2.34% of Moravskoslezské Cukrovary A.S., Hrušovany, Czech Republic, for the sum of € 2,558 thousand, which was paid in the year under review.

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

9. Notes to the consolidated balance sheet

Note (17)

9.1. Intangible assets, including goodwill

€000	Goodwill	Concessions, licences and similar rights	Total
2015|16			
Cost			
At 1 March 2015	226,176	90,449	316,625
Currency translation differences	26	(355)	(329)
Changes in scope of consolidation/other changes	0	41	41
Additions	0	6,682	6,682
Reclassifications	0	1,342	1,342
Disposals	0	(2,851)	(2,851)
At 29 February 2016	**226,202**	**95,308**	**321,510**
Accumulated amortisation and impairment			
At 1 March 2015	0	75,150	75,150
Currency translation differences	0	(245)	(245)
Changes in scope of consolidation/other changes	0	43	43
Amortisation for the period	0	7,282	7,282
Reclassifications	0	87	87
Disposals	0	(2,768)	(2,768)
At 29 February 2016	**0**	**79,549**	**79,549**
Carrying amount at 29 February 2016	**226,202**	**15,759**	**241,961**
2014|15			
Cost			
At 1 March 2014	226,177	85,331	311,508
Currency translation differences	(1)	1,535	1,534
Changes in scope of consolidation/other changes	0	1	1
Additions	0	2,274	2,274
Reclassifications	0	1,584	1,584
Disposals	0	(276)	(276)
At 28 February 2015	**226,176**	**90,449**	**316,625**
Accumulated amortisation and impairment			
At 1 March 2014	0	68,181	68,181
Currency translation differences	0	1,250	1,250
Amortisation for the period	0	6,247	6,247
Reclassifications	0	(247)	(247)
Disposals	0	(281)	(281)
At 28 February 2015	**0**	**75,150**	**75,150**
Carrying amount at 28 February 2015	**226,176**	**15,299**	**241,475**

■ The additions of € 6,682 thousand (prior year: € 2,274 thousand) of non-goodwill intangible assets related primarily to software and a quota for deliveries to a customer. The quota is subject to amortisation based on delivery volume.

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

■ Of the total carrying amount of goodwill, the Sugar segment accounted for € 20,111 thousand (prior year: € 20,111 thousand), the Starch segment for € 1,606 thousand (prior year: € 1,606 thousand) and the Fruit segment for € 204,485 thousand (prior year: € 204,459 thousand).

■ 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. All goodwill was allocated to cash-generating units.

■ 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. Impairment is recognised in profit or loss when the recoverable amount (value in use) of a cash-generating unit is less than its carrying amount inclusive of goodwill.

■ In 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 business plans that are validated and 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 1.5% per year (assumption in the prior year: 1.5%). The cost of capital (WACC) is calculated as the weighted average cost of equity and debt capital for each CGU.

■ The cost of equity is based on a risk-free rate, a return premium for the business risk, and a premium for country risk and inflation differential. The spot rate of a 30-year zero coupon bond, based on Deutsche Bundesbank data, was used as the risk-free rate of return. Business risk is represented by the product of a general market risk premium of 6.5% (prior year: 5.75%) and a beta factor derived from a peer group of nine companies. The country risk and the inflation differential are assigned a volatility factor of 1.5 (prior year: 1.0).

■ The cost of debt capital is calculated as the risk-free rate plus the country risk premium, the inflation differential, and the credit spread determined by reference to the capital market.

The following table presents the carrying amounts of the goodwill, the respective discount rate (WACC) and the excess of recoverable over carrying amount, by CGU:

	Goodwill		WACC before tax		Excess of value in use over carrying amount	
	29 Feb 2016	28 Feb 2015	2015|16	2014|15	29 Feb 2016	28 Feb 2015
	€m	€m	%	%	€m	€m
Fruit CGU	204	204	10.48	10.36	67	96
Starch CGU	2	2	6.11	6.30	576	737
Sugar CGU	20	20	7.66	7.83	61	128
Group	**226**	**226**	**–**	**–**	**704**	**961**

■ The quality of the forecast data is frequently tested 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 amounts by which the recoverable amounts exceeded the carrying amounts were subjected to a sensitivity analysis. The results are presented on page 117. The goodwill is not tax-deductible.

■ At the balance sheet date, other intangible assets with an indefinite useful life that were not significant for the AGRANA Group were included.

Note (18)

9.2. Property, plant and equipment

€000	Land, leasehold rights and buildings	Technical plant and machinery	Other plant, furniture and equipment	Assets under con-struction	Total
2015|16					
Cost					
At 1 March 2015	539,181	1,118,396	184,044	33,572	1,875,193
Currency translation differences	(7,630)	(11,547)	(2,425)	(1,348)	(22,950)
Changes in scope of consolidation/ other changes	13	1,918	3,762	49	5,742
Additions	18,209	36,749	8,328	46,015	109,301
Reclassifications	17,633	31,037	4,495	(54,508)	(1,343)
Disposals	(12,371)	(22,148)	(5,944)	(193)	(40,656)
Government grants	(114)	(127)	0	0	(241)
At 29 February 2016	**554,921**	**1,154,278**	**192,260**	**23,587**	**1,925,046**
Accumulated depreciation and impairment					
At 1 March 2015	291,420	778,629	143,134	473	1,213,656
Currency translation differences	(2,897)	(7,762)	(1,842)	1	(12,500)
Changes in scope of consolidation/ other changes	(54)	1,387	1,608	0	2,941
Depreciation for the period	15,866	50,118	11,517	0	77,501
Impairment	0	910	0	510	1,420
Reclassifications	1,128	(2,220)	1,006	0	(86)
Disposals	(10,193)	(20,853)	(5,611)	0	(36,657)
Reversal of impairment losses	(326)	(495)	0	0	(821)
At 29 February 2016	**294,944**	**799,714**	**149,812**	**984**	**1,245,454**
Carrying amount at 29 February 2016	**259,977**	**354,564**	**42,448**	**22,603**	**679,592**
2014|15					
Cost					
At 1 March 2014	497,931	1,075,621	186,938	35,005	1,795,495
Currency translation differences	2,919	11,494	(416)	1,070	15,067
Changes in scope of consolidation/ other changes	15	36	(129)	1,418	1,340
Additions	7,936	27,382	9,503	44,114	88,935
Reclassifications	33,007	18,875	(7,274)	(46,192)	(1,584)
Disposals	(2,253)	(14,709)	(4,578)	(133)	(21,673)
Government grants	(374)	(303)	0	(1,710)	(2,387)
At 28 February 2015	**539,181**	**1,118,396**	**184,044**	**33,572**	**1,875,193**
Accumulated depreciation and impairment					
At 1 March 2014	265,913	742,904	142,491	574	1,151,882
Currency translation differences	2,093	6,031	(452)	0	7,672
Changes in scope of consolidation/ other changes	0	518	(298)	0	220
Depreciation for the period	15,325	48,633	10,382	0	74,340
Impairment	0	28	148	0	176
Reclassifications	9,936	(4,775)	(4,923)	9	247
Disposals	(1,697)	(14,196)	(4,180)	(110)	(20,183)
Reversal of impairment losses	(150)	(514)	(34)	0	(698)
At 28 February 2015	**291,420**	**778,629**	**143,134**	**473**	**1,213,656**
Carrying amount at 28 February 2015	**247,761**	**339,767**	**40,910**	**33,099**	**661,537**

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

€000	2015|16	2014|15
Sugar segment	46,102	34,476
Starch segment	28,151	13,743
Fruit segment	41,730	42,990
Group	**115,983**	**91,209**

■ 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.

■ Government grants consisted of investment assistance in Hungary (Sugar segment) and the USA (Fruit segment).

■ There was no interest expense to be recognised.

■ The AGRANA Group, in addition to operating leases, also employs a small number of finance leases. The major finance lease relates to the renting of a building erected on AGRANA land at the site in Kröllendorf/Allhartsberg, Austria. This finance lease requires recognition in the balance sheet beginning in the 2015|16 financial year. An option to purchase the third-party building can be exercised in the 2018|19 financial year. The finance leases for other plant, fixtures and fittings are of minor significance and are primarily vehicle leases. The movement in property, plant and equipment under finance leases and the reconciliation of future minimum lease payments to their present value are shown below:

	2015|16		2014|15	
€000	Land, leasehold rights and buildings	Other plant, furniture and equipment	Land, leasehold rights and buildings	Other plant, furniture and equipment
Cost	3,003	59	0	96
Less accumulated depreciation and impairment	(235)	(17)	0	(35)
Carrying amount	**2,768**	**42**	**0**	**61**

	2015|16			2014|15		
€000	Future minimum lease payments	Interest	Present value	Future minimum lease payments	Interest	Present value
In the subsequent year	331	(57)	274	22	(2)	20
In years 2 to 5	2,642	(92)	2,550	42	(1)	41
In more than 5 years	0	0	0	0	0	0
Total	**2,973**	**(149)**	**2,824**	**64**	**(3)**	**61**

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

€000	2015|16	2014|15
In the subsequent year	3,511	3,620
In years 2 to 5	10,192	10,730
In more than 5 years	3,622	6,333

■ The AGRANA Group does not act as a lessor.

Note (19)

9.3. Equity-accounted joint ventures, securities, and investments in non-consolidated subsidiaries and outside companies

€000	Equity-accounted joint ventures	Securities (non-current)	Investments in non-consolidated subsidiaries and outside companies	Total
2015|16				
At 1 March 2015	84,384	104,879	1,114	190,377
Currency translation differences	(2,104)	33	0	(2,071)
Additions	0	308	10	318
Share of results of equity-accounted joint ventures	24,523	0	0	24,523
Impairment	0	0	(8)	(8)
Disposals, and dividends of equity-accounted joint ventures	(45,900)	(85,069)	(25)	(130,994)
Other comprehensive income	3	(1,529)	0	(1,526)
At 29 February 2016	**60,906**	**18,622**	**1,091**	**80,619**
2014|15				
At 1 March 2014	57,057	104,584	1,120	162,761
Currency translation differences	2,127	171	0	2,298
Changes in scope of consolidation/other changes	0	0	(10)	(10)
Additions	0	36	4	40
Share of results of equity-accounted joint ventures	25,372	0	0	25,372
Disposals, and dividends of equity-accounted joint ventures	0	(198)	0	(198)
Other comprehensive income	(172)	286	0	114
At 28 February 2015	**84,384**	**104,879**	**1,114**	**190,377**

- The disposals of securities related mainly to the redemption of participation capital by RAIFFEISEN-HOLDING NIEDERÖSTERREICH-WIEN regGenmbH in the amount of € 85,000 thousand that had been held by AGRANA Beteiligungs-AG.

- The securities were predominantly securities of Austrian issuers.

Note (20)

9.4. Receivables and other assets

€000	29 Feb 2016	28 Feb 2015
Trade receivables	296,566	313,762
Amounts due from affiliated companies and joint ventures	28,059	28,839
Amounts due from associates in the Südzucker group	3,215	1,338
Positive fair value of derivatives	3,186	2,690
Receivable for legacy soil reclamation	208	426
Receivable under government grants	199	2,957
Other financial assets	25,504	38,813
Financial instruments	**356,937**	**388,825**
VAT credits and other tax credits	73,079	54,905
Accrued income	15,262	12,535
Prepaid expenses	4,845	4,598
Total	**450,123**	**460,863**
Of which due after more than 1 year	10,602	21,070

Amounts due from affiliated companies represent open accounts with non-consolidated subsidiaries, with the Group's parent company Südzucker AG and Südzucker's subsidiaries, and with joint ventures.

Note (21)

9.5. Deferred tax assets

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

€000	29 Feb 2016	28 Feb 2015
Deferred tax assets		
Intangible assets and property, plant and equipment	2,820	2,413
Non-current financial assets (primarily "one-seventh" write-downs on non-consolidated subsidiaries and on outside companies)	4,310	7,127
Inventories	3,720	4,968
Receivables and other assets	1,690	1,869
Carryforwards of unused tax losses	3,022	3,248
Retirement, termination and long-service benefit obligations	7,153	7,813
Other provisions and liabilities	11,295	9,335
Total deferred tax assets	**34,010**	**36,773**
Deferred tax assets offset against deferred tax liabilities relating to the same tax authority	(19,137)	(14,589)
Net deferred tax assets	**14,873**	**22,184**

Deferred tax liabilities are detailed in note 28.

Note (22)

9.6. Inventories

€000	29 Feb 2016	28 Feb 2015
Raw materials and consumables	182,680	201,265
Finished and unfinished goods	418,441	396,843
Goods purchased for resale	53,051	27,205
Total	**654,172**	**625,313**

Write-downs of € 5,471 thousand (prior year: € 13,851 thousand) were recognised on inventories, with the Sugar segment accounting for € 3,058 thousand (prior year: € 11,364 thousand) of this total. These impairment charges were attributable to a reduction in net realisable values of quota sugar and non-quota sugar at the balance sheet date.

Note (23)

9.7. Non-current assets held for sale

This item represents a Belgian property disclosed at carrying amount in accordance with IFRS 5 which is being held for sale within twelve months.

Note (24)

9.8. Equity

- The Company had share capital of € 103,210,250 at the balance sheet date, consisting of 14,202,040 ordinary voting bearer shares without par value. All shares were fully paid.

- The movements in the Group's equity are presented from page 98.

- The capital reserves ("share premium and other capital reserves") consist of share premium (i.e., additional paid-in capital) and of reserves resulting from the reorganisation of companies. The capital reserves remained unchanged in the 2015|16 financial year. Retained earnings consist of the available-for-sale reserve and the reserves for cash flow hedges, actuarial gains and losses, investments in equity-accounted joint ventures, effects of consolidation-related foreign currency translation, and accumulated profits/losses for the period.

- In February 2016, AGRANA Zucker GmbH, Vienna, increased its ownership interest in Moravskoslezské Cukrovary A.S., Hrušovany, Czech Republic, from 97.66% to 100%. The difference of € 724 thousand between the purchase price paid and the carrying amount of the acquired net assets was offset against retained earnings.

Disclosures on capital management
A key goal of equity management is the maintenance of sufficient equity resources to safeguard the Company's continuing existence as a going concern and ensure continuity of dividends. Equity bore the following relationship to total capital:

€000	29 Feb 2016	28 Feb 2015
Total equity	1,200,124	1,194,420
Total assets	2,243,165	2,406,887
Equity ratio	**53.5 %**	**49.6 %**
Net debt	405,806	330,283
Gearing ratio	**33.8%**	**27.7%**

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.

The sound equity base gives AGRANA strategic flexibility and also demonstrates the Group's financial stability and independence. In addition to its self-financing ability, AGRANA also has access to high, committed credit lines for its overall financing needs.

The approach to capital management was unchanged from the prior year.

Note (25)

9.9. Provisions

€000	29 Feb 2016	28 Feb 2015
Provisions for:		
Retirement benefits	30,102	34,307
Termination benefits	37,044	37,578
Other	48,425	56,636
Total	**115,571**	**128,521**

Note (25a)

a) Provisions for retirement and termination benefits
Provisions for retirement and termination benefits are measured in accordance with IAS 19, using the projected unit credit method and taking into account future trends on an actuarial basis. For both the retirement and termination benefit obligations, the plans are defined benefit plans.

The present values of the obligations, and the associated plan assets where applicable, were determined based on the following actuarial parameters:

%	29 Feb 2016	28 Feb 2015
Expected rate of wage and salary increases		
Austria / Europe	2.5	2.5
Mexico / USA / South Korea	6.0 / 3.0 / 4.0	6.0 / 3.0 / 4.0
Expected trend of pension increases		
Austria	2.0	2.0
Mexico	4.0	4.0
Discount rate		
Austria / Europe / USA	1.8	1.4
Mexico / South Korea	7.0 / 2.7	7.0 / 3.1

A discount rate of 1.8% (prior year: 1.4%) was used in almost all cases in the determination of the provisions for pensions and termination benefits. The discount rate is based on the yield of high-quality corporate bonds with a duration matching the average weighted duration of the obligations.

The measurement process also involves other company-specific actuarial assumptions, such as the staff turnover rate. The current mortality tables recognised in the respective country are used as the biometric basis for the calculations – in Austria, this is the version of the computation tables by Pagler & Pagler specific to salaried employees ("AVÖ 2008-P-Rechnungsgrundlagen für die Pensionsversicherung").

Defined benefit plans

Pension plans in the AGRANA Group are based largely on direct defined benefit commitments. The amounts of the pension benefits are usually determined by length of service and pensionable pay. Termination benefit plans exist mainly as a result of legal requirements or of obligations under collective agreements and the benefits represent one-time, lump sum payments. The amount of the termination benefits typically depends on final pay and length of service.

The provision in the balance sheet (the net liability) for pensions and termination benefits in the AGRANA Group represents the present value of the defined benefit obligation less the fair value of the plan assets:

€000	29 Feb 2016	28 Feb 2015
Pension plans		
Present value of defined benefit obligation	43,243	47,676
Fair value of plan assets	(13,141)	(13,369)
Pension provisions (net liability)	**30,102**	**34,307**
Termination benefit plans		
Present value of defined benefit obligation	37,874	38,409
Fair value of plan assets	(830)	(831)
Termination benefit provisions (net liability)	**37,044**	**37,578**

In connection with defined benefit pension commitments, the AGRANA Group's major plans are the following:

AGRANA Beteiligungs-AG has direct defined benefit commitments in respect of Management Board members for retirement, disability and survivor pensions based on a fixed percentage of a pension assessment base. All pension benefit obligations are transferred to and administered by an external pension fund. The present value of the obligation was € 19,020 thousand (prior year: € 20,698 thousand) and the plan assets amounted to € 12,374 thousand (prior year: € 12,640 thousand). Further detail is provided in the section "Related party disclosures" in these notes.

In addition, there were direct defined benefit commitments, including survivor benefits, in respect of retired former employees of AGRANA Zucker GmbH in the amount of € 19,721 thousand (prior year: € 22,243 thousand), of AGRANA Stärke GmbH in the amount of € 2,666 thousand (prior year: € 2,866 thousand) and of AGRANA Juice Holding GmbH in the amount of € 229 thousand (prior year: € 243 thousand). The present value of the obligation of AGRANA Juice Holding GmbH is offset by plan assets in the form of pension risk transfer insurance of € 163 thousand (prior year: € 167 thousand).

At AGRANA Fruit Austria GmbH there are pension commitments in respect of active employees for retirement, disability and survivor benefits with a contractual (in some cases length-of-service-dependent) fixed benefit amount, and direct obligations in respect of retired former employees, including survivor benefits. The present value of these obligations was € 1,013 thousand (prior year: € 1,032 thousand) and there were plan assets in the form of pension insurance of € 505 thousand (prior year: € 456 thousand).

In Mexico there is a contractual obligation in respect of a defined set of recipients in the event of retirement or early retirement to pay a fixed percentage of a specified pensionable pay base in monthly instalments for a period of ten years. Alternatively, the recipient may choose a lump sum payment. The present value of this obligation was € 594 thousand (prior year: € 594 thousand), with plan assets in the form of pension insurance of € 99 thousand (prior year: € 106 thousand).

The pension provisions showed the following movement:

€000	Present value of obligation	Fair value of plan assets	Pension provisions
2015/16			
1 March 2015	47,676	(13,369)	34,307
Service cost	828	0	828
Interest expense/(income)	681	(198)	483
Past service cost	155	0	155
Taxes and administration cost	0	33	33
Total recognised in the income statement (net pension cost)	**1,664**	**(165)**	**1,499**
Gains/(losses) from:			
Actual return on plan assets	0	1,028	1,028
Changes in financial assumptions	(2,145)	0	(2,145)
Experience adjustments	(1,208)	0	(1,208)
Currency translations differences	(104)	17	(87)
Total remeasurement gain/(loss) recognised in the statement of comprehensive income	**(3,457)**	**1,045**	**(2,412)**
Benefits paid	(2,640)	9	(2,631)
Employer contributions to plan assets	0	(661)	(661)
Other movements	**(2,640)**	**(652)**	**(3,292)**
At 29 February 2016	**43,243**	**(13,141)**	**30,102**
2014/15			
1 March 2014	37,522	(9,369)	28,153
Service cost	826	0	826
Interest expense/(income)	1,284	(349)	935
Taxes and administration cost	0	155	155
Total recognised in the income statement (net pension cost)	**2,110**	**(194)**	**1,916**
Gains/(losses) from:			
Actual return on plan assets	0	(829)	(829)
Changes in financial assumptions	9,571	0	9,571
Experience adjustments	1,660	0	1,660
Currency translations differences	46	(8)	38
Total remeasurement gain/(loss) recognised in the statement of comprehensive income	**11,277**	**(837)**	**10,440**
Benefits paid	(3,233)	9	(3,224)
Employer contributions to plan assets	0	(2,978)	(2,978)
Other movements	**(3,233)**	**(2,969)**	**(6,202)**
At 28 February 2015	**47,676**	**(13,369)**	**34,307**

The AGRANA Group has the following main termination benefit plans:

The termination benefit plans most significant in amount exist in Austria and France. The plans represent legislated commitments to pay a lump sum benefit on termination of employment (unless terminated by the employee) and in the event of retirement or death. The amount of the benefit depends on final pay and length of service. Termination benefit obligations in Austria and France are funded solely by provisions, in the amount of € 35,224 thousand (prior year: € 35,973 thousand).

In Russia and Ukraine there are termination benefit commitments (either legislated or based on company-wide agreements) that are minor in amount. These are payable as a lump sum on termination of employment (unless terminated by the employee) or on retirement. The benefit amount depends on final pay and length of service. These commitments in the amount of € 101 thousand (prior year: € 71 thousand) are covered solely by provisions.

The termination benefit arrangements in the USA consist of contractual commitments in respect of a defined set of recipients, while the commitments in Mexico are legislated obligations to all permanent and full-time employees. In Mexico the termination benefit is paid if the employment relationship is terminated after 15 years or more of service, at retirement or in the event of disability or death. It takes the form of a lump sum in an amount that is based on final salary and length of service. In the USA, the benefit is paid on termination of employment and is based on final salary and length of service. In Mexico, plan assets of € 3 thousand (prior year: € 13 thousand) offset the present value of the obligation of € 132 thousand (prior year: € 137 thousand). In the USA, the commitments of € 1,073 thousand (prior year: € 961 thousand) are funded solely by provisions.

The present value of the obligation of the termination benefit plan for South Korea was € 1,344 thousand (prior year: € 1,267 thousand), while the plan assets amounted to € 827 thousand (prior year: € 818 thousand).

The termination benefit provisions showed the following movement:

€000	**Present value of obligation**	**Fair value of plan assets**	**Termination benefit provisions**
2015|16			
At 1 March 2015	38,409	(831)	37,578
Service cost	1,820	0	1,820
Interest expense/(income)	552	(25)	527
Past service cost	7	0	7
Taxes and administration cost	0	2	2
Total recognised in the income statement (net termination benefit cost)	**2,379**	**(23)**	**2,356**
Gains/(losses) from:			
Actual return on plan assets	0	9	9
Changes in demographic assumptions	9	0	9
Changes in financial assumptions	(1,202)	0	(1,202)
Experience adjustments	415	0	415
Currency translations differences	(113)	72	(41)
Total remeasurement gain/(loss) recognised in the statement of comprehensive income	**(891)**	**81**	**(810)**
Changes in scope of consolidation/reclassifications	696	0	696
Benefits paid	(2,719)	103	(2,616)
Employer contributions to plan assets	0	(160)	(160)
Other movements	**(2,023)**	**(57)**	**(2,080)**
At 29 February 2016	**37,874**	**(830)**	**37,044**

€000	Present value of obligation	Fair value of plan assets	Termination benefit provisions
2014|15			
At 1 March 2014	30,762	(610)	30,152
Service cost	1,538	0	1,538
Interest expense/(income)	1,052	(25)	1,027
Past service cost	(10)	0	(10)
Effects of plan curtailments and settlements	51	0	51
Taxes and administration cost	0	2	2
Total recognised in the income statement (net termination benefit cost)	**2,631**	**(23)**	**2,608**
Gains/(losses) from:			
Actual return on plan assets	0	15	15
Changes in demographic assumptions	(3)	0	(3)
Changes in financial assumptions	6,815	0	6,815
Experience adjustments	(13)	0	(13)
Currency translations differences	128	(121)	7
Total remeasurement gain/(loss) recognised in the statement of comprehensive income	**6,927**	**(106)**	**6,821**
Benefits paid	(2,139)	102	(2,037)
Employer contributions to plan assets	0	(194)	(194)
Miscellaneous changes	228	0	228
Other movements	**(1,911)**	**(92)**	**(2,003)**
At 28 February 2015	**38,409**	**(831)**	**37,578**

The expense for the unwinding of discount on benefits accrued in prior years, less the return on plan assets, is included within net financial items. The current service cost is included in staff costs. The change in actuarial gains of the pension and termination benefit provisions, which is recognised directly in equity, was an increase of € 3,225 thousand (prior year: losses with a decrease of € 17,261 thousand). The change resulted primarily from the higher discount rate and from experience adjustments concerning factors such as expected retirement age, wage and salary growth rates and assumed employee turnover rates. As of 29 February 2016, net cumulative actuarial losses of € 35,037 thousand (prior year: net losses of € 38,261 thousand) had been offset against retained earnings, not taking into account deferred taxes.

The experience adjustments reflect the impacts on the plan liabilities of differences between the actual movement in the plan obligation during the year and the assumptions made at the beginning of the year. Such differences arise, especially, from actual rates of wage and salary increases, changes in pension benefits, employee turnover and biometric variables such as disability and mortality.

Composition of plan assets

The plan assets consist primarily of investments in an external pension fund and of pension benefit insurance policies. The fundamental objective for the plan assets is to provide, at all times, full coverage of the payment obligations arising from the respective benefit plans. The plan assets include neither financial instruments issued by the Group nor owner-occupied property.

At the balance sheet date the plan assets were invested in the following asset categories:

%	29 Feb 2016	28 Feb 2015
Fixed income securities	58.09	57.93
Equity securities	25.04	29.36
Real estate	4.41	3.43
Other	12.46	9.28

Risks

Defined benefit plans are associated with various risks for the AGRANA Group. Besides general actuarial risks such as discount rate risk and longevity risk, these include the risk that actual outcomes will differ from actuarial assumptions such as rates of wage and salary growth, pension benefit trends, retirement age and employee turnover (early departures). Risks in connection with the plan assets are capital market risks, credit risks and investment risks. Other risks lie in exchange rate fluctuation and changes in inflation rates.

The rate of return on plan assets is assumed to equal the discount rate. If the actual rate of return on plan assets is less than the discount rate used, the respective net liability increases. The net liability is particularly strongly influenced by the discount rate, with the current low market interest rates contributing to a relatively high liability. A further decline in corporate bond yields would lead to a further increase in defined benefit liabilities that can only be off set to a small degree by the increase in market values of the corporate bonds in the plan assets.

Potential inflation risks that may lead to an increase in the defined benefit obligations lie, indirectly, in inflation-driven salary growth during active service and in inflation-induced pension benefit increases.

Duration and future payments

The average weighted duration of the present value of the pension obligations at 29 February 2016 was 12.51 years (prior year: 12.96 years) and that of the termination benefit obligations was 8.92 years (prior year: 9.67 years).

€ 627 thousand (prior year: € 954 thousand) of contributions are expected to be paid into the plan assets in the subsequent reporting period.

The amounts of pension and termination benefit payments in the next ten years are expected to be as follows:

€000	Pension benefits	Termination benefits
2016|17	2,657	1,767
2017|18	2,748	2,543
2018|19	2,764	3,033
2019|20	2,778	3,501
2020|21	2,637	3,536
2021|22 to 2025|26	11,777	12,158
Total	**25,361**	**26,538**

Note (25b)

b) Other provisions

€000	Site recla-mation	Staff costs including long-service awards	Uncertain liabilities	Total
2015|16				
At 1 March 2015	2,782	17,718	36,136	56,636
Currency translation differences	11	(52)	69	28
Changes in scope of consolidation	0	47	7	54
Used	(29)	(4,733)	(15,481)	(20,243)
Released	0	(725)	(4,022)	(4,747)
Reclassified	4,241	0	(4,241)	0
Added	472	4,831	11,394	16,697
At 29 February 2016	**7,477**	**17,086**	**23,862**	**48,425**
Of which due within 1 year	305	4,443	23,678	28,426

The provisions for uncertain liabilities included, among other items, provisions for litigation risks of € 11,744 thousand (prior year: € 8,481 thousand), for costs of beet receiving, loading and storage of € 2,165 thousand (prior year: € 2,771 thousand) and for onerous contracts of € 4,189 thousand (prior year: € 11,687 thousand).

Most of the non-current other provisions of € 19,999 thousand (prior year: € 14,879 thousand) represented provisions of € 10,150 thousand for long-service awards (prior year: € 10,048 thousand). These are payable under local company agreements or collective agreements and are based on length of service. Phased-retirement provisions of € 736 thousand (prior year: € 965 thousand) are expected to be used in outflows of funds in the next one to three years. For the majority of the non-current provisions of € 7,173 thousand (prior year: € 2,754 thousand) for recultivation, an outflow of funds is likely to occur in more than five years.

Note (26)

9.10. Borrowings

€000	29 Feb 2016	28 Feb 2015
Bank loans and overdrafts, and other loans from non-Group entities	366,024	378,965
Borrowings from affiliated companies in the Südzucker group	165,000	250,000
Lease liabilities	2,824	61
Borrowings	**533,848**	**629,026**
Of which due after more than 1 year	286,028	319,672

Details of bank loans and overdrafts are presented in sections 10.1. to 10.4.

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

€000	29 Feb 2016	28 Feb 2015
Mortgage liens	0	809
Other liens	7,800	7,900
Total	**7,800**	**8,709**

The item “other liens” related solely to collateral for export credits with underlying carrying amounts of € 7,800 thousand.

Note (27)

9.11. Trade and other payables

€000	29 Feb 2016	28 Feb 2015
Trade payables	269,892	291,281
Amounts due to affiliated companies in the Südzucker group	11,133	29,459
Derivative liabilities	12,687	10,259
Financial other payables	61,035	59,179
Financial instruments	**354,747**	**390,178**
Payables: deferred income	3,050	2,909
Payables: prepayments	175	701
Payables: other tax	11,468	12,275
Payables: social security	6,642	6,334
Total	**376,082**	**412,397**
Of which due after more than 1 year	1,024	1,204

Trade payables included obligations to beet growers of € 73,085 thousand (prior year: € 82,970 thousand).

Financial other payables included, among other items, liabilities to employees, payroll liabilities, and liabilities from the EU production levy.

Note (28)

9.12. Deferred tax liabilities

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

€000	29 Feb 2016	28 Feb 2015
Deferred tax liabilities		
Non-current assets	12,327	13,905
Inventories	14	772
Receivables and other assets	4,490	2,906
Untaxed reserves in separate financial statements	5,351	5,859
Provisions and other liabilities	1,436	1,571
Total deferred tax liabilities	**23,618**	**25,013**
Deferred tax assets offset against deferred tax liabilities relating to the same tax authority	(19,137)	(14,589)
Net deferred tax liabilities	**4,481**	**10,424**

Deferred tax assets are detailed in note 21.

10. Notes on financial instruments

10.1. Investment and credit transactions (non-derivative financial instruments)

To cover its overall funding needs, the AGRANA Group, in addition to its self-financing capability, has access to syndicated credit lines and bilateral credit lines from banks.

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

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

	Average effective interest rate	At balance sheet date	Of which due in		
			Up to 1 year	1 to 5 years	More than 5 years
	%	€000	€000	€000	€000
29 February 2016					
Fixed rate					
EUR	3.10	200,149	860	192,289	7,000
	3.10	**200,149**	**860**	**192,289**	**7,000**
Variable rate					
ARS	31.20	599	599	0	0
CNY	4.56	841	841	0	0
DKK	2.00	10	10	0	0
EGP	7.80	1	1	0	0
EUR	1.03	314,606	233,686	66,920	14,000
HUF	2.34	5,003	5,003	0	0
KRW	3.16	3,711	3,711	0	0
MXN	14.46	3,269	0	3,269	0
USD	–	2,835	2,835	0	0
	1.26	**330,875**	**246,686**	**70,189**	**14,000**
Total	**1.95**	**531,024**	**247,546**	**262,478**	**21,000**

	Average effective interest rate	At balance sheet date	Of which due in		
			Up to 1 year	1 to 5 years	More than 5 years
	%	€000	€000	€000	€000
28 February 2015					
Fixed rate					
EUR	2.96	251,067	52,356	191,711	7,000
	2.96	**251,067**	**52,356**	**191,711**	**7,000**
Variable rate					
ARS	20.44	515	515	0	0
EGP	7.80	13	13	0	0
EUR	1.09	361,255	240,335	106,920	14,000
HUF	2.96	7,425	7,425	0	0
KRW	3.65	4,854	4,854	0	0
MXN	14.46	3,836	3,836	0	0
	1.32	**377,898**	**256,978**	**106,920**	**14,000**
Total	**1.98**	**628,965**	**309,334**	**298,631**	**21,000**

Bank loans and overdrafts (excluding finance leases) and amounts due to affiliated companies of the Südzucker group amounted to € 531,024 thousand (prior year: € 628,965 thousand). The reduction compared with the prior year resulted primarily from the repayment of a loan tranche of € 85,000 thousand to Südzucker AG, Mannheim, Germany.

The weighted average interest rate paid on these credits was 1.95% (prior year: 1.98%), with a remaining maturity of 1.6 years (prior year: 1.9 years).

These borrowings are covered by credit line limits of € 952,627 thousand (prior year: € 1,007,724 thousand). The weighted average remaining maturity of the credit lines at the balance sheet date was 2.6 years (prior year: 3.0 years).

The credit funding of the AGRANA Group consists primarily of two syndicated credit lines totalling € 450,000 thousand at the balance sheet date (prior year: € 450,000 thousand), a Schuldscheindarlehen (bonded loan) of € 126,000 thousand (prior year: € 126,000 thousand) and a financing from Südzucker AG, Mannheim, Germany, in the amount of € 165,000 thousand (prior year: € 250,000 thousand). The other credit lines are bilateral ones.

The fixed interest portion of bank loans and overdrafts and amounts due to affiliated companies was € 200,149 thousand (prior year: € 251,067 thousand). The fair values (i.e., market values) of the variable rate bank loans and overdrafts are equivalent to their carrying amounts. At the balance sheet date, € 0 (prior year: € 809 thousand) of bank loans and overdrafts were secured by mortgage liens and € 7,800 thousand (prior year: € 7,900 thousand) were secured by other liens.

Cash and cash equivalents decreased by € 84,443 thousand from the prior year to a new total of € 109,375 thousand. In addition, securities in the amount of € 45 thousand (prior year: € 46 thousand) were held as current assets; these were categorised as held-for-trading.

10.2. Derivative financial instruments

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

- Interest rate risks, which can arise from 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.
- Market price risks, arising especially from changes in commodity prices for sugar in the world market, grain prices, and selling prices for sugar and ethanol.

The Group employs only conventional derivatives for which there is a sufficiently liquid market (for example, interest rate swaps, interest rate options, caps, forward foreign exchange contracts, currency options or commodity futures). The use of these instruments is governed by Group policies under the Group's risk management system. These policies prohibit the speculative use of derivative financial instruments, set ceilings appropriate to the underlying transactions, define authorisation procedures, minimise credit risks, and specify internal reporting rules and the organisational separation of risk-taking and risk oversight. 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 from risk origination.

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

Purchase	Sale	Notional amount	Positive fair values	Negative fair values	Net fair value
		€000	€000	€000	€000
29 February 2016					
USD	EUR	39,907	919	(92)	827
USD	AUD	900	0	0	0
AUD	EUR	589	0	(2)	(2)
EUR	AUD	1,471	5	0	5
EUR	USD	93,386	19	(1,037)	(1,018)
CAD	EUR	167	2	0	2
CZK	EUR	21,056	0	(41)	(41)
EUR	HUF	4,715	13	(33)	(20)
EUR	ZAR	2,670	0	(21)	(21)
EUR	CZK	2,000	4	0	4
EUR	PLN	1,734	0	(16)	(16)
EUR	GBP	2,044	171	0	171
EUR	RON	65,357	65	(31)	34
Currency derivatives		**235,996**	**1,198**	**(1,273)**	**(75)**
Interest swap		68,000	0	(5,675)	(5,675)
Interest cap		50,000	38	0	38
Sugar futures		26,868	1,731	(51)	1,680
Wheat and corn futures		37,423	219	(5,688)	(5,469)
Total		**418,287**	**3,186**	**(12,687)**	**(9,501)**

Purchase	Sale	Notional amount	Positive fair values	Negative fair values	Net fair value
		€000	€000	€000	€000
28 February 2015					
USD	EUR	16,725	962	(1)	961
USD	AUD	1,746	165	0	165
EUR	USD	88,755	293	(3,803)	(3,510)
CAD	EUR	169	4	0	4
CZK	EUR	23,196	159	(10)	149
EUR	HUF	2,851	0	(96)	(96)
PLN	EUR	20,145	323	0	323
EUR	PLN	1,662	0	(13)	(13)
EUR	GBP	716	0	(72)	(72)
EUR	RON	14,998	36	0	36
Currency derivatives		**170,963**	**1,942**	**(3,995)**	**(2,053)**
Interest swap		68,000	0	(6,195)	(6,195)
Interest cap		50,000	160	0	160
Wheat and corn futures		30,405	588	(69)	519
Total		**319,368**	**2,690**	**(10,259)**	**(7,569)**

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 four years.

The notional amount of the derivatives represents the face amount of all hedges, translated into euros as the Group currency.

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.

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. At 29 February 2016 there were cash flow hedges with positive fair values of € 1,748 thousand (prior year: € 588 thousand) and cash flow hedges with negative fair values of 5,688 thousand (prior year: € 69 thousand).

In the financial year, € 588 thousand (prior year: € 185 thousand) was reclassified to the income statement and the ineffective portion (amounting to € 284 thousand) of cash flow hedges was recognised in profit for the period (prior year: € 0).

The value changes of those derivative positions to which cash flow hedge accounting is not applied are recognised in profit or loss. The hedging transactions were carried out both to hedge sales revenue and raw material costs for the juice activities, and to hedge sales contracts in the Sugar segment.

The table below shows the periods in which the cash outflows are expected to occur, as well as the carrying amounts of the hedging instruments:

			Contractual cash outflows in							
€000	Carrying amount	Total	Up to 3 m	4 to 6 m	7 to 12 m	1 to 2 y	2 to 3 y	3 to 4 y	4 to 5 y	More than 5 y
29 February 2016										
Currency derivatives										
Positive fair values	1,198	1,198	1,006	104	88	0	0	0	0	0
Negative fair values	(1,273)	(1,273)	(1,112)	(87)	(74)	0	0	0	0	0
Interest rate derivatives										
Positive fair values	38	0	0	0	0	0	0	0	0	0
Negative fair values	(5,675)	(5,367)	(384)	(384)	(768)	(1,536)	(1,524)	(771)	0	0
Commodity derivatives										
Positive fair values	1,950	1,950	1,563	210	177	0	0	0	0	0
Negative fair values	(5,739)	(5,739)	(3,504)	(375)	(1,860)	0	0	0	0	0
Total	**(9,501)**	**(9,231)**	**(2,431)**	**(532)**	**(2,437)**	**(1,536)**	**(1,524)**	**(771)**	**0**	**0**
28 February 2015										
Currency derivatives										
Positive fair values	1,942	1,942	1,258	392	292	0	0	0	0	0
Negative fair values	(3,995)	(3,995)	(1,868)	(1,122)	(1,005)	0	0	0	0	0
Interest rate derivatives										
Positive fair values	160	0	0	0	0	0	0	0	0	0
Negative fair values	(6,195)	(6,491)	(362)	(362)	(725)	(1,446)	(1,446)	(1,434)	(716)	0
Commodity derivatives										
Positive fair values	588	588	15	0	573	0	0	0	0	0
Negative fair values	(69)	(69)	(40)	(29)	0	0	0	0	0	0
Total	**(7,569)**	**(8,025)**	**(997)**	**(1,121)**	**(865)**	**(1,446)**	**(1,446)**	**(1,434)**	**(716)**	**0**

In terms of sensitivities, the net combined fair value of the derivative positions held at 29 February 2016 would have changed as follows given a reduction or increase of 1 percentage point in the market interest rate, an appreciation or depreciation of 10% in the relevant currencies against the euro, and a reduction or increase of 10% in the prices of wheat, corn and sugar:

	Notional amount		Sensitivity (+)		Sensitivity (–)	
€000	29 Feb 2016	28 Feb 2015	29 Feb 2016	28 Feb 2015	29 Feb 2016	28 Feb 2015
Currency derivatives	235,996	170,963	(10,982)	(6,412)	10,150	4,569
Interest rate derivatives	118,000	118,000	2,403	2,719	(2,107)	(2,341)
Commodity derivatives	64,291	30,405	6,980	2,863	(3,810)	(2,745)

The effect of the changes in fair value on equity, including the tax effect, would have been, for the increase in rates and prices, an equity increase of € 5,253 thousand (prior year: increase of € 2,147 thousand) and for the decrease in rates and prices, an equity decrease of € 2,898 thousand (prior year: decrease of € 2,059 thousand). The effect of the fair value changes on profit before tax would have been, for the increase in rates and prices, a profit decrease of € 8,603 thousand (prior year: decrease of € 3,693 thousand), and for the decrease in rates and prices, a profit increase of € 8,097 thousand (prior year: increase of € 2,228 thousand).

10.3. Additional disclosures on financial instruments

Carrying amounts and fair values of financial instruments
Set out in the table below are the carrying amounts and fair values of the Group's financial assets and liabilities, both by individual item type and by measurement category. 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.

The table below also shows how the fair values were determined, broken down by category of financial instrument. The fair value measurements were classified into three categories according to how closely the inputs used were based on quoted market data:

The three levels were defined as follows:

- Level 1 consists of those financial instruments for which the fair value represents exchange or market prices quoted for the exact instrument on an active market (i. e., these prices are used without adjustment or change in composition).
- In Level 2, the fair values are determined on the basis of exchange or market prices quoted on an active market for similar assets or liabilities, or using other valuation techniques for which the significant inputs are based on observable market data.
- Level 3 consists of those financial instruments for which the fair values are determined on the basis of valuation techniques using significant inputs that are not based on observable market data.

The fair value of Level 2 currency derivatives is measured based on the exchange rate at the balance sheet date and the underlying currencies' interest rate differential relevant for the remaining maturity. The mark-to-market price is determined and compared with the price of the hedged item or transaction. The input factors for this are the reference rates of the ECB (daily fixing) or selected national central banks, and the daily EURIBOR and LIBOR/IBOR rates.

For Level 2 interest rate derivatives, the measurement of fair value involves comparing the fixed interest rate with the swap rates as at the balance sheet date or with the yield curve relevant for the maturity. The fair value is obtained from a separate calculation provided by banking institutions.

€000	Carrying amount							Fair value		
	Available-for-sale	Available-for-sale (at cost)	Held for trading	Fair value of hedging instruments	Loans and receivables	At amortised cost	Total	Level 1	Level 2	Total
29 February 2016										
Financial assets at fair value										
Securities (non-current)	18,622	0	0	0	0	0	**18,622**	18,622	–	**18,622**
Derivative financial assets	0	0	1,438	1,748	0	0	**3,186**	1,950	1,236	**3,186**
Securities (current)	45	0	0	0	0	0	**45**	45	–	**45**
	18,667	**0**	**1,438**	**1,748**	**0**	**0**	**21,853**			
Financial assets not at fair value										
Investments in non-consolidated subsidiaries and outside companies	0	1,091	0	0	0	0	**1,091**	–	–	**–**
Trade receivables	0	0	0	0	296,566	0	**296,566**	–	–	**–**
Other receivables[1]	0	0	0	0	57,185	0	**57,185**	–	–	**–**
Cash and cash equivalents	0	0	0	0	109,375	0	**109,375**	–	–	**–**
	0	**1,091**	**0**	**0**	**463,126**	**0**	**464,217**			
Financial liabilities at fair value										
Derivative liabilities	0	0	6,999	5,688	0	0	**12,687**	5,739	6,948	**12,687**
	0	**0**	**6,999**	**5,688**	**0**	**0**	**12,687**			
Financial liabilities not at fair value										
Bank loans and overdrafts, and other loans from non-Group entities	0	0	0	0	0	366,024	**366,024**	–	369,248	**369,248**
Borrowings from affiliated companies in the Südzucker group	0	0	0	0	0	165,000	**165,000**	–	169,771	**169,771**
Lease liabilities	0	0	0	0	0	2,824	**2,824**	–	2,896	**2,896**
Trade payables	0	0	0	0	0	269,892	**269,892**	–	–	**–**
Financial other payables[2]	0	0	0	0	0	72,168	**72,168**	–	–	**–**
	0	**0**	**0**	**0**	**0**	**875,908**	**875,908**			

[1] Excluding other tax receivables, and excluding those prepaid expenses and accrued income not resulting in a cash inflow.
[2] Excluding payables from other tax, social security, customer prepayments, and deferred income.

€000	Carrying amount: Available-for-sale	Available-for-sale (at cost)	Held for trading	Fair value of hedging instruments	Loans and receivables	At amortised cost	Total	Fair value: Level 1	Level 2	Total
28 February 2015										
Financial assets at fair value										
Securities (non-current)	19,879	0	0	0	0	0	**19,879**	19,879	–	**19,879**
Derivative financial assets	0	0	2,102	588	0	0	**2,690**	588	2,102	**2,690**
Securities (current)	46	0	0	0	0	0	**46**	46	–	**46**
	19,925	**0**	**2,102**	**588**	**0**	**0**	**22,615**			
Financial assets not at fair value										
Securities (non-current)	0	85,000	0	0	0	0	**85,000**	–	–	**–**
Investments in non-consolidated subsidiaries and outside companies	0	1,114	0	0	0	0	**1,114**	–	–	**–**
Trade receivables	0	0	0	0	313,762	0	**313,762**	–	–	**–**
Other receivables[1]	0	0	0	0	72,373	0	**72,373**	–	–	**–**
Cash and cash equivalents	0	0	0	0	193,818	0	**193,818**	–	–	**–**
	0	**86,114**	**0**	**0**	**579,953**	**0**	**666,067**			
Financial liabilities at fair value										
Derivative liabilities	0	0	10,190	69	0	0	**10,259**	69	10,190	**10,259**
	0	**0**	**10,190**	**69**	**0**	**0**	**10,259**			
Financial liabilities not at fair value										
Bank loans and overdrafts, and other loans from non-Group entities	0	0	0	0	0	378,965	**378,965**	–	382,970	**382,970**
Borrowings from affiliated companies in the Südzucker group	0	0	0	0	0	250,000	**250,000**	–	255,967	**255,967**
Lease liabilities	0	0	0	0	0	61	**61**	–	61	**61**
Trade payables	0	0	0	0	0	291,281	**291,281**	–	–	**–**
Financial other payables[2]	0	0	0	0	0	88,639	**88,639**	–	–	**–**
	0	**0**	**0**	**0**	**0**	**1,008,946**	**1,008,946**			

[1] Excluding other tax receivables, and excluding those prepaid expenses and accrued income not resulting in a cash inflow.
[2] Excluding payables from other tax, social security, 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 using the methods and assumptions outlined below.

Securities held as non-current and current assets include available-for-sale securities. These are measured at current securities exchange prices or market value.

Available-for-sale investments in non-consolidated subsidiaries and outside companies are measured at cost. These are non-fully-consolidated investments in subsidiaries and interests in non-listed companies for which it was chosen not to determine fair values using discounted future cash flows because this item is of minor significance for the Group.

As a result of the short maturities of the trade receivables, other financial 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 commodity derivatives relate partly to cash flow hedges. For the interest rate hedges, the fair values are determined on the basis of discounted future cash flows. Forward foreign exchange contracts are measured on the basis of reference rates, taking into account forward premiums or discounts. The fair values of interest rate derivatives are obtained from the bank confirmations as at the balance sheet date, and the fair values of commodity derivatives are based on official quotations on futures exchanges. The market rates (fair values) of currency derivatives are based on the forward rates determined by AGRANA as at the balance sheet date and on the hedged exchange rates. The interest rates and exchange rates used for the determination of the forward rates are based on the reference rates published by the ECB or the national central banks. In some cases, as a result of differences in interest rates, the fair values determined by the Group may differ to an insignificant extent from the fair values calculated by the commercial banks that issue the bank confirmations.

For trade payables and current financial other payables, it is assumed in view of the short maturities that the fair values equal the carrying amounts. The fair value of fixed interest liabilities is calculated as the present value of expected future cash flows. For variable rate liabilities, the fair value equals the carrying amount.

The net gains and losses on financial instruments are presented by measurement category in the following table:

€000	**2015|16**	**2014|15**
Available-for-sale	0	2
Available-for-sale (at cost)	28	0
Held for trading	3,771	(2,846)
Loans and receivables	(649)	5,028
At amortised cost	(11,033)	8,809
Net (loss)/gain on financial instruments	**(7,883)**	**10,993**

The change in fair values of available-for-sale securities was recognised in other comprehensive income at an increase of € 1,529 thousand before tax (prior year: € 1,022 thousand) and at a tax expense of € 366 thousand (prior year: tax benefit of € 699 thousand).

The total interest income and expense on financial assets and financial liabilities not measured at fair value through profit or loss was as follows:

€000	**2015|16**	**2014|15**
Total interest income	9,724	9,426
Total interest expense	(15,298)	(13,417)
Net interest expense	**(5,574)**	**(3,991)**

10.4. Risk management in the AGRANA Group

The AGRANA Group is exposed to market price risks through changes in exchange rates, interest rates and security prices. In the Group's operating activities, price risks arise largely from the costs of raw materials (mainly sugar beet, sugar purchased in the world market, grains, potatoes, and fruit) and energy, and from selling prices of sugar, starch, ethanol and fruit products. 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 relevant 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 audit department. 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 net carrying amount of trade receivables after provisions for impairment is determined as follows:

€000	29 Feb 2016	28 Feb 2015
Trade receivables	304,646	325,024
Less credit insurance and other security	(8,080)	(11,262)
Net credit risk	**296,566**	**313,762**

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

€000	29 Feb 2016	28 Feb 2015
Provision at 1 March	11,262	12,309
Currency translation adjustments/other change	(642)	(1,643)
Added	2,914	2,480
Used	(3,686)	(772)
Released	(1,768)	(1,112)
Provision at 29/28 February	**8,080**	**11,262**

The partial release of the provision resulted in interest income of € 27 thousand (prior year: € 17 thousand).

Receivables are as a rule individually reviewed for their collectability and measured on the basis of estimated future cash flows.

The maximum exposure from trade receivables is equivalent to the carrying amount of the trade receivables.

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

€000	29 Feb 2016	28 Feb 2015
Trade receivables past due and with no impairment provided:		
Up to 30 days	31,286	21,047
31 to 90 days	8,867	7,758
More than 90 days	3,093	3,087
Total	**43,246**	**31,892**

The assets which are neither past due nor impaired relate to customers with excellent credit ratings.

The maximum exposure of € 490,748 thousand (prior year: € 492,767 thousand) to credit risk consisted of the carrying amounts of all receivables and other current assets plus contingent liabilities, and was equivalent to the carrying amount of these instruments.

Credit risk, net of credit insurance, bank guarantees and other security (net credit risk), was as follows:

€000	29 Feb 2016	28 Feb 2015
Trade receivables	296,566	313,762
Less credit insurance and other security	(161,071)	(147,344)
Net credit risk	**135,495**	**166,418**

AGRANA maintains business relationships with many large international industrial customers having excellent credit ratings.

Liquidity risk
Liquidity risk is the risk that a company will not be able to meet its financial obligations when due 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 safeguard its financial flexibility, a liquidity reserve is maintained in the form of credit lines and, to the extent 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 following maturity profile shows the effects of the cash outflows from liabilities as at 29 February 2016 on the Group's liquidity situation. All cash outflows are undiscounted.

			Contractual cash outflows in							
€000	Carrying amount	Total	Up to 3 m	4 to 6 m	7 to 12 m	1 to 2 y	2 to 3 y	3 to 4 y	4 to 5 y	More than 5 y
29 February 2016										
Non-derivative financial payables										
Bank loans and overdrafts, and other loans from non-Group entities	366,024	376,680	163,912	9,574	42,530	18,063	14,990	105,614	526	21,471
Borrowings from affiliated companies in the Südzucker group	165,000	172,732	36,011	1,088	2,141	102,622	760	30,110	0	0
Trade payables	269,892	269,892	262,448	3,217	4,227	0	0	0	0	0
Trade payables and amounts due to affiliated companies in the Südzucker group	11,133	11,133	9,391	5	1,737	0	0	0	0	0
Obligations under finance leases	2,824	2,973	83	83	166	373	2,268	0	0	0
Financial other payables	61,035	61,035	47,061	3,602	9,348	443	18	18	126	419
	875,908	**894,445**	**518,906**	**17,569**	**60,149**	**121,501**	**18,036**	**135,742**	**652**	**21,890**
Derivative financial payables										
Interest rate derivatives	5,675	5,367	384	384	768	1,536	1,524	771	0	0
Currency derivatives	1,273	1,273	1,112	87	74	0	0	0	0	0
Commodity derivatives	5,739	5,739	3,504	375	1,860	0	0	0	0	0
	12,687	**12,379**	**5,000**	**846**	**2,702**	**1,536**	**1,524**	**771**	**0**	**0**

€000	Carrying amount	Total	Contractual cash outflows in: Up to 3 m	4 to 6 m	7 to 12 m	1 to 2 y	2 to 3 y	3 to 4 y	4 to 5 y	More than 5 y
28 February 2015										
Non-derivative financial payables										
Bank loans and overdrafts, and other loans from non-Group entities	378,965	393,772	173,656	8,756	10,768	43,970	18,076	10,855	105,701	21,990
Borrowings from affiliated companies in the Südzucker group	250,000	262,472	121,285	1,138	2,239	4,318	102,622	760	30,110	0
Trade payables	291,281	291,281	279,977	2,340	8,964	0	0	0	0	0
Trade payables and amounts due to affiliated companies in the Südzucker group	29,459	29,459	23,429	14	6,016	0	0	0	0	0
Obligations under finance leases	61	65	6	6	11	42	0	0	0	0
Financial other payables	59,179	59,179	44,275	3,776	9,858	377	586	53	53	201
	1,008,945	**1,036,228**	**642,628**	**16,030**	**37,856**	**48,707**	**121,284**	**11,668**	**135,864**	**22,191**
Derivative financial payables										
Interest rate derivatives	6,195	6,491	362	362	725	1,446	1,446	1,434	716	0
Currency derivatives	3,995	3,995	1,867	1,122	1,006	0	0	0	0	0
Commodity derivatives	69	69	40	29	0	0	0	0	0	0
	10,259	**10,555**	**2,269**	**1,513**	**1,731**	**1,446**	**1,446**	**1,434**	**716**	**0**

The undiscounted cash outflows as presented are based on the assumption that repayment of liabilities is applied to the earliest maturity date. Interest payments on floating rate financial instruments are determined by reference to the most recent prevailing rates.

Currency risk

The Group's international business operations expose AGRANA to foreign exchange risks from financing and financial investment as well as from trade receivables and trade payables. To measure and control these risks, the AGRANA Group uses Value-at-Risk based on the variance-covariance approach at a 95% confidence level. This involves the measurement of the various currency pairs at the given volatilities and takes into account the correlations between them. The result is stated as the diversified VaR from currencies and is analysed by borrowings and operating business:

€000	Value-at-Risk from borrowings 29 Feb 2016	Value-at-Risk from borrowings 28 Feb 2015	Value-at-Risk from operating receivables/payables 29 Feb 2016	Value-at-Risk from operating receivables/payables 28 Feb 2015
Sum of absolute net positions of the currency pairs	143,715	217,750	63,445	91,000
Value-at-Risk diversified	**9,959**	**13,418**	**5,459**	**6,804**

The following table gives the foreign currency position by currency pair of the Value-at-Risk calculation:

€000	Foreign-currency position from borrowings 29 Feb 2016	Foreign-currency position from borrowings 28 Feb 2015	Foreign-currency position from operating receivables/payables 29 Feb 2016	Foreign-currency position from operating receivables/payables 28 Feb 2015
Currency pair				
EUR / USD	11,797	20,578	5,684	16,264
EUR / HUF	30,692	30,559	4,523	0
EUR / RON	44,161	78,690	8,894	35,282
EUR / RUB	4,140	5,826	3,251	0
EUR / UAH	5,610	7,587	4,530	5,773
EUR / BGN	4,296	0	0	3,440
EUR / CZK	0	12,127	16,742	0
EUR / PLN	0	0	0	6,766
EUR / BRL	0	4,920	0	0
EUR / CNY	0	17,826	0	0
EUR / ZAR	0	3,036	0	0
USD / BRL	7,302	7,073	0	0
USD / CNY	10,399	0	0	0
USD / MXN	11,582	16,565	3,877	4,648
Other	13,736	12,963	15,944	18,827
Total	**143,715**	**217,750**	**63,445**	**91,000**

Most of the Group's foreign exchange risk arises in the operating business, when revenues or costs are denominated in a currency other than that of the related costs or revenues, respectively. The foreign currency positions of € 63,445 thousand (prior year: € 91,000 thousand) in the operating activities were mainly in Mexico, the Czech Republic, Romania, Russia, Ukraine and Hungary, as well as a US dollar position in the euro area, and represented a Value-at-Risk of € 5,459 thousand (prior year: € 6,804 thousand).

The AGRANA Group's currency risk from financing arises from borrowings and financial investments not denominated in the local currency of the respective company. The foreign currency positions from financing amounted to € 143,715 thousand (prior year: € 217,750 thousand), with a Value-at-Risk of € 9,959 thousand (prior year: € 13,418 thousand) and pertained largely to Brazil, China, Mexico, Romania, Russia, Ukraine and Hungary for financings in euros and US dollars.

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 Hungary are subject to additional currency risk from raw sugar purchases in US dollars, and some companies are exposed to currency risk from sales of non-quota sugar 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 local currency.

Interest rate risk

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

Beginning in the year under review, risks from potential changes in interest rates are reported on an "at risk" basis. AGRANA distinguishes between Cash-Flow-at-Risk (CFaR) for variable rate borrowings and Value-at-Risk (VaR) for changes in market interest rates on fixed rate borrowings

CFaR: An increase in interest rates would cause an increase in funding costs from variable rate borrowings. The CFaR analysis is based on the volatilities of the individual funding currencies and the correlations between them.

VaR: The analysis examines the implied risk from a decrease in interest rates, as existing fixed rate borrowings would continue to incur interest costs at a constant rate instead of following the market trend. The different maturities of fixed interest borrowings are taken into account through weighted present values and a potential change in variable interest rates under the modified duration approach.

The CFaR and VaR from borrowings were as follows:

€000	29 Feb 2016	28 Feb 2015
Net variable interest borrowings	333,664	377,898
Cash-Flow-at-Risk diversified	**3,542**	**3,170**
Net fixed interest borrowings	199,304	198,751
Value-at-Risk upon change in interest rates	**4,662**	**6,492**

The floating rate borrowings are subject to interest rate risk. To hedge against this risk, interest rate swaps were entered into for a portion of the borrowings, thus achieving fixed interest rates on this portion.

Commodity price risk

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

At the balance sheet date the Group had open commodity derivative contracts for the purchase of 84,281 tonnes of raw sugar (prior year: 0 tonnes), the purchase of 184,500 tonnes of wheat for the Austrian bioethanol production operations (prior year: 153,500 tonnes) and the purchase of 15,300 tonnes of corn (prior year: 4,700 tonnes), and for the sale of 4,600 tonnes of corn (prior year: 9,050 tonnes) and the sale of 8,250 tonnes of white sugar (prior year: 0 tonnes). These positions represented an aggregate contract amount of € 62,101 thousand (prior year: € 27,462 thousand) and, based on the underlying closing prices, had a combined net negative fair value of € 3,789 thousand (prior year: positive fair value of € 519 thousand).

Legal risks
AGRANA continually monitors changes in the legal setting relevant to its businesses that may lead to a risk situation, and takes risk management actions as necessary. This applies particularly to compliance matters and food and environmental legislation; the Group maintains dedicated staff positions for these areas.

There are currently no pending or threatened civil actions against companies of the AGRANA Group that could have a material impact on the Group's financial position, results of operations and cash flows.

As noted in previous annual reports, the Austrian Federal Competition Authority in 2010 sought a fine under an antitrust case for alleged competition-restricting arrangements with respect to Austria filed against AGRANA Zucker GmbH, Vienna, and Südzucker AG, Mannheim, Germany. To date the Cartel Court has not ruled on the case. AGRANA continues to regard the allegation as unfounded and the fine sought as unwarranted.

10.5. Contingent liabilities and commitments

The guarantees primarily related to bank loans of the joint ventures in the Sugar segment.

€000	29 Feb 2016	28 Feb 2015
Guarantees	49,580	44,727
Warranties, cooperative liabilities	1,647	1,647

The guarantees are not expected to be utilised.

A further contingent liability of € 6,425 thousand (prior year: € 6,600 thousand) related to a claim for recovery of an EU subsidy in Hungary. The management of the company involved believes the likelihood of repayment is low.

Commitments were as presented in the table below:

€000	29 Feb 2016	28 Feb 2015
Present value of lease payments due within 5 years	13,703	14,350
Commitments for the purchase of property, plant and equipment	41,600	41,208
Commitments	**55,303**	**55,558**

11. Events after the balance sheet date

No other significant events occurred after the balance sheet date of 29 February 2016 that had a material effect on AGRANA's financial position, results of operations or cash flows.

12. Related party disclosures

AGRANA Zucker, Stärke und Frucht Holding AG, Vienna, holds 100% of the ordinary shares of Z&S Zucker und Stärke Holding AG, Vienna, which in turn holds 86.2% 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, Germany.

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

In addition to Südzucker AG, Mannheim, Germany, and its subsidiaries ("Südzucker group"), other related parties are RAIFFEISEN-HOLDING NIEDERÖSTEREICH-WIEN regGenmbH, Vienna, and its subsidiaries ("Companies with significant influence").

Equity-accounted joint ventures that are jointly controlled, as well as unconsolidated subsidiaries, are also related parties as defined in IAS 24.

Business relationships with related parties at the balance sheet date can be analysed as follows:

€000	Südzucker Group	Companies with significant influence	Joint ventures	Non-consolidated sub-sidiaries	Total
2015|16					
Revenue	86,174	17,341	55,243	6	158,764
Operating expenses	(69,205)	(601)	(80,326)	(618)	(150,750)
Credit relationships	(165,773)	(54,697)	0	0	(220,470)
Participation capital	0	5,294	0	0	5,294
Bank balances and current receivables	0	2,363	12,519	50	14,932
Net trade receivables/(payables) for goods	10,554	844	(2,064)	(146)	9,188
Net interest (expense)/income	(5,322)	5,153	1,139	0	970
Guarantees issued	0	0	46,000	8,200	54,200
Guarantees utilised	0	0	43,694	4,493	48,187
2014|15					
Revenue	85,088	16,110	55,705	22	156,925
Operating expenses	(73,174)	(766)	(80,530)	(5,010)	(159,480)
Credit relationships	(250,821)	(98,907)	0	(3,675)	(353,403)
Participation capital	0	91,188	0	0	91,188
Bank balances and current receivables	0	37,933	1,621	773	40,327
Net trade receivables/(payables) for goods	2,185	164	1,911	(1,211)	3,049
Net interest (expense)/income	(6,255)	3,757	1,071	(6)	(1,433)
Guarantees issued	0	0	48,200	8,200	56,400
Guarantees utilised	0	0	38,500	2,836	41,336

Unlike the prior-year annual report, transactions with the other owners of the joint ventures are not reported.

In addition, at the balance sheet date, borrowings from related parties amounted to € 220,470 thousand (prior year: € 353,403 thousand); these borrowings were on normal commercial terms. Of this total, € 130,000 thousand represented non-current borrowings (prior year: € 130,000 thousand).

For fully consolidated subsidiaries, the Group issued guarantees in favour of companies with significant influence of € 5,000 thousand (prior year: € 17,958 thousand), of which an amount of € 1,022 thousand (prior year: € 9,345 thousand) was utilised.

The remuneration of the members of the Management Board of AGRANA Beteiligungs-AG totalled € 3,183 thousand (prior year: € 3,365 thousand), consisting of total fixed base salaries of € 1,445 thousand (prior year: € 1,693 thousand) and a total performance-based, variable component of € 1,738 thousand (prior year: € 1,672 thousand). The performance-based elements of the compensation are linked to the amount of the dividend payable for the last three financial years. The Management Board member of AGRANA Beteiligungs-AG appointed on the basis of the syndicate agreement between Südzucker AG, Mannheim, Germany, and Zucker-Beteiligungsgesellschaft m.b.H, Vienna, does not receive compensation for serving on the Management Board.

On 3 July 2015 the Annual General Meeting approved an annual aggregate remuneration for the Supervisory Board of € 250 thousand (prior year: € 250 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 members Johann Marihart and Fritz Gattermayer and the former Management Board member Walter Grausam 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. For the pension of Stephan Büttner, there is a defined contribution obligation, which can be claimed after the recipient has reached 55 years of age if the employment contract is terminated by the employer. For the 2015|16 financial year, pension fund contributions of € 720 thousand were paid (prior year: € 2,955 thousand).

The retirement benefit obligations in respect of the Management Board are administered by an external pension fund. In the balance sheet at 29 February 2016, within the item "retirement and termination benefit obligations", an amount of € 6,646 thousand was recognised for pension obligations (prior year: € 8,058 thousand) and an amount of € 1,986 thousand was recognised for termination benefit obligations (prior year: € 1,906 thousand).

In the event that a Management Board appointment is withdrawn, there are severance pay obligations in accordance with the provisions of the Employees Act or the Occupational Pension Plan Act.

Information on the Management Board and Supervisory Board is provided on page 158.

On 25 April 2016 the Management Board of AGRANA Beteiligungs-AG released the consolidated financial statements for review by the Supervisory Board and the Audit Committee and for presentation to the Annual General Meeting and subsequent publication. The Supervisory Board has responsibility for reviewing the consolidated financial statements and stating whether it approves them.

Vienna, 25 April 2016

The Management Board of AGRANA Beteiligungs-AG

Johann Marihart
Chief Executive Officer

Stephan Büttner
Member of the Management Board

Fritz Gattermayer
Member of the Management Board

Thomas Kölbl
Member of the Management Board

List of members of AGRANA's boards

Management Board

Johann Marihart
Chief Executive Officer

Stephan Büttner
Member

Fritz Gattermayer
Member

Thomas Kölbl
Member

Supervisory Board

Erwin Hameseder
Chairman

Wolfgang Heer
First Vice-Chairman

Klaus Buchleitner
Second Vice-Chairman

Jochen Fenner
Member

Hans-Jörg Gebhard
Member

Ernst Karpfinger
Member

Thomas Kirchberg
Member

Josef Pröll
Member

Employee representatives

Thomas Buder
Chairman of the Group Staff Council
and the Central Staff Council

Gerhard Glatz

Karl Orthaber

Stephan Savic

Subsidiaries and business interests
at 29 February 2016

Name of company	Balance sheet date	Registered office	Country	Equity interest 29 Feb 2016 Direct	Equity interest 29 Feb 2016 Indirect[1]	Equity interest 28 Feb 2015 Direct	Equity interest 28 Feb 2015 Indirect[1]
AGRANA Beteiligungs-Aktiengesellschaft (the parent company)	29 Feb 2016	Vienna	Austria	–	–	–	–
I. Subsidiaries							
Fully consolidated subsidiaries							
AGRANA AGRO S.r.l.	29 Feb 2016	Roman	Romania	–	92.10%	–	92.10%
AGRANA BIH Holding GmbH	29 Feb 2016	Vienna	Austria	–	75.00%	–	75.00%
AGRANA Bulgaria AD[2]	–	Sofia	Bulgaria	–	–	–	100.00%
AGRANA BUZAU S.r.l.	29 Feb 2016	Buzău	Romania	–	92.10%	–	92.10%
AGRANA d.o.o.	31 Dec 2015	Brčko	Bosnia-Herzegovina	–	75.00%	–	75.00%
AGRANA Fruit Argentina S.A.	29 Feb 2016	Buenos Aires	Argentina	–	99.99%	–	99.99%
AGRANA Fruit Australia Pty Ltd.	29 Feb 2016	Central Mangrove	Australia	–	100.00%	–	100.00%
AGRANA Fruit Austria GmbH	29 Feb 2016	Gleisdorf	Austria	–	100.00%	–	100.00%
AGRANA Fruit Brasil Indústria Comércio Importação e Exportação Ltda.	31 Dec 2015	São Paulo	Brazil	–	100.00%	–	100.00%
AGRANA Fruit Brasil Participacoes Ltda.	31 Dec 2015	São Paulo	Brazil	–	100.00%	–	100.00%
AGRANA Fruit Dachang Co., Ltd.	31 Dec 2015	Dachang	China	–	100.00%	–	100.00%
AGRANA Fruit Fiji Pty Ltd.	29 Feb 2016	Sigatoka	Fiji	–	100.00%	–	100.00%
AGRANA Fruit France S.A.	29 Feb 2016	Paris	France	–	100.00%	–	100.00%
AGRANA Fruit Germany GmbH	29 Feb 2016	Konstanz	Germany	–	100.00%	–	100.00%
AGRANA Fruit Istanbul Gida Sanayi ve Ticaret A.S.	29 Feb 2016	Zincirlikuyu	Turkey	–	100.00%	–	100.00%
AGRANA Fruit Korea Co. Ltd.	29 Feb 2016	Seoul	South Korea	–	100.00%	–	100.00%
AGRANA Fruit Latinoamerica S. de R.L. de C.V.	31 Dec 2015	Michoacán	Mexico	–	100.00%	–	100.00%
AGRANA Fruit Luka TOV	31 Dec 2015	Vinnytsia	Ukraine	–	99.97%	–	99.97%
AGRANA Fruit México, S.A. de C.V.	31 Dec 2015	Michoacán	Mexico	–	100.00%	–	100.00%
AGRANA Fruit Polska SP z.o.o.	29 Feb 2016	Ostrołęka	Poland	–	100.00%	–	100.00%
AGRANA Fruit S.A.S.	29 Feb 2016	Paris	France	–	100.00%	–	100.00%
AGRANA Fruit Services GmbH	29 Feb 2016	Vienna	Austria	–	100.00%	–	100.00%
AGRANA Fruit Services Inc.[2]	–	Brecksville	USA	–	–	–	100.00%
AGRANA Fruit Services S.A.S.	29 Feb 2016	Paris	France	–	100.00%	–	100.00%
AGRANA Fruit South Africa (Proprietary) Ltd.	29 Feb 2016	Cape Town	South Africa	–	100.00%	–	100.00%
AGRANA Fruit Ukraine TOV	31 Dec 2015	Vinnytsia	Ukraine	–	99.80%	–	99.80%
AGRANA Fruit US, Inc.	29 Feb 2016	Brecksville	USA	–	100.00%	–	100.00%
AGRANA Group-Services GmbH	29 Feb 2016	Vienna	Austria	100.00%	–	100.00%	–
AGRANA Internationale Verwaltungs- und Asset-Management GmbH	29 Feb 2016	Vienna	Austria	–	100.00%	–	100.00%
AGRANA J&F Holding GmbH[2]	–	Vienna	Austria	–	–	98.91%	1.09%
AGRANA Juice Denmark A/S	29 Feb 2016	Køge	Denmark	–	50.01%	–	50.01%
AGRANA Juice Magyarorzság Kft.	29 Feb 2016	Vásárosnamény	Hungary	–	50.01%	–	50.01%
AGRANA Juice Poland Sp. z.o.o.[2]	–	Bialobrzegi	Poland	–	–	–	50.01%
AGRANA Juice Romania Vaslui S.r.l.	31 Dec 2015	Vaslui	Romania	–	50.01%	–	50.01%
AGRANA Juice Sales & Marketing GmbH	29 Feb 2016	Bingen	Germany	–	50.01%	–	50.01%
AUSTRIA JUICE Germany GmbH	29 Feb 2016	Bingen	Germany	–	50.01%	–	50.01%
AUSTRIA JUICE Ukraine LLC	31 Dec 2015	Vinnytsia	Ukraine	–	50.01%	–	50.01%
AGRANA JUICE (XIANYANG) CO., LTD	31 Dec 2015	Xianyang City	China	–	50.01%	–	50.01%
AGRANA LIESTI S.R.L.[2]	–	Bucharest	Romania	–	–	–	99.92%
AGRANA Magyarország Értékesitési Kft.	29 Feb 2016	Budapest	Hungary	–	87.64%	–	87.64%

[1] Total indirect ownership interest held by the Group.
[2] Merged in the 2015|16 financial year.

				Equity interest 29 Feb 2016		Equity interest 28 Feb 2015	
Name of company	Balance sheet date	Registered office	Country	Direct	Indirect[1]	Direct	Indirect[1]
AGRANA Marketing- und Vertriebsservice Gesellschaft m.b.H.	29 Feb 2016	Vienna	Austria	100.00%	–	100.00%	–
Agrana Nile Fruits Processing SAE	29 Feb 2016	Qalyoubia	Egypt	–	51.00%	–	51.00%
AGRANA Research & Innovation Center GmbH	29 Feb 2016	Vienna	Austria	100.00%	–	100.00%[2]	–
AGRANA Stärke GmbH	29 Feb 2016	Vienna	Austria	98.91%	1.09%	98.91%	1.09%
AGRANA TANDAREI S.r.l.	29 Feb 2016	Ţăndărei	Romania	–	92.10%	–	92.10%
AGRANA Trading EOOD	29 Feb 2016	Sofia	Bulgaria	–	100.00%	–	100.00%
AGRANA URZICENI S.R.L.[2]	–	Bucharest	Romania	–	–	–	99.92%
AGRANA Zucker GmbH	29 Feb 2016	Vienna	Austria	98.91%	1.09%	98.91%	1.09%
AGRANA ZHG Zucker Handels GmbH	29 Feb 2016	Vienna	Austria	–	100.00%	–	100.00%
AUSTRIA JUICE GmbH	29 Feb 2016	Kröllendorf/ Allhartsberg	Austria	–	50.01%	–	50.01%
Biogáz Fejleszto Kft.	29 Feb 2016	Kaposvár	Hungary	–	87.64%	–	87.64%
Dirafrost FFI N. V.	29 Feb 2016	Herk-de-Stad	Belgium	–	100.00%	–	100.00%
Dirafrost Maroc SARL	29 Feb 2016	Laouamra	Morocco	–	100.00%	–	100.00%
Financière Atys S.A.S.	29 Feb 2016	Paris	France	–	100.00%	–	100.00%
INSTANTINA Nahrungsmittel Entwicklungs- und Produktionsgesellschaft m.b.H.	29 Feb 2016	Vienna	Austria	66.67%	–	66.67%	–
Koronás Irodaház Szolgáltató Korlátolt Felelösségü Társaság	29 Feb 2016	Budapest	Hungary	–	87.60%	–	87.60%
Magyar Cukorgyártó és Forgalmazó Zrt.	29 Feb 2016	Budapest	Hungary	–	87.60%	–	87.60%
Moravskoslezské Cukrovary A.S.	29 Feb 2016	Hrušovany	Czech Republic	–	100.00%	–	97.66%
o.o.o. AGRANA Fruit Moscow Region	31 Dec 2015	Serpuchov	Russia	–	100.00%	–	100.00%
S.C. A.G.F.D. Tandarei s.r.l.	29 Feb 2016	Ţăndărei	Romania	–	100.00%	–	100.00%
S.C. AGRANA Romania S.A.	29 Feb 2016	Bucharest	Romania	–	92.02%	–	92.02%
Slovenské Cukrovary s.r.o.	29 Feb 2016	Sereď	Slovakia	–	100.00%	–	100.00%
AUSTRIA JUICE Poland Sp. z.o.o.	29 Feb 2016	Chełm	Poland	–	50.01%	–	50.01%
Yube d.o.o.	31 Dec 2015	Požega	Serbia	–	100.00%	–	100.00%
Non-consolidated subsidiaries							
AGRANA Amidi srl	29 Feb 2016	Sterzing	Italy	–	100.00%	–	100.00%
Reporting date: 29 Feb 2016 I Equity: € 11.4 thousand I Profit for the period: € 1.1 thousand							
AGRANA Croatia d.o.o.	31 Dec 2015	Zagreb	Croatia	–	100.00%	–	100.00%
Reporting date: 31 Dec 2015 I Equity: € 2.8 thousand I Profit for the period: € 0.2 thousand							
AGRANA Makedonija DOOEL Skopje	31 Dec 2015	Skopje	Macedonia	–	100.00%	–	100.00%
Reporting date: 31 Dec 2015 I Equity: € 2.8 thousand I Profit for the period: € 0.9 thousand							
AGRANA Skrob s.r.o.	31 Dec 2015	Hrušovany	Czech Republic	–	100.00%	–	100.00%
Reporting date: 31 Dec 2015 I Equity: € 70.3 thousand I Loss for the period: (€ 18.7 thousand)							
Cukoripari Egyesüles	31 Dec 2015	Budapest	Hungary	–	38.78%	–	38.78%
Reporting date: 31 Dec 2015 I Equity: € 143.6 thousand I Profit for the period: € 32.1 thousand							
DELHIA SHELF s.r.o.	31 Dec 2015	Hrušovany	Czech Republic	–	100.00%	–	100.00%
Reporting date: 31 Dec 2015 I Equity: € 0.0 thousand I Profit for the period: € 0.0 thousand							
Dr. Hauser Gesellschaft m.b.H. i.L.	30 Sep 2015	Hamburg	Germany	–	100.00%	–	100.00%
Reporting date: 30.09.2015 I Equity: € 39.8 thousand I Loss for the period: (€ 8.7 thousand)							
Österreichische Rübensamenzucht Gesellschaft m.b.H.	30 Apr 2015	Vienna	Austria	–	86.00%	–	86.00%
Reporting date: 30.04.2015 I Equity: € 1.894.5 thousand I Profit for the period: € 72.5 thousand							
PERCA s.r.o.	31 Dec 2015	Hrušovany	Czech Republic	–	100.00%	–	97.66%
Reporting date: 31 Dec 2015 I Equity: € 531.4 thousand I Profit for the period: € 55.4 thousand							

[1] Total indirect ownership interest held by the Group.
[2] Merged in the 2015|16 financial year.

Name of company	Balance sheet date	Registered office	Country	Equity interest 29 Feb 2016 Direct	Equity interest 29 Feb 2016 Indirect	Equity interest 28 Feb 2015 Direct	Equity interest 28 Feb 2015 Indirect
II. Joint ventures							
Equity-accounted joint ventures							
STUDEN Group:							
"AGRAGOLD" d.o.o.	31 Dec 2015	Brčko	Bosnia-Herzegovina	–	50.00%	–	50.00%
AGRAGOLD d.o.o.	31 Dec 2015	Zagreb	Croatia	–	50.00%	–	50.00%
AGRAGOLD dooel Skopje	31 Dec 2015	Skopje	Macedonia	–	50.00%	–	50.00%
AGRAGOLD trgovina d.o.o.	31 Dec 2015	Ljubljana	Slovenia	–	50.00%	–	50.00%
AGRANA-STUDEN Albania sh.p.k	31 Dec 2015	Tirana	Albania	–	50.00%	–	50.00%
AGRANA-STUDEN Beteiligungs GmbH	29 Feb 2016	Vienna	Austria	–	50.00%	–	50.00%
AGRANA Studen Sugar Trading GmbH	29 Feb 2016	Vienna	Austria	–	50.00%	–	50.00%
Company for trade and services AGRANA-STUDEN Serbia d.o.o. Beograd	29 Feb 2016	Belgrade	Serbia	–	50.00%	–	50.00%
STUDEN-AGRANA Rafinerija Secera d.o.o.	31 Dec 2015	Brčko	Bosnia-Herzegovina	–	50.00%	–	50.00%
HUNGRANA Group:							
GreenPower E85 Kft	31 Dec 2015	Szabadegyháza	Hungary	–	50.00%	–	50.00%
HUNGRANA Keményitö- és Isocukorgyártó és Forgalmazó Kft.	31 Dec 2015	Szabadegyháza	Hungary	–	50.00%	–	50.00%
HungranaTrans Kft.	31 Dec 2015	Szabadegyháza	Hungary	–	50.00%	–	50.00%
Non-consolidated joint ventures							
SCO STUDEN & CO. BRASIL EXPORTACAO E IMPORTACAO LTDA.	31 Dec 2015	São Paulo	Brazil	–	50.00%	–	50.00%

Reporting date: 31 Dec 2015 I Equity: (€ 12.5 thousand) I Loss for the period: (€ 2.5 thousand)

Independent auditor's report
[Translation]

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of AGRANA Beteiligungs-Aktiengesellschaft, Vienna, that comprise the consolidated statement of financial position as of 29 February 2016, the consolidated income statement, the consolidated statement of cash flows and the consolidated statement of changes in equity for the fiscal year then ended, and the notes.

Management's responsibility for the consolidated financial statements

The Company's management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU, and the additional requirements pursuant to Section 245a UGB (Austrian Commercial Code) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 Austrian Standards on Auditing. Those standards require that we comply with International Standards on Auditing – ISA. In accordance with International Standards on Auditing, we are required to comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control 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 Group'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 basis for our audit opinion.

Opinion

Our audit did not give rise to any objections. In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as of 29 February 2016 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU.

Report on the management report for the Group

Pursuant to statutory provisions, the management report for the Group is to be audited as to whether it is consistent with the consolidated financial statements and as to whether the other disclosures are not misleading with respect to the Company's position. The auditor's report also has to contain a statement as to whether the management report for the Group is consistent with the consolidated financial statements and whether the disclosures pursuant to Section 243a UGB (Austrian Commercial Code) are appropriate.

In our opinion, the management report for the Group is consistent with the consolidated financial statements. The disclosures pursuant to Section 243a UGB (Austrian Commercial Code) are appropriate.

Vienna, 25 April 2016

KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

signed by:

Mag. Rainer Hassler
Wirtschaftsprüfer
(Austrian Chartered Accountant)

The consolidated financial statements together with our auditor's opinion may only be published if the consolidated financial statements and the management report are identical with the audited version attached to this report. Section 281 paragraph 2 UGB (Austrian Commercial Code) applies.